



**SITIP**  
TECHNICAL TEXTILES

SUSTAINABILITY REPORT

**2021**

SITIP GROUP



accoppiatura  
**di asolo**  
spa

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# LETTER TO STAKEHOLDER



*2021 was a year of profound transformation for the Sitip Group, which steered its business decisions with decisive actions in a continuously evolving market.*

*The Group has further strengthened its identity, product excellence, industrial know-how and, above all, its sustainability strategy. While these accomplishments fill us with pride, they give us an even greater sense of responsibility to our people and the communities in which we operate: achieving such ambitious milestones has made us increasingly aware of the extent to which our growth must also be sustainable.*



*The challenge for us is to develop and grow while remaining committed in our everyday business to generating positive change from which everyone can benefit, promoting initiatives and solutions that bring well-being to the society in which we live and in which we feel we are a responsible player. This is why being sustainable must be the goal that firmly guides us in our day-to-day decisions.*

*In terms of social sustainability, the Group is committed to pursuing social equity and creating decent work by elevating all levels of the organisation, improving skills and acquiring new professionals. It offers considerable support and encouragement for relationships between the different business areas in accordance with its Code of Conduct and the 10 principles of the UN Global Compact.*

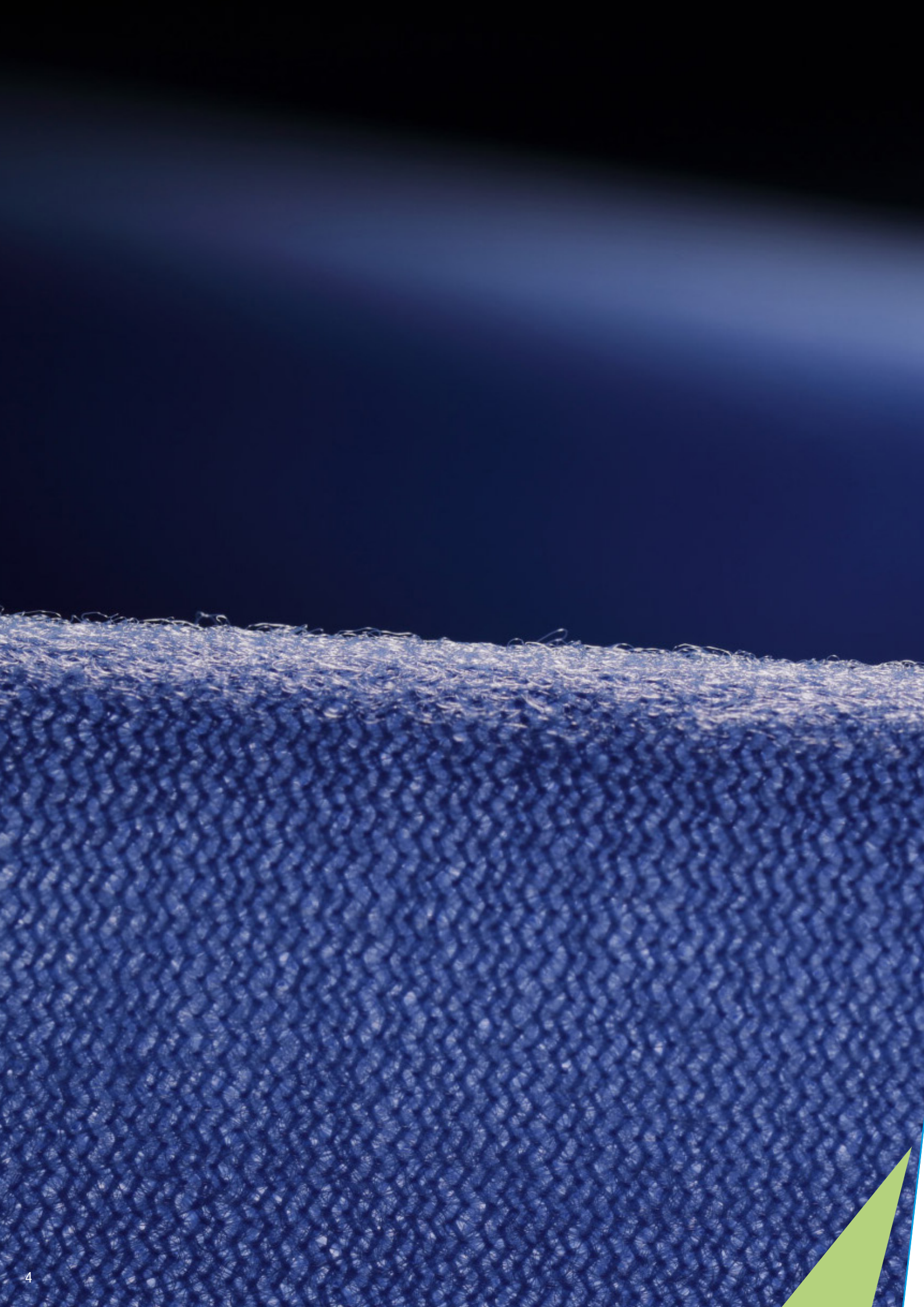
*Furthermore, the Group very carefully screens its supply chain through assessments with selected stakeholders and increasingly requires that suppliers comply with ESG policies.*

*With respect to environmental sustainability, the Group has always upheld the principles of responsible production and sustainable growth through continuous scientific and technological innovation, as reflected in the Group's short-term goal of obtaining ISO 50001 Energy Certification and its installation of photovoltaic panels. Moreover, the Group has appointed an in-house team focused specifically on ESG policies, confirming its commitment to sustainable growth. In 2021, the Board also approved the Group's ESG strategy and continues to develop initiatives to support the environment and people. I am convinced that the Sitip Group will be extremely successful in this respect.*

*In conclusion, it is clear that the Group is growing steadily thanks to the milestones reached and the long-term goals that we have all set. However, I do not believe that any of this would have been possible without the vital contribution of our 60 employees, and my thanks go to them for having embraced Sitip's sustainability culture and policy and for having translated them into concrete actions every day.*

CEO

Giancarlo Pezzoli



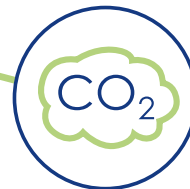
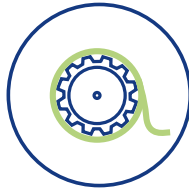
## 2021 Highlights

Customer Satisfaction  
score  
**4.1** out of **5**



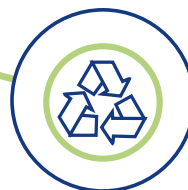
**Zero**  
cases of customer  
health and safety non-compliance

**32**  
GJ/tonne of product  
**-5%** compared to 2020



**2.66**  
tCO2eq/tonne of product  
**-14%** compared to 2020

**Zero**  
accidents at work  
with serious consequences



**86%**  
waste directed to recovery  
out of total waste generated

**6,972**  
hours of training provided  
**+56%** compared to 2020



**620**  
Group employees  
**+10%** compared to 2020

# METHODOLOGICAL NOTE

This document is the first Sustainability Report (the “Report”) prepared on a voluntary basis by the Sitip Group, consisting of the parent company Sitip S.p.A. Technical Textiles (“Sitip S.p.A.”), a private Italian company based in Cene, in the province of Bergamo, and its subsidiaries based in Italy and Malta. The Group has decided to prepare its first non-financial report to give substance and visibility to its sustainability commitments. To this end, in this Report, the Sitip Group reports on its impacts and due diligence with respect to sustainability in accordance with the GRI Standards 2021 for the period from 1 January 2021 to 31 December 2021.

The reporting boundary includes the companies Sitip S.p.A., Nylon Knitting Ltd. and Accoppiatura di Asolo S.p.A., which are consolidated on a line-by-line basis, in line with the scope of the Group’s Financial Report, which is audited. However, unlike the Financial Report, the reporting boundary of the Sustainability Report does not include GFP Immobiliare S.r.l. and Asolo Invest S.r.l. The Group decided to exclude these companies because they are not manufacturing companies with employees and are immaterial in terms of sustainability impacts at consolidated level. The data and all the information in the Sustainability Report are presented on a consolidated basis for the Group companies included in the reporting boundary in order to report on their performance. Any boundary limitations of the data or information is duly disclosed.

This document, which refers to the period from 1 January to 31 December 2021, i.e., one year in line with the Group’s Financial Report, is prepared in accordance with the internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting Standards guidelines, published in 2016 (and updated on 6 October 2021). As provided for by the GRI guidelines, the Sitip Group has prepared this Report in accordance with the principles of accuracy, balance, clarity, comparability, completeness, timeliness and reliability, reporting its impacts in relation to its broader sustainability context, to ensure the quality of the information and the adequacy of the presentation. The GRI Content Index is appended to this document with a detail of the reporting content in accordance with GRI.

The Group has selected sustainability performance indicators in accordance with the reporting guidelines and the materiality analysis. With regard to materiality, the Group has determined the degree of depth with which to address the various topics based on their relative weight in relation to the Group’s objectives and strategies and their materiality to stakeholders. The entire document was therefore structured around the results of the materiality analysis. Where possible, the information in this Report is compared with the 2019-2021 period to give an overall view of the Group’s performance over the three years. The Group has decided to request an ESG rating from an independent body. As this is the first year in which this document is published, there have been no specific restatements to report.

In the absence of an analytical detail of the indicators, the relevant data of certain subsidiaries have been reported separately to meet each requirement of the GRI guidelines. The specific calculation methods that the Group has used to prepare and process the data and information reported in this Report are duly indicated.

SITIP S.p.A.’s Board of Directors approved this document on 29 September 2022, and it was published on 17 October 2022.

For additional information on the publication of the Sustainability Report, please write to [esg@sitip.it](mailto:esg@sitip.it).



## 01.1 The organization

Sitip S.p.A. is an Italian company specialized in the production of synthetic and stretch warp knitted fabrics, circular knitted fabrics and synthetic woven fabrics for technical industrial applications and clothing. The Sitip Group is present in Italy with the parent company Sitip S.p.A., based in Cene (province of Bergamo), and the company Accoppiatura di Asolo S.p.A., based in Asolo (province of Treviso). The Group has one operating company abroad, Nylon Knitting Ltd., based in Malta.

Sitip was founded in 1959 as Società Italiana Tessuti Indemagliabili Pezzoli by the entrepreneur Luigi Pezzoli. In the 1970s, Sitip acquired Mizar, a company specialized in the production of synthetic warp knitted and circular fabrics, and started a dyeing plant for synthetic fabrics. At the same time, Sitip set up and acquired other companies, including Nylon Knitting Ltd, thereby verticalising the synthetic sector. The acquisition of the Maltese textile company Nylon Knitting Ltd served the goal of creating an increasingly integrated and vertical production process. Nylon Knitting Ltd handles the production of Nylon 6 yarns and fabrics to meet the needs of the international market and to support the Group's textile production.

In 1996, Sitip transformed from a multi-company structure into a multi-division organization, with operations run from the current headquarters in Cene.

From the 2000s to the present day, Sitip strengthened, expanded and upgraded its production units, acquiring the company Accoppiatura di Asolo, which is responsible for flame and glue lamination. As a result of this acquisition, the Group can follow every step in the production of fabrics: from spinning to warping, from weaving to dyeing, from brushing to shearing and emerising, to flame and glue lamination, then concluding with laboratory testing and final inspection of the product.

Today, the company continues its expansion and internationalisation under the management of the Pezzoli family, now in its second generation. The long tradition of textile production in the Bergamo area where Sitip is located and the company's deep focus on technological innovation over the years have made Sitip a leading player on the international technical textile scene.



## 01.2 Mission and values

Sitip has established itself on the market as a company offering a diversified range of high-tech textile solutions to meet the various needs of the industrial and clothing sectors and in the pursuit of increasingly sustainable production. With its customized service and extremely flexible production model, Sitip's mission is to achieve the highest quality standards in every way: **from production plants to production techniques, from the supply chain to its relationships with all stakeholders.**

**The values** that permeate **Sitip's way of business** are enshrined in its Code of Ethics and Integrated Quality, Environment and Energy Management Policy and are summarized by **three key pillars:**

**integration, ethics in the social and labour spheres and sustainability.**

Sitip's high level of integration makes it unique in Europe. Through the synergy with **Nylon Knitting** and **Accoppiatura di Asolo**, Sitip offers customers a finished product with a very short lead time, giving it significant competitive edge. Sitip's specialized, flexible production process means it can effectively meet the most diverse market requirements.

Continuous updates and the adoption of new technologies, supported by solid technical and production know-how, have enabled the Group to develop, over the years, **high value-added products** that are always up-to-date with market demand. Having developed significant technical expertise, the company sets the international benchmark for the production of technical textiles. **Innovation and cutting-edge technology** are two key factors in its production process, enabling Sitip to meet a wide array of market needs and develop its own range of **eco-design** products featuring high value-added solutions.

Last but not least, the Group's commitment to sustainable development is embodied in **its application of processes to ensure environmental protection, as part of a circular business model.** Sitip is a company that looks to the future, and this is why it has committed over the years to investing in greener production plants and solutions, positioning itself as a reliable partner within a sustainable supply chain and pursuing concrete actions in line with the UN's Sustainable Development Goals. In particular, through its sustainability strategy, the Group is able to pursue the following SDGs: **3 (Good health and well-being), 12 (Responsible consumption and production) and 13 (Climate action).**



Being part of **sustainable development** means embarking on a long and continuously evolving process that requires an **ongoing commitment in terms of resources, innovation and collaboration** within the production chain. The Group operates in compliance with the most widely recognised international standards and initiatives, including **OEKO-TEX®, Bluesign®, GRS** and **ZDHC**. In addition, as mentioned earlier, it has adopted an **ISO 14001-compliant environmental management system**. In accordance with the technical standards established by these certification schemes, the Group carefully selects its suppliers according to quality and environmental standards, promoting and ensuring excellent product traceability, from the raw material to the finished product. The Group upholds this same commitment in its steady focus on ethical and social aspects with respect to internal and external stakeholders.

## 01.3 Group certifications

The Sitip Group's constant attention and sensitivity to issues related to sustainability and people is also embodied in the many certifications that the Group regularly renews and maintains and in the future certifications it plans to obtain.

Below is a list of the main certifications and programmes that are currently in force:



### ISO 9001

Sitip has held this certification since December 2002, demonstrating that the company complies with the technical standards for quality management systems and that it is committed to continuous improvement and the introduction of effective policies and business processes to ensure full customer satisfaction.



### ISO 14001

Sitip has held this certification since January 2020. It establishes the requirements for the company's environmental management systems (EMS) and certifies their conformity, demonstrating the company's commitment to reducing pollution risks and its intention of interacting positively with the environment.



### OEKO TEX® Standard 100

This certifies products that have been tested for harmful substances. Sitip has held Standard 100 certification since March 2003 to guarantee the safety of its products and for fabrics made from recycled yarn.



### BLUESIGN®

As certified by BLUESIGN® since July 2015, Sitip guarantees responsible and sustainable production aimed at eliminating the use of harmful substances from the start of the production process, as well as establishing and monitoring standards for production that is environmentally friendly and safe for people.



#### GRS (Global Recycle Standard)

Since January 2020, this certification has guaranteed that Sitip's products are made with recycled materials, in accordance with environmental and social criteria applied in all stages of production, including the traceability of the raw materials used.



#### HIGG Index

The Higg index is a self-assessment standard for the clothing and footwear industry to assess environmental and social sustainability throughout the supply chain. It was launched in 2012 by the Sustainable Apparel Coalition, a non-profit organization of over 100 fast fashion companies, the United States Environmental Protection Agency and other non-profit entities.



#### EcoVadis

With the aim of improving companies' environmental and social practices through the influence of global logistics chains, this platform enables companies to monitor the sustainability performance of their suppliers. In April 2015, EcoVadis evaluated Sitip's corporate social responsibility (CSR) with a score that is valid at European level, certifying the integration of sustainable and socially responsible actions in the production process;



#### ZDHC

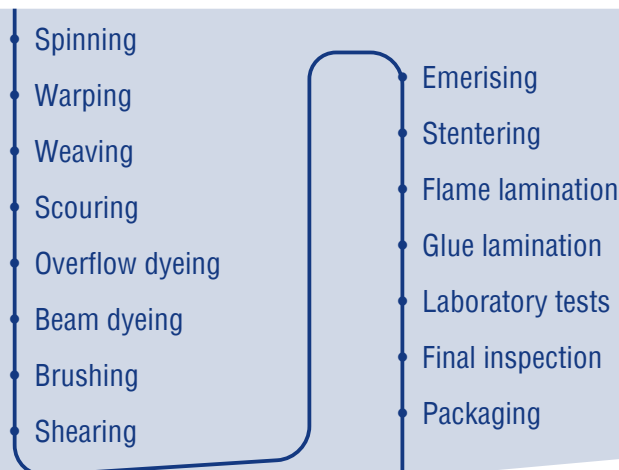
This programme focuses on the principles of transparency and proper management of chemicals according to an integrated prevention and precautionary approach. With the Zero Discharge of Hazardous Chemicals (ZDHC) certification, the company is committed to replacing and reducing the use of hazardous chemicals; developing transparent processes to promote safer chemicals; developing effective tools and training to improve chemical management; and encouraging cooperation with suppliers, employees and all stakeholders to promote transparency about the chemicals used and discharged.

**The Sitip Group has set the goal of extending all the certifications listed above to its subsidiaries. In addition, it plans to obtain the ISO 50001 (Energy), 14064 CarbonFootPrint of organization and SA 8000 certifications.**

## 01.4 Main products offered

The Sitip Group offers a well-established range of products that benefit from continuous research and development to identify specific solutions designed to meet customers' needs.

Thanks to the acquisitions of Nylon Knitting and Accoppiatura di Asolo, the production process covers every stage of fabric processing, from spinning and weaving to final packaging, including:



## Industrial technical fabrics

The industrial technical fabric sector, which began together with the company and is continuously evolving even after more than 60 years, is the Group's greatest strength. The products developed in this sector have had time to expand in number with the perfection of their quality. As a result, the wide range of industrial technical fabrics now includes various fabric weaves and satisfies a wide variety of needs.

Thanks to its integrated Nylon 6 production system, the company applies the best textile technologies to ensure that the various solutions meet the levels of performance demanded by the individual target markets: from antibacterial, fire retardant, UV protection and water-oil repellent properties to mechanical abrasion resistance, such as in our IMPACT Abrasion Resistant Fabric solutions. Continuous filament yarns are used to make the fabrics, the result of ongoing research and development in synergy with the most important players in the supply chain.

## Hook and loop fastening systems fabrics

The fabrics for hook and loop fastening systems stand apart for their high performance and quality and because they are designed specifically for the type of product and application for which they are intended. To be used in combination with a hook, Sitip's warp knitted fabrics have been designed for multiple hook and loop fastening applications using the most suitable materials for each.

With the in-house production of industrial technical fabrics as its starting point, the Group can develop complex textile solutions through lamination, combining the technical properties of two or more materials. The **laminated fabric** technologies include flame, hot-melt and adhesive film lamination. These products are excellent technical solutions for footwear, helmet inner linings, abrasives, orthopaedic material and cycling pads.

## Fabrics for clothing

Fabrics for clothing are an integral part of the Sitip Group's business. Over time, technical fabrics have found applications in the world of sports and fashion. The range of fabrics for sports-wear features warp knitted stretch and circular knitted fabrics. Their various applications for sportswear require ad hoc solutions designed to meet different performance, physiological comfort and environmental requirements with the highest performance technical fibres available on the market. The UNI EN ISO 9001 and UNI EN ISO 14001 business management systems, together with OEKO-TEX® and Bluesign® product certification and the company's participation in the ZDHC gateway programme guarantee high-quality, safe and traceable products with respect for the environment in all stages of production.

The Sitip Group's products and services result from the design and production of textile products in artificial, synthetic and natural fibres through weaving, dyeing, stentering and laminating processes.

The table below illustrates turnover at consolidated level with a detail by region.

	MU	2021	2020	2019
Number of products/services sold		4652	4151	3923
	#			
Number of countries where the products/services are offered		56	52	55
Turnover from the sale of products/services	€	116,461,782	84,855,278	78,659,741
Percentage of production sold in the EU	%	75%	76%	77%

The Sitip Group is therefore a market player with significant production capacity, as shown below:

	MU	SITIP GROUP
Warp knitting	t/year	16,800
Circular knitting	t/year	2,400
Warp knitting stentering	t/year	8,400
Circular knitting stentering	t/year	2,400
Lamination	km/year	3,000
Nylon 6 spinning	t/year	9,600

## 01.5 Activities, supply chain and other business relationships


While the Group's production is Italian at heart, it collaborates productively with internationally certified supply chain partners, establishing itself as the ideal technical/production partner for all those that share the company's principles of sustainability and technical quality and apply them daily in their production.

The supply chain for the raw materials used in production consists of yarns, warp knitted, circular and flat untreated fabrics, polyurethane flexible foam, auxiliary materials and dyes. Other supplies that support production include utilities, packaging, transport, textile machinery and spare parts.


Most of the Group's strategic suppliers provide the raw materials that the Group needs to manufacture its fabrics. The Group has made it a priority to set up a supply chain that starts in European countries.

The Group's post-production business partners include major players in the clothing and industrial textiles sectors with which it has collaborated for many years.


### In particular:



Sitip joined the **Carbon Neutrality Partnership of Alcantara S.p.A.** with the aim of embarking on a path to carbon neutrality for the products and services that it supplies to Alcantara through a rigorous process of measuring, reducing and offsetting the CO<sub>2</sub> deriving from the production process, through verified and certified projects.



Sitip is a founding member of the **non-profit consortium Retex.Green** established by Sistema Moda Italia and whose members are exclusively Italian manufacturers. The consortium's objective is RECYCLING in FASHION through a collective EPR scheme to manage textile, clothing, footwear and leather waste.

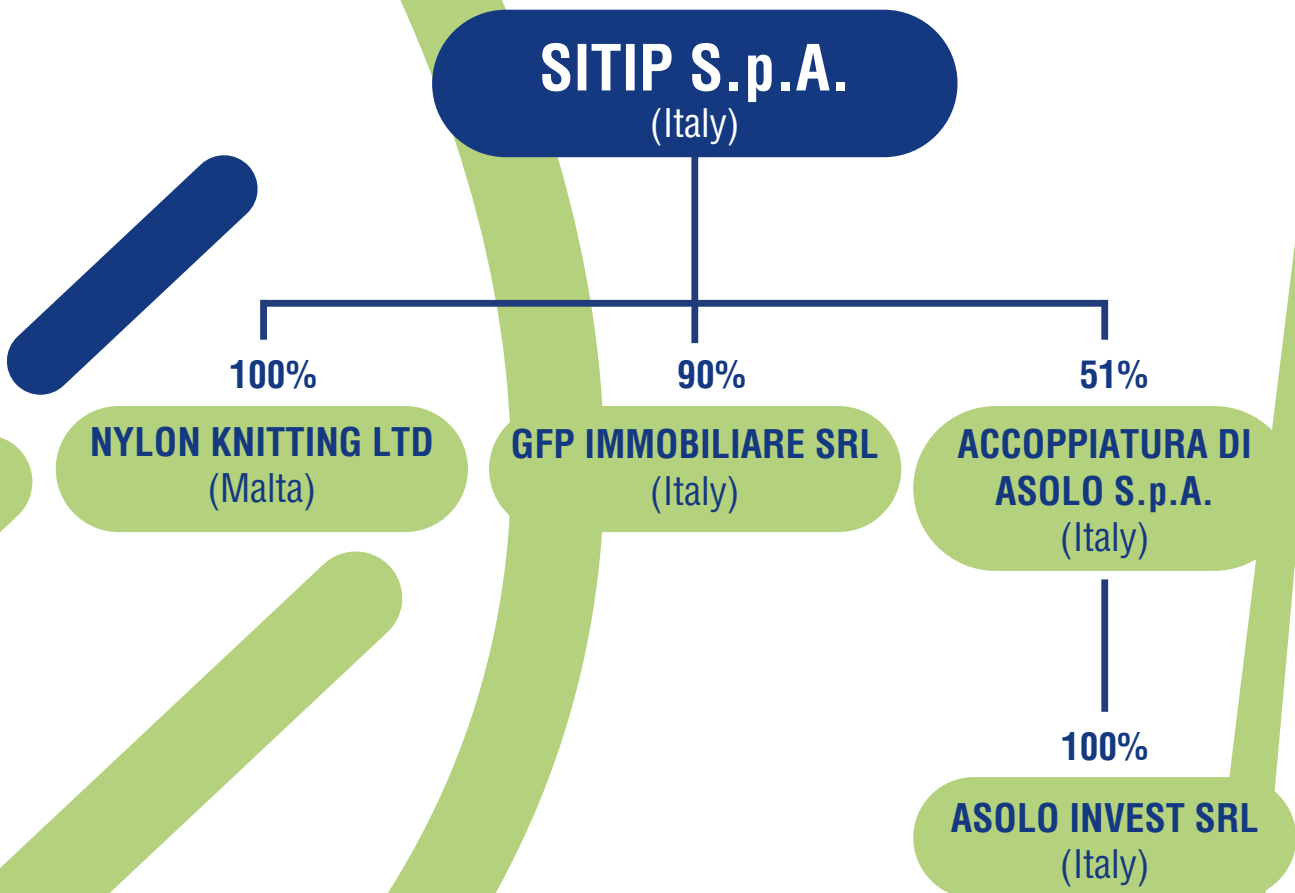


In line with the CO<sub>2</sub> emission reduction targets established by Decathlon and certified by the Science-Based Target Initiative (SBTi), as a supplier, Sitip has made an official commitment to cooperate for the achievement of the targets by 2030.

## 01.6 Group structure

The Sitip Group consists of the parent company Sitip S.p.A. (Italy) and its subsidiaries Nylon Knitting Ltd (Malta), Accoppiatura di Asolo S.p.A. (Italy), GFP Immobiliare S.r.l. (Italy) and Asolo Invest S.r.l. (Italy).

Sitip S.p.A. holds 100% of Nylon Knitting Ltd and 90% of GFP Immobiliare S.r.l. The parent company also owns a 51% stake in the subsidiaries Accoppiatura di Asolo S.p.A. and Asolo Invest S.r.l.



# 01 ABOUT US

However, as mentioned earlier, the Group companies included in the reporting boundary of the 2021 Sustainability Report are:

- Sitip S.p.A. - Parent company
- Nylon Knitting Ltd
- Accoppiatura di Asolo S.p.A.

As indicated in the methodological note, the companies GFP Immobiliare S.r.l. and Asolo Invest S.r.l. are not included in the reporting boundary of the Sustainability Report. The Group decided to exclude them because they are not manufacturing companies. Moreover, these two companies have no employees and no impact of any kind on the Group's sustainability performance at consolidated level.

In 2021, the Group had 620 employees, a 10% increase on the previous year, as a result of the positive trend in new hires after Covid-19. Of these 620 people, 354 work at Sitip S.p.A., 28 work at Accoppiatura di Asolo S.r.l. and 238 work abroad at Nylon Knitting Ltd. In particular, this significant growth in the workforce is partly due to the sharp increase in the headcount at Sitip S.p.A. between 2020 and 2021, which went from 306 to 354 employees (+32%) in order to cover Sitip's production increases and, consequently, turnover.

The Group establishes employment relationships with its employees in full compliance with local, national and other applicable laws, prevailing industry standards and other requirements that Sitip has endorsed, paying particular attention to the protection of the human rights of its workers and contractors. Over 80% of the workforce is employed with permanent contracts and almost all employees (more than 95%) work full time.

## Group employees by contract and gender

	MU	2021			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees		499	121	620	453	107	560	464	103	567
Number of employees with permanent contracts		394	107	501	382	95	477	420	96	516
Number of employees with fixed-term contracts		105	14	119	71	12	83	44	7	51
Unguaranteed hours	#	0	0	0	0	0	0	0	0	0
Number of full-time employees		488	102	590	448	88	536	458	87	545
Number of part-time employees		11	19	30	5	19	24	6	16	22

The amounts in the table refer to the headcount at the end of each reporting period (31 December). Most employees are nationals of the country where the Group is headquartered, while 6% of the workforce comes from abroad.



### Group employees by contract and nationality

	MU	2021			2020			2019		
		Nationality of the headquarters	Foreign nationality	Total	Nationality of the headquarters	Foreign nationality	Total	Nationality of the headquarters	Foreign nationality	Total
Number of employees		585	35	620	532	28	560	550	17	567
Number of employees with permanent contracts		488	13	501	467	10	477	506	10	516
Number of employees with fixed-term contracts		97	22	119	65	18	83	44	7	51
Unguaranteed hours	#	0	0	-	0	0	-	0	0	-
Number of full-time employees		555	35	590	508	28	536	528	17	545
Number of part-time employees		30	0	30	24	0	24	22	0	22

There are no temporary agency workers or other types of workers not covered by normal employment contracts. The only people in the Group who do not have this type of contract due to the nature of their positions are three independent directors on the Board of Directors.

	MU	2021			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employee workers	#	3	1	4	2	1	3	0	1	1



## 01.7 Corporate Governance

In line with market best practices, Sitip has adopted a governance structure to ensure that the Group's activities and performance meet the expectations of its stakeholders, particularly its shareholders.

### The governance model

Sitip's corporate governance system, which is governed by its Articles of Association and the provisions of law, is based on the principles of integrity, transparency and fairness, and is a fundamental part of the Company's operating model, as it establishes clear rules for the implementation of the strategic guidelines outlined and approved by the Board of Directors. As the Group's highest governance body, the Board of Directors is responsible for setting objectives and approving the strategies for achieving them, in line with the resolutions passed by the shareholders and including objectives connected to promoting the Group's environmental, social and economic sustainability.

The Group has adopted a traditional governance model in which the Board of Directors is responsible for strategic management, without prejudice to the matters to be decided by the shareholders at the General Meeting. In this context, the parent company Sitip S.p.A. manages and coordinates the Group companies pursuant to Article 2497 et seq. of the Italian Civil Code, pursuing, without infringing upon the individual companies' management autonomy, a policy for the management of the Group as a whole through the complete application and integration of its hallmark rules, principles and values.

## Governance structure and roles

As illustrated in the company's organizational chart, the governance structure of the parent company Sitip S.p.A. consists of:

1. The Board of Directors (BoD), with five members: the Chairperson, the Deputy Chairperson, the Chief Executive Officer and two Directors, only one of whom has no executive powers.

**Diversity of the Board of Directors and Board of Statutory Auditors as at 31.12.2021**

	Men		Women		Total	
	%	#	%	#	%	#
Executive powers	40%	2	60%	3	100%	5
Independence	100%	3	0%	0	100%	3

2. The Board of Statutory Auditors has five independent members, three of whom are regular members (Chairperson and two Statutory Auditors) plus two alternates.
3. Central Departments cover all functions with executives reporting to the Chief Executive Officer. The Central Departments are: Human Resources; Technical Services; Research & Development; Head of Information & Management Systems; Head of Quality Control; Strategic Marketing and Communications; Production and Logistics; Commercial and Sales; Administration, Finance and Control.
4. The Steering Committee, coordinated by the Chief Executive Officer, is made up of members representing the various Departments. This committee is the company's advisory and coordination body with regard to the performance of production, sales, logistics and quality, as well as environmental and social issues. It meets on a monthly basis to report to the Board of Directors on Sitip's performance in terms of the implementation of strategies and the achievement of the objectives set by the Board of Directors.

All the Departments and the Steering Committee are responsible for decision making and for overseeing the management of the organization's impacts on the economy, the environment and people. As far as sustainability issues are concerned, there are working groups coordinated by the Head of Management Systems, which ensure the application of all the procedures required by the certifications that Sitip has obtained.

5. The shareholders are natural persons of Italian nationality who also hold the positions of Chairperson, Deputy Chairperson and CEO.

The governance bodies in 2021 are detailed below with indication of the members' age groups.



## Members of the governance bodies - Sitip S.p.A.

Age group	Men	Women	Total
>50	62.5%	37.5%	100%
Total	62.5%	37.5%	100%

		Age group								
		<30			30 - 50			>50		
2021	MU	Men	Women	Total	Men	Women	Total	Men	Women	Total
Members of the governance bodies (#)	#	0	0	0	0	0	0	5	3	8

		Age group								
		<30			30 - 50			>50		
2020	MU	Men	Women	Total	Men	Women	Total	Men	Women	Total
Members of the governance bodies (#)	#	0	0	0	0	0	0	5	3	8

		Age group								
		<30			30 - 50			>50		
2019	MU	Men	Women	Total	Men	Women	Total	Men	Women	Total
Members of the governance bodies (#)	#	0	0	0	0	0	0	7	3	10



## The appointment process of the highest governance body

The Chairperson of Sitip S.p.A.'s Board of Directors, who is the company's legal representative, does not hold a senior management position within the organization. Therefore, the Chairperson is independent and has no conflicts of interest in the performance of the assigned duties, holding no other corporate officer positions in other organizations.

In accordance with the provisions of the Italian Civil Code, the Board of Statutory Auditors has an important supervisory role in the prevention and mitigation of potential conflicts of interest, closely monitoring any transactions with related parties.

With regard to the appointment process of the members of the Board of Directors, the parent company Sitip S.p.A. follows the provisions of its Articles of Association and the Italian Civil Code (article 2383 et seq.).

## The appointment process of the Steering Committee

The members of the Steering Committee are appointed by the CEO with the approval of the Board of Directors. They are chosen on the basis of their skills, professionalism, career prospects, track record and performance.

In agreement with the Board of Directors, the CEO decides the powers and responsibilities to be assigned to new members, based on an analysis of their technical and general knowledge and skills.

Career plans are also discussed with the Steering Committee. The members are recruited, first and foremost, internally based on an analysis of potential professional growth opportunities within the organization. Only if the positions cannot be filled in this way does the search continue outside the organization, considering candidates through applications received, staffing and recruitment agencies and relationships within the industry (competitors in the textile sector).

Once a new member has been identified, the employment relationship is established, the resource joins the organization and all members of the company are informed. The CEO periodically reviews the new member's work and decides on their career development, planning remuneration and incentives.

The criteria used to recruit new members consist of analysing their skills and professional expertise, their CV and work experience and potential professional development (i.e. technical and managerial skills). In addition, the member's potential for integration within organization is taken into account, considering their personal and general characteristics (general skills required include excellent problem solving, time management, ability to adapt within the organization according to the position held).



## The highest governance and management body's role in sustainability management

The highest governance body is the first party sensitive to sustainability issues. Indeed, through product certifications, the company commits to using sustainable raw materials and chemical compounds with a smaller impact, allowing customers to conduct environmental and social audits and applying the best practices on the market when purchasing plant and machinery. In addition, in the preparation of the Sustainability Report, which involved carrying out context analyses and gathering information on various sustainability issues, the Group gained a greater and more in-depth understanding of sustainable development throughout the entire governance structure.

As far as the definition of Sitip's sustainability commitments, policies, objectives and strategies is concerned, the CEO supervises and approves the work by the individual functions, which are given responsibility for managing the economic, environmental and social impacts of their respective areas. Business objectives are approved and discussed with the Departments formally through the budget process, which takes account of any Department needs in the implementation of strategies.

All the Departments and the Steering Committee have been made responsible for decision making and for overseeing the management of the organization's impacts on the economy, the environment and people. Each month, the Committee reports to the CEO on business performance with respect to the implementation of the strategy, the achievement of the Company's objectives and the implementation of preventive or corrective actions to mitigate the Company's potential and actual impacts, including with respect to sustainability objectives.

Furthermore, in terms of specific sustainability issues, such as the management of the environmental impacts of business activities, there are dedicated working groups coordinated by the Head of Management Systems that ensure the application of all established business procedures to prevent and/or mitigate the impacts, in line with the standards, voluntary Codes and Certification schemes that the Group has adopted (see section 1.3 "Group certifications").



## Mechanisms for reporting critical issues to the highest governance body

To prevent conflicts of interest from arising, all transactions and operations must be performed solely and exclusively in the Company's interest and in a lawful, transparent and fair manner, as provided for by the Company's Code of Conduct.

There are several channels and methods for reporting any relevant critical issues to the highest governance body:

- Reporting any actual or potential conflicts of interest before becoming involved in the transaction, operation or relationship that creates the situation to be reported.
- Reporting actual or potential conflicts of interest during the recruitment process.
- Asking one's supervisor or the Social Ethics Officer how to handle a conflict of interest, rather than relying only one's own interpretation, since a self-assessment could be biased by the context.
- Issues may be reported to the highest governance body in the following ways:
  - o suggestion box (anonymous)
  - o email to a dedicated address
  - o contacting one's supervisor directly
  - o contacting the Head of Social Ethics (human resources department) directly



## Performance review of the highest governance body

The sustainability performance of Sitip's highest governance body is evaluated regularly, with the involvement of stakeholders.

This is possible by:

- having their environmental impact management systems validated by third-party certification bodies;
- measuring stakeholder satisfaction;
- being committed to maintaining certifications that require scheduled renewals resulting in certification that requirements are still met and that any improvement targets have been achieved;
- maintaining the highest social standards in the workplace.

These points are periodically verified through audits.

Failure to comply with these criteria, which has never occurred to date, would result in a negative review of the highest governance body's performance, entailing the need to identify and implement the appropriate improvement measures.



## 02.1 Business strategies

In line with its founding values, which it has now undertaken to apply globally, the Sitip Group's mission is to make and maintain the main areas of corporate responsibility and sustainability - social, environmental and economic - the driver for its development and new competitive edge.

The Group closely follows sustainable development issues, implementing its own sustainability strategy in the pursuit of its own sustainability path. Indeed, the Sitip Group has embarked on a path of effective and measurable sustainability centred around social equity and higher quality processes and products, both in terms of the environment and ethics. This path is governed by a framework of policies and procedures aimed at the creation and distribution of value and well-being shared with all stakeholders.

At **social sustainability** level, the Sitip Group is committed every day to ensuring, through the adoption and implementation of the Code of Ethics and the Code of Conduct, respect for the fundamental human rights of its employees and the workers in its value chain. Specifically, it prohibits child labour, forced labour, discrimination, harassment and abuse, while protecting freedom of association and collective bargaining, decent working hours and pay and the right to a healthy and safe working environment, in line with the principles of the UN Global Compact and the International Labour organization (ILO). The Group informs employees of its commitments to upholding these principles by sharing the codes of ethics when they are hired, and it informs suppliers by sharing of the Code of Conduct when entering into supply contracts. These documents - and the commitments established in them - are reviewed and submitted to the highest governance body for approval before they are published.

In terms of **quality and the environment**, the Sitip Group is committed to responsible production and sustainable growth over time, investing in solutions that improve performance. Commitments in these areas are governed by its Integrated Policy (Quality, Environment and Energy) and monitored through the management systems. This entails the collaboration of strategic partners and raising their awareness about sustainable development. As part of the integrated management system, the Company's senior management monitors the Company's performance in terms of meeting its commitments through periodic Management Reviews.

To prevent and/or mitigate any negative impacts on the environment or on quality and customer satisfaction, the integrated management system conducts an environmental analysis to detect potential risks of damage to the environment and the related production processes.

Environmental analysis provides a picture of the environmental issues associated with the business, identifying aspects that can be controlled and potential due diligence actions to prevent or mitigate negative impacts on the environment, in line with the precautionary approach of the UN Rio Declaration on Environment and Development<sup>1</sup>.

The Code of Ethics, the Code of Conduct, and the Ten Principles of the UN Global Compact are available on the company intranet and on the Sitip S.p.A. and Nylon Knitting websites. They are also displayed on the notice boards available to all employees.

To achieve its stated commitments, the Sitip Group has incorporated each of its policies for responsible business conduct in all its operations and business relationships. It has done so in the supply chain by incorporating specific criteria in

1. Principle 15: <https://tinyurl.com/RIOdeclaration>

# 02

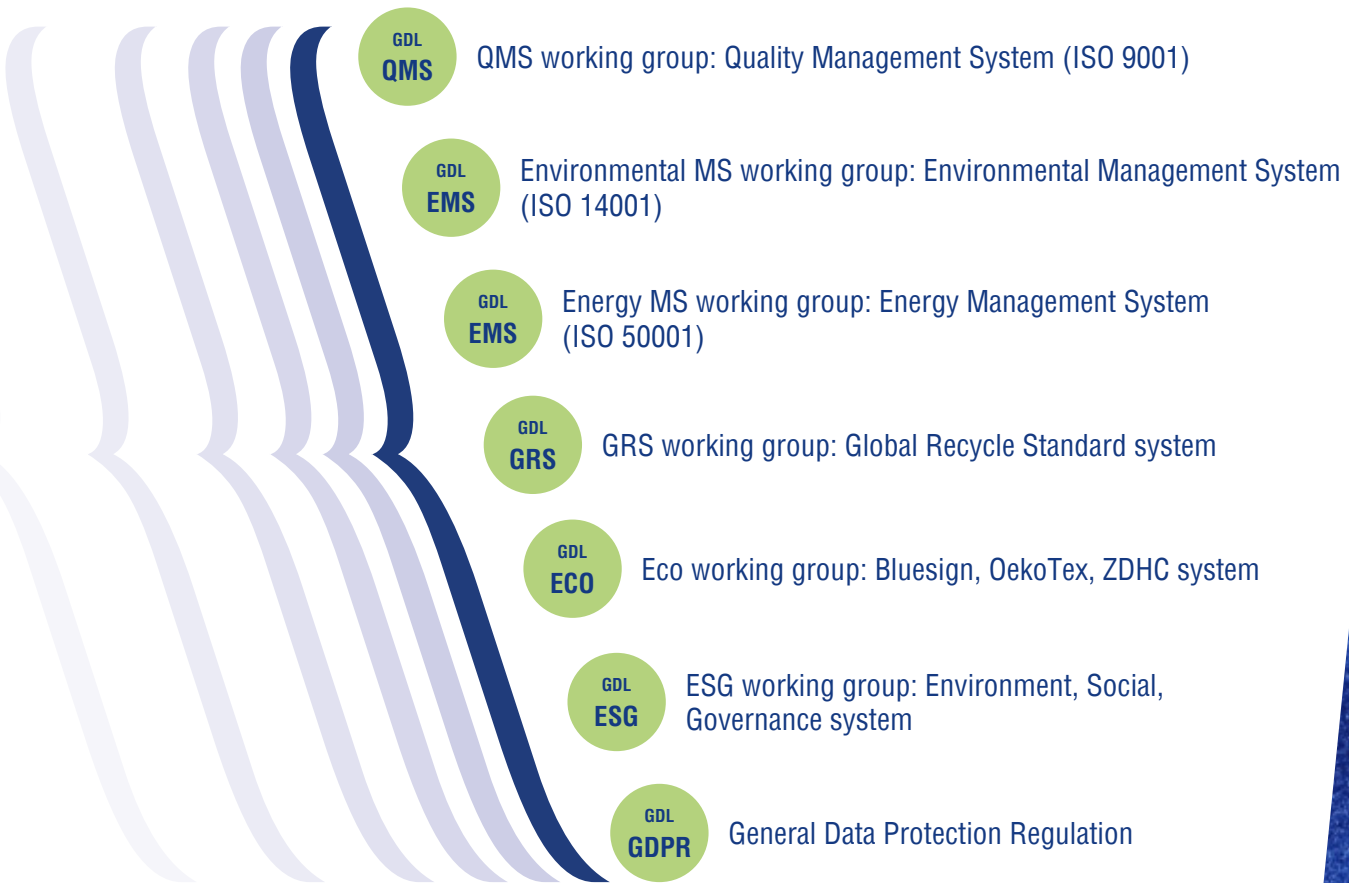
## APPROACH TO SUSTAINABILITY

the General Terms and Conditions of Supply, which are published on the company website and referred to in every purchase order. In addition, suppliers are asked to take note of the company policy on the website, in order to ensure compliance with its principles and cooperation in the achievement of objectives and the upholding of commitments. The Procurement Office oversees these activities when beginning new business relationships.

Sitip's technical support desk responds to specific requests for information from customers about the policy and its contents, providing the information requested via the heads of the relevant management systems.

The parent company relies on technical support from the Management Systems area, which is run by the Head of Management Systems, who is in turn supported by a Supervisor and a Management Systems Coordinator.

This area is composed of the following working groups:



These groups organize, obtain and manage the certifications and, above all, respond to requests from our stakeholders, in this case customers.

## Approach to managing any negative impacts

The Group is committed to ensuring constant monitoring of any negative impacts that may arise as a result of its industrial activities, in order to prevent and mitigate them. Through the ISO 14001 (and, by the end of the year, ISO 50001) certification process, Sitip assesses, manages and monitors current and potential negative impacts, taking targeted preventive or corrective actions to minimise them. Thanks to the effectiveness of its management system and the focus on its social and environmental performance, the Group has not caused or contributed to the generation of direct negative impacts on people/companies.

Nevertheless, the Group companies have in any case set up dedicated channels for reporting any negative impacts generated by their business activities. For more information on the mechanisms that the Group has put in place to receive and manage reports of negative impacts, please refer to the “Responsible business” section of this Report.

In the event that reports are received, Sitip initiates an analysis to identify the causes and assess the corrective actions to be implemented in order to resolve and contain the reported impacts.

To update stakeholders on the remedies taken, the Sitip Group shares the solutions it has adopted with the relevant authorities (such as the regional environmental protection agency and the province). When the impacts relate to health and safety, the Group involves its employees in the remediation activities, training them on the negative impact identified, conducting tests and asking them for feedback. When the reports are received from customers, Sitip shares reports and possible improvement actions with them.

## Partnerships with external organizations in the field of sustainability

Being part of sustainable development means embarking on a long and continuously evolving process that requires an ongoing commitment in terms of resources, innovation and collaboration within the production chain.

In addition to promoting responsible business practices along its value chain, the Sitip Group participates in sector-based initiatives and associations to promote a sustainable approach to textile production.



Sistema Moda Italia - Federazione Tessile e Moda

The Group has joined Sistema Moda Italia (SMI), one of the world's largest organizations representing industrial textile and fashion companies in the western world, and Sitip's Deputy Chairperson sits on SMI's General Council.

Devoting its utmost attention to the dynamics of development and change in the textile and fashion industry, SMI serves Italian textile and fashion companies with exclusive representation activities. SMI is the national Federation for the industry. It is an organization with a variety of members and it is strongly focused on integration with the territory. Both companies and associations may be members of the Federation.

Sistema Moda Italia g

roups its members into 9 sections for each of the production sectors in the textile chain: Textiles, Underwear, Hosiery & Beachwear, Textiles for Menswear, Womenswear & Formalwear, Upholstery Textiles, Home & Commercial, Sundry Children's Textiles, Linen and Tex Club Tec technical textiles. Specifically, TEX CLUB TEC is an Italian association that has made the knowledge, development and promotion of Technical and Innovative Textiles its primary objective. Sergio Alibrandi represents Sitip on Tex Club Tec's Executive Committee.

# 02 APPROACH TO SUSTAINABILITY

SMI is also a founding member of '**Il Cluster Tecnologico Nazionale Made in Italy**', an association for made-in-Italy technology recognised by the Ministry of Universities and Research. Dr. Silvana Pezzoli is Chairwoman of its Coordination and Management Committee. The made-in-Italy cluster promotes an eco-system of technology transfer and innovation that is capable of producing sustainable, integrated and inclusive economic growth for companies with Made in Italy products. In particular, it encourages:

- the development and enhancement of scientific and business excellence in the relevant product sectors throughout the country;
- synergies between industry, research institutions and the public administration;
- the transfer of best practices and technologies;
- the recruitment and specialized training of high-quality technical and research staff;
- the strengthening of national and international cooperation and partnership networks.

The cluster's members include players engaged in research, technology transfer and business and market development, such as universities, research institutions, business associations, companies and institutions.

The National Technological Clusters were created on the initiative of the Ministry of Education, University and Research to drive the sustainable economic growth of areas and the entire national economic system. Clusters are aggregators of know-how, needs and projects in certain technological areas that are strategic for the country and, at the same time, stimulators and coordinators of the Italian industrial and research system at national, European and international level. There are currently 12 National Technology Clusters that represent highly respected players (for their know-how, knowledge, structures, networks and potential) in areas that are considered strategic for our country.

In the context of the Action Plan, the made-in-Italy cluster has been involved in two projects presented by some of its members and other partners, which address issues of interest to a cross-section of sectors in various chains and segments of the made-in-Italy industry: the GIOTTO project, dedicated to new processes associated with the circular economy, entailing the study of applications in the wood/furniture, textiles/clothing and agrifood sectors; and the FUNK ITALY project, focused on the research, design and prototyping of innovative products by developing functions to create high-performance properties in the products, with a focus on textiles and leathers in their various applications.

# RETEX.GREEN

il Nuovo Consorzio per il Riciclo della Moda

## Retex.green consortium

Sitip S.p.A. is a founding member of the Retex.green consortium launched by Sistema Moda Italia and Fondazione del Tessile Italiano. It is a network for waste management in the textile, clothing, footwear and leather goods industry.

The consortium's mission is to pioneer the recovery and recycling of production waste ahead of legislation that will soon be implemented in Italy.

This strictly non-profit consortium of Italian fashion producers is sponsored by SMI. The consortium's activities will revolve around:

- carrying out, quantitatively maximising and qualitatively improving the sorted collection and management of waste from the clothing, footwear and leather goods industry and, more generally, increasing the environmental and social sustainability of the chain, starting with the production, distribution and consumption cycles of the fashion products that generate this waste;
- encouraging its members to adopt the practices of waste prevention, industrial symbiosis, production and use of recycled materials, in addition to circular economy projects in a broad sense, in order to maximise the recovery of the valuable resources contained in waste and limit the amount of waste sent for disposal;
- supporting consortium members with all administrative paperwork and reporting, disclosure, declaration, registration and authorisation obligations under the environmental legislation applicable to them;
- performing all other activities that are preliminary and functional to those indicated, including: reporting, environmental education, disclosure, design, research and development and eco-design, as well as consulting, administrative, commercial and logistics activities;

Initiating and maintaining - thanks to the reputation of the association system that has promoted it and that inspires and supports its development - institutional relationships, including on behalf of consortium members, with the various stakeholders in the textile chain, interacting with the Ministries and other competent public authorities, the trade associations of textile chain players in their various capacities, other organizations with similar purposes, public and private operators and other concerned parties, at times on the basis of programme contracts and/or memoranda of understanding.

# 02 APPROACH TO SUSTAINABILITY

## 02.2 Group stakeholders

The Sitip Group believes in a proactive, collaborative and respectful demeanour with all its stakeholders. This approach forms the basis for economic and sustainable long-term success. It is crucial to understand the expectations and views of internal and external stakeholders in order to anticipate their interests.

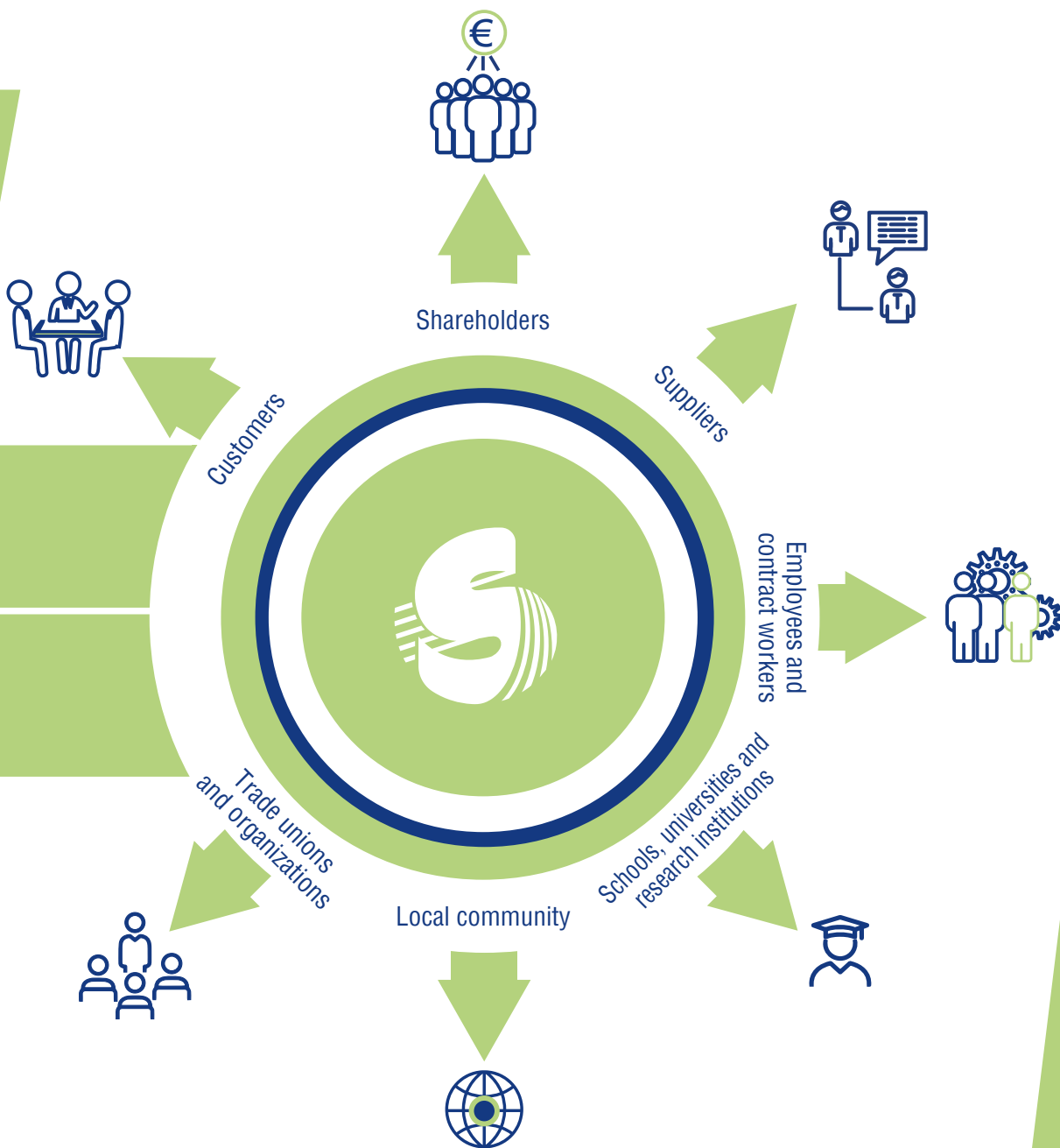
The key stakeholders for engagement activities are:

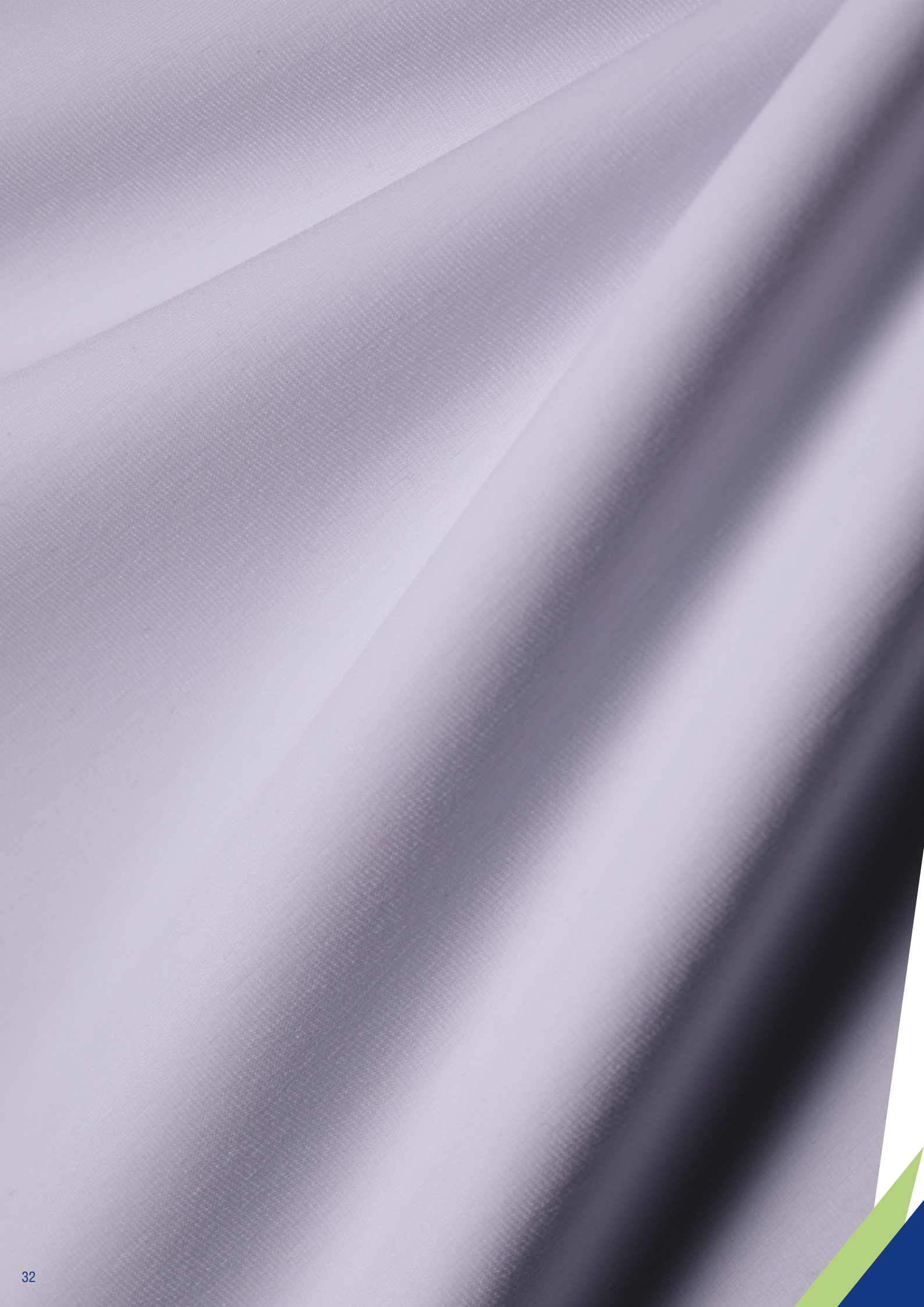
Stakeholder type	Engagement purpose	Engagement methods	Frequency
Shareholders	Defining and sharing with the company's governance bodies guidelines for the achievement of cost-effectiveness, sustainability and social objectives.	Verifying that certifications have been obtained for the specific areas and sharing information with the company's governance bodies.	Annual
Suppliers	Supplies of sustainable and certified products/services that respect the environment and people;  sharing the code of ethics.	Supplier Assessment Questionnaire; Inspection Audits at suppliers' premises;  requesting certified products.	Annual
Employees and contract workers	Motivation; employee retention.	Training; internal communication; meetings and sharing of company principles and strategies.	Ongoing
Schools, universities and research institutions	Being up-to-date on new technologies; discovering new talent.	Membership of SMI, Tex club tech.	Ongoing
Local community	Helping to promote economic and social development.	Meetings with local community leaders; meetings for sponsorship or grants; supporting youth activities and non-profit associations.	Ongoing and when requested
Trade unions and organizations	Relationships with the trade unions - Collective bargaining.	Company/Union/Workers' representative meetings.	Monthly and when requested
Customers	Satisfaction and loyalty; understanding requests and providing assistance; meeting market demand quickly; sales visits.	Customer satisfaction; social networks; newsletter.	Ongoing

The Sitip Group is very attentive to the expectations of its stakeholders, therefore, in order to gather feedback from its customers, each year it sends them specific questionnaires, such as the customer satisfaction and the supplier assessment questionnaires.

In addition, through trade fairs, the website, newsletters and social media (LinkedIn, Instagram and Facebook), the Group updates the information it shares with key stakeholders, in this case its customers, and undertakes to keep them well-informed and up-to-date on its objectives and achievements.

Supplier engagement is pursued in the course of normal business relationships and through the procedures for the sending of ESG questionnaires.







## 02.3 Materiality analysis

In order to prepare the 2021 Sustainability Report, its first such report, the Sitip Group conducted a materiality analysis to identify the most important corporate sustainability issues, considering an in-house materiality assessment and stakeholders' priorities and expectations for each issue.

During 2021, in line with the objective of beginning the materiality analysis to establish the most material sustainability issues, two categories of stakeholders were directly involved through stakeholder engagement activities.

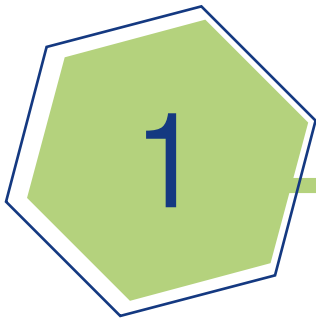
Specifically, online questionnaires were sent to approximately 120 Sitip Group stakeholders in the "supplier" and "customer" categories. In addition, to supplement stakeholder input, a special workshop was held for the preparation of the materiality matrix, during which insights from inside the company were gathered.

Following the workshop, the assessments were weighted to best reflect the stakeholders' expectations with regard to the issues most closely related to them. They were then supplemented with the responses to the questionnaires sent to customers and suppliers.

# 02 APPROACH TO SUSTAINABILITY

In particular, the methodology used to identify and prioritise the material sustainability issues went through the following steps:

- **STEP 1:** identification of the issues and the stakeholder groups to engage
- **STEP 2:** analysis of issues through stakeholder engagement
- **STEP 3:** strategic evaluation and approval by Sitip's senior management



## STEP

### Identification of the issues and the stakeholder groups to engage

In the first step, to gain an understanding of the potential positive and negative impacts associated with the Sitip Group's operating context, a series of potentially material issues were mapped, considering different aspects of the external context, such as:

- the main sustainability reporting frameworks, e.g., the GRI Standards and EFRAG's ESRS Sector Standards;
- the goals and targets of the UN's 2030 Agenda;
- the megatrends and significant sustainability risks mapped by the World Economic Forum;
- global sustainability macro-trends in the industrial textile sector;
- information requests from stakeholders;
- emission reduction commitments undertaken by customers and suppliers.

This mapping process was supplemented with an analysis of the internal context, which involved examining internal documentation and conducting interviews with the Departments in charge of overseeing corporate sustainability issues, in order to understand the current negative and positive impacts of their activities and business relationships.

This analysis resulted in the identification of 17 environmental, social and governance issues that are potentially material for the Sitip Group. In order to prepare an accurate matrix focused on the most material issues for Group and its stakeholders, the issues were aggregated into macro areas to ensure a proper understanding of the business and its performance, results and impact.



2

STEP

## Analysis of issues through stakeholder engagement

To create the matrix, the issues were scored based on the Group's perspective and according to their materiality for stakeholders, through internal and external stakeholder engagement activities.

3

STEP

## Strategic evaluation and approval by Sitip's senior management

The gathered assessments were analysed and the results of the engagement activities were then processed.

This analysis made it possible to outline the 17 potential issues identified on the Cartesian plane, i.e., the materiality matrix. Next, a materiality threshold was defined, according to which Sitip identified the 13 issues deemed material based on the Group's and the stakeholders' assessments.

# 02 APPROACH TO SUSTAINABILITY

These assessments therefore resulted in **13 material issues for the Sitip Group**, which were duly validated:



## 1. RESPECT FOR HUMAN RIGHTS

This issue refers to the implementation of measures to protect human rights along the entire value chain.



## 2. OCCUPATIONAL HEALTH AND SAFETY

This issue refers to the promotion of a safe and healthy working environment by taking steps to encourage the mental and physical well-being of employees. This is done by monitoring the management of health and safety risks for workers, including to improve accident rates.



## 3. PRODUCT QUALITY

This issue relates to the supply of products that meet certifiable quality and sustainability criteria, consistently over time.



## 4. COMPLIANCE AND BUSINESS CONDUCT AND ETHICS

This issue refers to the Group's constant focus on full compliance with existing laws and regulations that are specific to the industry and its general compliance with regulations and standards. It also relates to the potential adoption of instruments (e.g., the Code of Ethics and the Code of Conduct) and corporate policies that guarantee transparent conduct geared towards compliance with the ethical values and integrity that distinguish Sitip's operations.



## 5. CUSTOMER SATISFACTION

This issue refers to the satisfaction of customers' expectations for the purchased products and for the Group as a whole. It consists of promoting continuous communication with customers to offer a product that is increasingly in line with their expectations, in terms of both quality and quantity.



## 6. CIRCULAR ECONOMY AND PRODUCT SUSTAINABILITY

This issue refers to optimising the quantity of materials used to produce products, choosing more sustainable materials, reusing, where possible, these materials and minimising waste destined for landfill by prioritising the reuse or recycling of textiles and raw material scraps.



## 7. CUSTOMER HEALTH AND SAFETY

This issue refers to protecting the health and safety of end customers, including through product guarantees certified in accordance with specific international standards (e.g. OEKO-TEX and Bluesign).



## 8. EMPLOYEE TRAINING AND DEVELOPMENT

This issue refers to the implementation of training and ongoing growth paths for employees to guarantee they gain the qualifications they need to advance in their careers within the Group and to develop the solid and soft skills that are necessary and useful for each employee's professional growth.



## 9. DIVERSITY AND INCLUSION

This issue refers to promoting diversity, inclusion and equal access to opportunities for workers, regardless of their gender, age, nationality, religion, sexual orientation and/or physical condition.



### 10. WATER CONSUMPTION MANAGEMENT

This issue refers to water consumption and how it is managed, with the aim of reducing the amount of discharged wastewater and optimising the purification of wastewater resulting from the production process, for example by using chemicals that improve the quality of the discharged wastewater.



### 11. REDUCING EMISSIONS AND COMBATING CLIMATE CHANGE

This issue refers to reducing the Group's direct and indirect GHG emissions. It reflects the commitment to cutting emissions along the value chain as well, privileging logistics solutions and business partners with smaller environmental impacts and setting concrete targets to combat climate change, including certifications like ISO 14064 relating to the organization's carbon footprint.



### 12. PROTECTING BIODIVERSITY

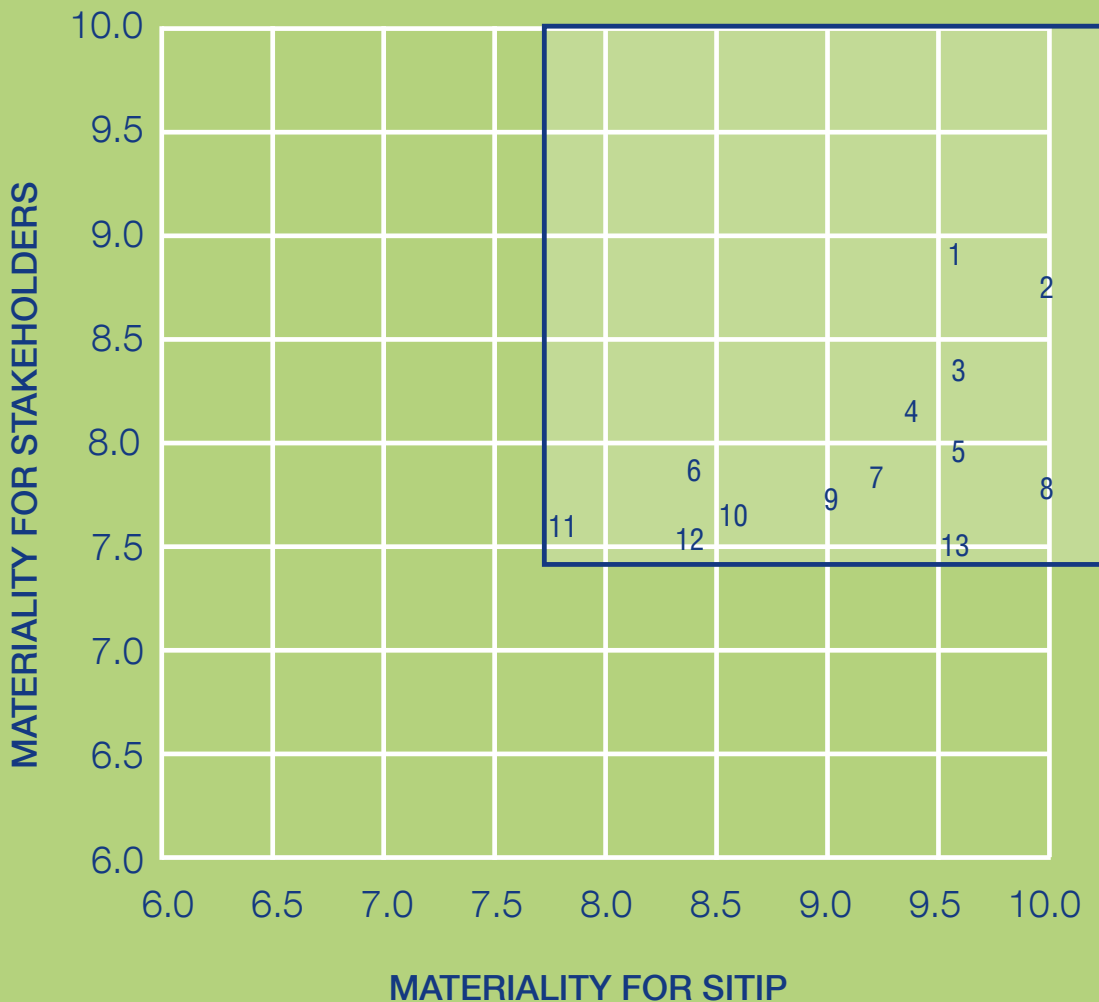
This issue refers to protecting the natural environment around the production sites and assessments of the impacts of production activities on the ecosystem.



### 13. ENERGY EFFICIENCY

This issue refers to concrete actions to improve energy efficiency and the use of energy from renewable sources. This is possible, for example, by obtaining ISO 50001 certification.

After the customers' and suppliers' feedback in the questionnaires was weighted and aggregated, the Materiality Matrix had the following structure:



## 03.1 Compliance and business conduct and ethics

The issue of Compliance and business conduct and ethics entails the Sitip Group's commitment to full compliance with existing laws and regulations that are specific to the industry and its compliance with regulations and standards. It also relates to the adoption of instruments (e.g., the Code of Ethics and the Code of Conduct) and corporate policies that guarantee transparent conduct geared towards compliance with the ethical values and integrity that distinguish the Sitip Group's operations.

**Transparency and fairness, integrity in both form and substance and a responsible commitment are the core values on which the Sitip Group bases its internal and external operations and which characterise its growth over time.**

The Group is therefore committed to the constant and progressive development of a corporate culture based on the awareness of these values and virtuous conduct, including with the definition of precise internal rules and controls to prevent incidents of corruption and non-compliance.

### 03.1.1 Compliance

The Group's regulatory compliance means it can present itself as a sound corporate organization that is well known in the areas where it operates and can avoid any negative impacts, such as penalties and human rights violations, that could result in harm to its reputation following non-compliance with the applicable rules and regulations.

As evidence of their commitment to complying with the applicable regulations, the Group companies have set up a compliance system consisting of a documentary framework governing their focus on compliance with rules and regulations. In this area, to promote compliance with the applicable laws and regulations, the Group has adopted a series of specific policies and procedures, including the Code of Ethics, the Code of Conduct and the Integrated Management Policy associated with the Group's voluntary certifications.

The Code of Ethics outlines the general principles underlying the Group's operations, including, but not limited to, integrity in business, relationships with third parties (customers, residents, institutions, the public administration, political organizations and trade unions, etc.) and compliance with environmental and labour regulations, focusing in particular on diversity, preventing harassment at work and guaranteeing safety, in order to create a healthy working environment that respects the dignity of people.

A Code of Ethics has already been drafted for the parent company, Sitip S.p.A. In 2022, Codes of Ethics will be written and disseminated for the two subsidiaries, Accoppiatura di Asolo and Nylon Knitting Ltd, as well, with a view to greater harmonisation at Group level, consolidating the Group's approach to compliance.

The Code of Ethics of the parent company Sitip S.p.A. defines the addressees of the Code, how it is disseminated, the fundamental rights and value of Human Resources and their expectations in the following areas:

- The company's commitments;
- The specific duties of department heads and employees;
- The use of company vehicles and tools;
- Conflicts of interest;
- Confidentiality;
- Compliance with free competition legislation;
- Relationships with suppliers, customers, public institutions and the media;
- Accounting transparency;
- Marketing.

With a view to fostering a widespread culture of transparency, fairness and integrity throughout the organization, the documents relating to the Code of Ethics were shared with all members of management, starting with the highest governance body, and were subsequently disseminated to all the organization's employees, starting when they first join the company. The highest governance body is responsible for monitoring compliance with the rules established in the Code, in order to manage any conflicts as soon as they arise and prevent them. It intervenes in the management of any problems that arise on a daily basis.

**Total number and percentage of members of the governance bodies who have been informed of anti-corruption policies and procedures**

Governance bodies	2021		2020		2019	
	#	%	#	%	#	%
Members of the governance body who have been informed of anti-corruption policies/procedures	8	100%	8	100%	8	100%

The figures in the table above refer to the highest governance body of the parent company Sitip S.p.A.

**Total number and percentage of employees who have been informed of the organization's anti-corruption policies and procedures, broken down by employee categories**

Employees	2021		2020		2019	
	#	%	#	%	#	%
Blue collar workers	255	55%	214	52%	222	53%
White collar workers	111	79%	99	77%	99	76%
Junior managers	8	100%	9	100%	8	100%
Managers	10	100%	9	100%	9	100%
<b>Total</b>	<b>384</b>	<b>62%</b>	<b>331</b>	<b>59%</b>	<b>338</b>	<b>60%</b>

The figures shown in the table above refer to the parent company Sitip S.p.A. and its subsidiaries, Accoppiatura di Asolo and Nylon Knitting.

# 03 RESPONSIBLE BUSINESS

The addressees of the Code of Ethics are required to closely and fully uphold the values and principles in the Code. Moreover, with their conduct, they are required to protect and preserve the Group's reputation and image and the integrity of its financial, social and human assets.

Furthermore, addressees are required to immediately report to company management if they should learn of any information about violations of the Code of Ethics, so that the company can promptly take all the necessary steps to protect itself and all the measures that are useful to bring operations back in line with ethical standards and to restore compliance with the law, if it has been violated. Nevertheless, the Code of Ethics neither replaces nor prevails over existing laws or the pending national collective bargaining labour agreement, which remain explicitly and fundamentally effective and binding.

As evidence of the Group's focus on regulatory compliance and business ethics, the number of instances of non-compliance with laws and regulations that resulted in fines decreased in the three-year period between 2019 and 2021. Moreover, there were no instances of non-compliance resulting in non-monetary penalties (administrative and/or judicial penalties) in 2021.

Below is a summary of the total number of significant instances of non-compliance with laws and regulations noted in the reporting period, broken down into instances resulting in administrative or judicial penalties and those resulting in fines.

There were no instances of non-compliance at the Group's subsidiaries in the three-year period, except for a single fine received by the company Nylon Knitting in 2019.

<b>Non-compliance</b>	<b>MU</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Instances of non-compliance	#	9.00	11.00	17.00
Instances of non-compliance resulting in fines	#	9,0	11,0	17,0
Instances of non-compliance resulting in non-monetary penalties	#	0	0	0
Amount of fines incurred in this reporting period	€	21,638.0	4,211.6	14,470.72

The figures shown in the table above refer to the parent company Sitip S.p.A. and its subsidiaries, Accoppiatura di Asolo and Nylon Knitting

The Code of Ethics is also one of the documents that allows stakeholders to learn about proper business ethics. Indeed, during company audits, it is a valid support tool to present business ethics to customers and suppliers.



## 03.1.2 Responsible business

Sitip's commitment to conducting business fairly and with integrity has entailed the adoption of ethical principles that go far beyond mere regulatory compliance.

In 2019, Sitip S.p.A. and Nylon Knitting officially joined the **United Nations Global Compact**, which outlines ten ethical principles to be adopted in business practices. These principles are universally shared as they are derived from the Universal Declaration of Human Rights, the ILO Declaration, the Rio Declaration and the United Nations Convention Against Corruption.

The Global Compact encourages companies around the world to create an economic, social and environmental framework to promote a healthy and sustainable global economy that ensures everyone has the opportunity to share in its benefits.

To this end, the Global Compact requires participating companies and organizations to share, support and enforce within their sphere of influence a set of core principles relating to human rights, labour standards, environmental protection and anti-corruption.

The subsidiary Accoppiatura di Asolo is also expected to join the UN Global Compact in the coming year. This will bring the entire Group into alignment.



# Ten Principles of the UN Global Compact

## Human Rights

### Principle I

Businesses should support and respect the protection of internationally proclaimed human rights within their spheres of influence.

### Principle II

They should make sure that they are not complicit in human rights abuses, even indirectly.

## Labour

### Principle III

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

### Principle IV

They should eliminate all forms of forced and compulsory labour.

### Principle V

They should effectively abolish child labour.

### Principle VI

They should eliminate discrimination in respect of employment and occupation.

## Environment

### Principle VII

Businesses should support a precautionary approach to environmental challenges.

### Principle VIII

They should undertake initiatives to promote greater environmental responsibility.

### Principle IX

They should encourage the development and diffusion of environmentally friendly technologies.

## Anti-Corruption





### Principle X

Businesses should work against corruption in all its forms, including extortion and bribery.

# 03 RESPONSIBLE BUSINESS


By applying these Principles, the Sitip Group aims to prevent any negative impacts on the economy, the environment and, above all, on people, as a result of the performance of its business.

Sitip S.p.A. and Nylon Knitting monitor the effective integration and upholding of ethical principles in business activities through the implementation of a series of actions to manage, prevent and/or mitigate potential negative impacts:

-  Suggestion boxes have been set up to give all employees the opportunity to report any negative social events in a timely and anonymous manner;
-  The possibility of holding individual discussions with the Social Ethics Officer was introduced so that employees can share their needs and any problems that may have arisen in the working environment;
-  In addition, there is a Workers' Safety Representative at the company so that workers can report and discuss any problems in a more confidential manner. Their anonymity is guaranteed;
-  Finally, employees are free to join the trade union, where they may receive advice in the event of problems at work.

The effectiveness of these actions is assessed during special periodic meetings between Sitip management and the trade unions. Additionally, Sitip considers the positive outcome of social audits carried out by its customers and the signing of the Code of Conduct by its suppliers as evidence of the effective integration and implementation of ethical principles in its activities.

In particular, as a responsible business and to manage relationships with its stakeholders, the Group is active in relationships with suppliers and customers:

-  The company technical support desk responds to specific requests for information from customers about the company policy and its contents, providing the information requested via the heads of the relevant management systems.

The parent company Sitip and its subsidiary Nylon Knitting Ltd have established special working groups to coordinate the company's policies and practices for responsible business conduct. The Environmental, Social and Privacy working groups have been formalised in the organizational chart, are appointed according to their skills and positions in the company and hold regular meetings to manage critical issues and decide solutions, responsibilities and timeframes.



## 03.2 Product quality

The Sitip Group places Quality at the heart of its strategy, striving daily to meet the different expectations of its internal and external stakeholders. The importance of being able to produce quality products that meet stakeholder expectations has led the Group companies to establish an approach to guarantee quality over time.

To this end, the Sitip Group companies cooperate with their customers and suppliers, sending them questionnaires to ensure that their suppliers and the products and services provided comply with certain quality standards and environmental and occupational health and safety requirements as well.

Having an adequate quality management system for its products means that customers are supplied with products that meet certifiable quality and sustainability criteria, consistently over time. Indeed, all Group companies have quality management systems that were certified and renewed in the last three years. In November 2020, Sitip S.p.A. successfully renewed its Quality Management System Certification in accordance with the ISO 9001 standard. It had originally requested and obtained this certification in 2002. This certification was renewed in 2021 for Nylon Knitting (it had originally been obtained in 2019) and it was renewed in 2019 for Accoppiatura di Asolo (originally obtained in 2004).

It establishes the minimum requirements that a company's quality management system must meet in order to guarantee the quality level of the products and services offered. The ISO 9001 standard is recognised internationally as the benchmark for quality management for all organizations, both public and private, whatever their economic sector and size, that wish to address the need to improve the effectiveness and efficiency of their processes.

The management system scheme under ISO 9001 provides a framework for companies to detect any instances of non- or insufficient quality management along production processes, which could in turn contribute to negative economic, and environmental and social impacts, depending on the type of non-conformity detected.

As part of the certification process, the Group companies have defined their own management systems consisting of specific policies and procedures for procurement and production to ensure product quality and consistency over time. The effectiveness of this system is monitored using various indicators, including product returns and complaints received. For this purpose, the Group has established a series of procedures for the way returns and complaints are handled, from their acceptance to their resolution, in order to promptly manage the incidents and ascertain whether improvements can be made.



Complaints are reported, recorded and handled according to the subject matter:

- **the quality management system:** they are made directly by the customer and managed using specific documentation;
- **the environmental management system:** they are made by the entities/communities/people and managed using specific documentation;
- **social issues and human rights:** they are made by employees and managed through notifications to the HR department and anonymously through the suggestion box;
- **health and safety:** they are made by employees and/or supervisors, the site doctor, the Prevention and Protection Officer or the Workers' Safety Representative in a notification to the Employer.

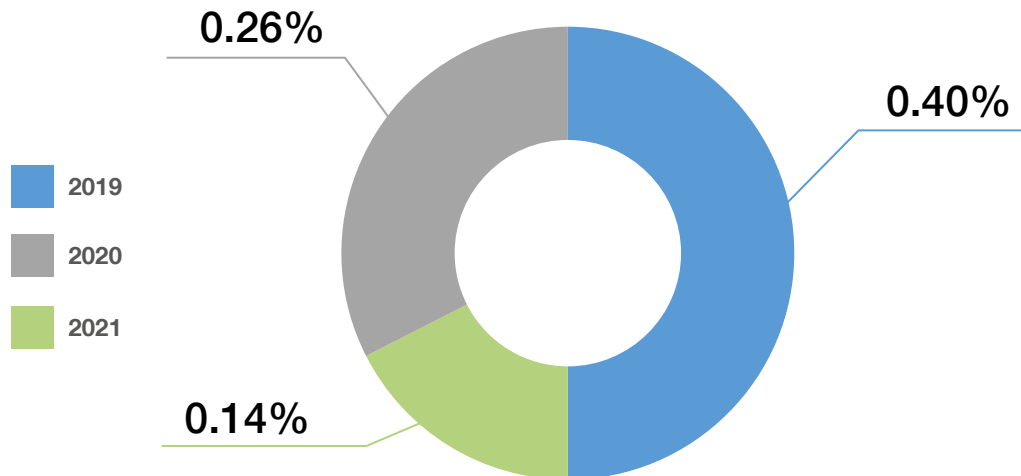
The Commercial Department analyses the nature of the Returns and Complaints. If there are quality problems, the Quality Control area is also involved, which analyses the product cited in the complaint. The Central Production and Logistics Department periodically conducts technical analyses to assess pending return/complaints, especially those resulting from quality/production problems.

Statistics are then compiled to identify possible common causes so that action can be taken to prevent and minimise the number of complaints received.

This approach to complaints management makes it possible to track incidents, resolve them and implement possible improvement actions to ensure a high level of product quality.

Below is a summary of the returns and complaints as an average percentage of Group turnover in the three-year period from 2019 to 2021. In order to continuously improve the effectiveness of the quality management system, all Sitip Group companies have set quality monitoring targets, such as keeping returns and complaints as a percentage of turnover below the maximum threshold of 0.5% for 2021 or complying with the response times for returns and complaints.

### **% of returns and complaints out of SITIP GROUP consolidated turnover**



The figures shown in the table above refer to the parent company Sitip S.p.A. and its subsidiaries, Accoppiatura di Asolo and Nylon Knitting

# 03 RESPONSIBLE BUSINESS

As can be seen from the table, at Group level, the number of complaints received in 2021 compared to 2019 has significantly decreased, thanks in part to management's ongoing monitoring of complaints trends and customer satisfaction and the implementation of improvement actions.

This improvement trend also reflects the effectiveness of the Group's efforts for the continuous evolution and innovation of products, services, processes and systems with a view to excellence.

This focus on quality applies to all Group activities and its value chain. The Group has implemented a supplier assessment process in accordance with specific qualitative, environmental and social criteria, which it uses to vet suppliers before entering into a business relationship.

The supplier approval process involves requesting and collecting specific information about the suppliers' processes, structure and organization in a special questionnaire. The suppliers' answers are analysed to assess the adequacy of the information reported and, if the results of the assessment are positive, the supplier is approved.

Once the business relationship is established, the quality of the products and services provided are reviewed once a year, according to specific criteria and assessment schemes. Each supplier is classified into one of three levels based on the assessment. If a supplier receives a negative assessment, it is informed of the critical points and areas for improvement and is kept under observation in the following period, in which the supplier is required to demonstrate clear signs of improvement in order to continue doing business with the Group.

Furthermore, the choice of certifications is geared towards process, quality and safety control both before and after processing. Successfully obtaining process/product certifications encourages the Group to maintain its health and safety objectives and supports their achievement. The renewal of certifications ensures that the standards are maintained and continuously improved.

The Group's main certifications and programmes which are currently in effect and periodically renewed are: OEKO-TEX Standard 100, BLUESIGN®, HIGG index, EcoVadis, ZDHC, ISO 9001 and ISO 14001 - as detailed in Section 1 "About us".

## 03.3 Customer satisfaction

The Group is committed every day to the continuous evolution and innovation of products, services, processes and systems with a view to excellence and to guarantee complete customer satisfaction by complying with the agreed contractual standards and reproducing the technical characteristics required for the specific product offered.

Indeed, the Group's strategy is based on customer satisfaction, ensured through continuous dialogue, rapid responses and cooperation with all strategic partners in the value chain for shared development and the satisfaction of market and consumer expectations.

The management approach to this issue is governed by the Integrated Quality, Environment and Energy Management System Policy, in which the Group states that it focuses on the following elements and makes them the basis of its strategy:

- ▶ anticipating and satisfying the different expectations of its external stakeholders, worldwide, benefiting from its employees' high level of expertise and professionalism;
- ▶ dialogue, rapid responses and cooperation with all our customers, who are considered strategic partners for shared development and the satisfaction of market and consumer expectations;
- ▶ the continuous evolution and innovation of products, services, processes and systems with a view to excellence and to guarantee complete customer satisfaction by complying with the agreed contractual standards, reproducing the technical characteristics, following the regulations in effect through prevention and compliance with the rules established in our management system.

The Steering Committee constantly monitors customer satisfaction, complaints and the activities and resources needed to implement the Integrated Quality, Environment and Energy Policy.

It is also committed to ensuring that the objectives are always consistent with the needs and expectations of all stakeholders and periodically reviewing the Integrated Management System, constantly improving its effectiveness and efficiency.

Customer satisfaction is measured by the degree to which the Group meets its customers' expectations for the products they purchase and for the Group as a whole.

A good level of customer satisfaction entails promoting continuous communication with customers to offer a product that is increasingly in line with their expectations, in terms of both quality and quantity.

To ensure a high level of customer satisfaction, the Group must establish open communication aimed at continuous cooperation. To this end, the Group periodically carries out customer engagement activities by sending customers questionnaires to measure their satisfaction with the products and services offered. These questionnaires are a valid customer satisfaction tool that creates direct feedback and monitors customers' interest and satisfaction.

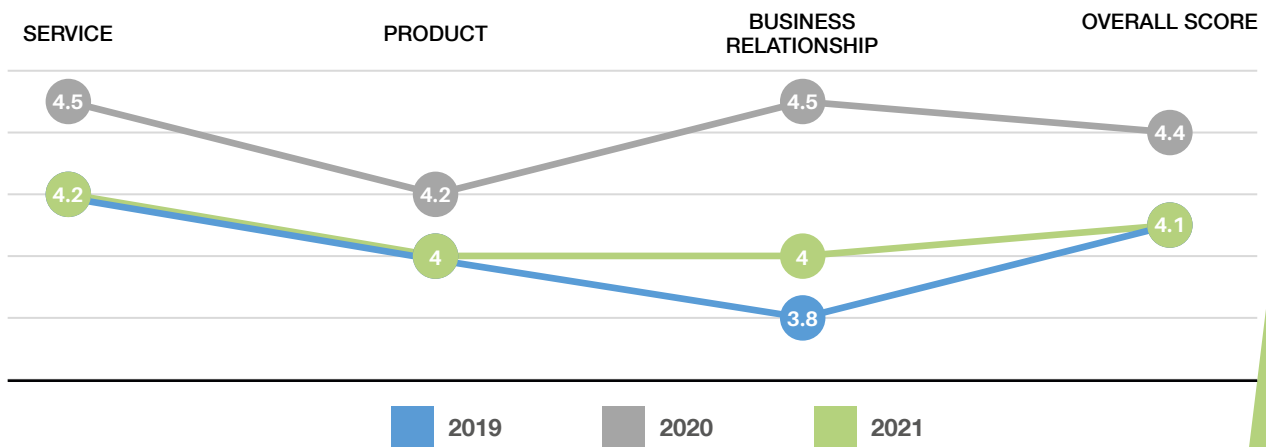




On the other hand, the subsidiary Accoppiatura di Asolo has adopted a self-assessment method, validated and approved by the ISO 9001 auditors of Bureau Veritas. However, it plans to switch to the method used by the other Group companies, i.e., the questionnaire in Forms, as of 2022 and in subsequent years, to harmonise the Group's approach to customer satisfaction. The questionnaire in Forms sent to key stakeholders is, in fact, extremely useful for customer satisfaction activities, and it will be even more effective once it is used throughout the Group.

Below are the results of the questionnaires collected from customers for the three-year period from 2019 to 2021. The Group's customers score their satisfaction with three macro-areas based on specific criteria. The three macro-areas are service, product and business relationship and they are scored on a scale of 1 to 5, where a score of 1 indicates that the customer is dissatisfied and a score of 5 indicates that the customer is extremely satisfied.

### Customer satisfaction



The figures shown in the table above refer to the parent company Sitip S.p.A. and its subsidiary Nylon Knitting. There are plans to include Accoppiatura di Asolo in the coming years.

As can be seen from the table above, overall, customers are very satisfied with the Group's performance. Among the Group's strengths, customers especially appreciate the level of flexibility, reliability and attentive commitment to sustainability issues and sustainable products.

The subsidiary Accoppiatura di Asolo conducted a customer satisfaction self-assessment for 2021, which the auditors validated.



## 03.4 Customer health and safety

Protecting the health and safety of end customers is a top priority for the Sitip Group.

The protection of health and safety is subject to many national and international regulations. Customers expect the products and services they purchase to perform their functions satisfactorily, without posing risks to health and safety.

The Sitip Group protects the health and safety of its end customers, including through product guarantees certified in accordance with specific international standards (e.g. OEKO-TEX and Bluesign), thereby guaranteeing their health and safety throughout the entire product life cycle.



In particular, Sitip devotes utmost attention to health and safety from the start of the production chain, prioritising the purchase of local and European raw materials and operating in full compliance with national and international regulations, precisely because failure to address this issue could lead to potentially significant negative repercussions for the Group and its stakeholders, whereas targeted and effective management will have positive effects for the company, its customers and the environment.

To ensure that its products meet the highest consumer health and safety standards, during procurement, Sitip establishes requirements for raw materials with its suppliers according to standards/certifications that must be complied with. Consequently, once the finished product effectively becomes available for use, it is subject to product and service health and safety standards and self-regulatory codes.

Through OEKO-TEX certification, Sitip analyses finished fabrics with different stentering treatments to monitor their effective compliance with the requirements of consumer health and safety regulations and self-regulatory codes.

To meet customers' expectations and comply with its obligations under regulations, through the Integrated Management System, the Group carries out controls on raw materials, processes and finished products to detect any non-conformities and manage any emergencies that might occur.

However, Sitip is committed to investing in more advanced process technologies to achieve a higher level of innovation. Indeed, its production chain uses chemicals with a limited environmental impact and Sitip guarantees that there are no substances harmful to humans in its finished products.

Thanks to its tireless focus on the management of this issue and the measures that the Group has implemented to protect customers' health and safety, there have been no instances of non-compliance with regulations and/or self-regulatory codes concerning impacts on health and safety or on products and services in the last three years.

**Total number of instances of non-compliance with regulations and/or self-regulatory codes concerning impacts on health and safety or on products and services:**




	2021	2020	2019
instances of non-compliance with regulations resulting in a fine or penalty	0	0	0
instances of non-compliance with regulations resulting in a warning	0	0	0
instances of non-compliance with self-regulatory codes	0	0	0

The Group's commitment to protecting customers' health and safety extends to all Group functions, from research and development to HSE, and they are specifically responsible for the technical choices regarding quality and safety.

The Group has taken several actions to protect the health and safety of its customers, including the development of products based on quality criteria and safety policies shared with customers.

The actions taken have involved changes in the terms of purchase and production, which are defined in the operating procedures as part of the quality management system. Stakeholders upstream of in-house processing collaborate in the development of ideas through proposals and the exchange of information. Downstream, stakeholders request compliance with parameters in supply specifications relating to technical, environmental, safety and social aspects that the supplier must uphold. This drives continuous improvement.

The Group assesses the effectiveness of the actions implemented to protect customers' health and safety through:

-  the absence of instances of non-compliance with regulations and/or self-regulatory codes concerning impacts on health and safety or on products and services;
-  the level of customer satisfaction (adequately monitored by means of special questionnaires, as indicated earlier in section 3.3 Customer Satisfaction);
-  the acquisition of new customers (which establish technical aspects and compliance with sustainability and environmental and social impact criteria).

In the last three years, the Group has achieved positive results with respect to these parameters and expects to continue this positive trend in the years ahead.

# 04 SITIP'S PEOPLE

## 04.1 Diversity, Equity and Inclusion

The Group sees its employees, contractors and business operators as an indispensable factor for the success of its business. Equally indispensable is the value of the diversity of ideas that the Group's people express. For this reason, the Group promotes the diversity of human resources in order to improve and expand the extent and competitiveness of the Group's expertise and its people.

Therefore, the Group handles recruitment, training, management and professional development without any discrimination and based on merit, skills and professionalism in order to enhance and expand the diversity of its workforce.

Without prejudice to legal and contractual provisions on diversity and inclusion or employees' obligations, employees are required to show professionalism, honesty, dedication, loyalty, a spirit of cooperation and mutual respect. The dynamics that characterise the society in which we operate today call for fairness and transparency in the promotion of equity between people. The key factor for success in this respect is the professional and organizational contribution of every human resource. It follows that all company employees are responsible for conducting themselves respectfully and professionally, in order to ensure that all workers feel they are a constructive and integral part of the organization, with the same opportunities to express their skills and professionalism.

The principles of Diversity, Equity and Inclusion are increasingly present in the Group's strategies, as it is believed that these issues must necessarily be part of the organization's DNA. This orientation towards social issues should be seen as sharing just and balanced visions at the organizational level.

This proclivity on the Group's part is directed at generating positive benefits, such as inclusive and sustainable economic growth, full and productive employment and decent work for all. In this way, the advantage it seeks could be translated as understanding how to create an organizational environment in which every worker has equal access to opportunities and is in a position to contribute as fully as possible to the pursuit of the Group's success and, therefore, to the business results.

Indeed, the creation of mental and physical well-being and a culture of trust among co-workers and in the organization, by encouraging positive behaviour like diligence, loyalty, a willingness to change and creativity, is fundamental.

As explicitly stated in the Code of Ethics, no worker will be subject to any form of discrimination throughout their employment or in recruitment, remuneration, career advancement, discipline, dismissal or retirement, on the grounds of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnicity. Indeed, the company must help all employees to reach the maximum enthusiasm for their work by putting them on an equal footing with everyone else, always aiming for results that can be achieved by the entire organization together and not by one individual acting alone.



To this end, the Group is committed to identifying and implementing policies and strategies to prevent gender-based discrimination and inequality. It has established targets and monitors their achievement using indicators (e.g., the number of reported cases of discrimination or labour disputes, which to date have been zero), which makes it possible to assess the effectiveness of the policies and procedures implemented. In this way, the Group avoids negative impacts related to diversity, equity and inclusion issues.

Meetings are held with company managers to follow through on the Group's DE&I approach and bring to light any negative impacts related to personnel management in this respect. During these discussion meetings, special attention is paid to listening to employees and promoting their well-being, so they are made aware of their contribution to the business and to inspire trust between employees and Group management.

The lack of reports of discrimination and the composition of the transgenerational workforce are evidence of the Group's seriousness with respect to DE&I issues. The Group's workforce is broken down by age group, gender and type of position below.

### Employees by age group, gender and type of position

2021	MU	<30			30-50			>50		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers		0	0	0	1	0	1	8	1	9
Junior managers		0	0	0	1	0	1	7	0	7
White collar workers	#	13	4	17	49	29	78	30	14	44
Blue collar workers		101	12	113	151	32	183	138	29	167
<b>Total</b>		<b>114</b>	<b>16</b>	<b>130</b>	<b>202</b>	<b>61</b>	<b>263</b>	<b>183</b>	<b>44</b>	<b>227</b>

2020	MU	<30			30-50			>50		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers		0	0	0	1	0	1	7	1	8
Junior managers		0	0	0	3	0	3	6	0	6
White collar workers	#	10	3	13	51	25	76	29	11	40
Blue collar workers		66	9	75	167	29	196	113	29	142
<b>Total</b>		<b>76</b>	<b>12</b>	<b>88</b>	<b>222</b>	<b>54</b>	<b>276</b>	<b>155</b>	<b>41</b>	<b>196</b>



# 04 SITIP'S PEOPLE

2019	MU	<30			30-50			>50		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers		0	0	0	1	0	1	7	1	8
Junior managers		0	0	0	2	0	2	6	0	6
White collar workers	#	12	4	16	50	26	76	27	11	38
Blue collar workers		50	4	54	182	26	208	127	31	158
<b>Total</b>		<b>62</b>	<b>8</b>	<b>70</b>	<b>235</b>	<b>52</b>	<b>287</b>	<b>167</b>	<b>43</b>	<b>210</b>

As a percentage of all employees, those under 30 years of age increased considerably from 2019 to 2021 due to the recruitment of several young people in the production area. On the other hand, the number of employees over the age of 50 decreased from 2019 to 2020, but increased from 2020 to 2021 since a large percentage of workers crossed the 50-year threshold in 2021.

Raising awareness and encouraging the recognition of differences and barriers at all levels of the company means laying the basis to resolve them, not just through top-down policies, but by changing attitudes and making collective efforts that involve everyone as well.

That said, inclusion does not mean homogenisation. It will be crucial to provide ways for people to express their uniqueness and for it to be valued. To this end, the Group pursues inclusion by redesigning the corporate operational economies, from organizational charts to the language it uses and from codes of conduct to workflow. Special attention is paid to the in-house communication of inclusion initiatives, focusing on greater transparency in this regard that furthers a positive perception of the working environment and stimulates discussion among colleagues. To achieve real results, it will be necessary to promote a culture of inclusion, even with dedicated training courses, which is a commitment the Group intends to implement in the future.

Diversity can only become an added value if it is part of a truly bias-free environment, with the aim of eliminating gender discrimination, from the pay gap to career opportunities, from protecting maternity leave to a culture of responsible fatherhood.

Work should increasingly be part of a broader vision of balance and well-being for workers, and this should include a talent development pathway that can be implemented through structured policies, but also through the creation of greater empathy in relationships between colleagues and management.

## Employees belonging to minority or vulnerable groups

	MU	2021	2020	2019
No. of employees belonging to minority or vulnerable groups		21	19	19
Of which men	#	13	13	13
Of which women			6	6

Consolidated data

Groups of people considered “vulnerable” have encouraged a reflection on the values that society should defend and embody. The next step necessarily leads us towards an ecology of inclusion, i.e. a commitment to non-discrimination and social justice that no longer only includes groups based on qualities that have been traditionally considered “sensitive”, such as gender, religion, sexual identity and race, but also socio-demographic characteristics like age, lack of schooling, disabilities, belonging to cultural minority group and low income.

The company’s success is certainly due in part to the fact that it respects these issues, of which all members of the organization are aware thanks to the remarkable effectiveness of the steps taken so far. Continuous discussion on these issues has disseminated company policies at all levels and they are now an integral part of the Sitip Group’s corporate culture.

## 04.2 Respect for human rights

The Group's commitment to respecting human rights is described within the scope of the organizational framework, consisting of the Code of Ethics, the Code of Conduct and the Policies adopted by Group companies. In fact, these documents set out the Group companies' commitments and expectations regarding respect for human rights in their organization along the value chain. The engagement of all stakeholders has made it possible to manage respect for all human rights both inside and outside the organization. When this Sustainability Report was published, the company's Code of Ethics was disseminated to all employees by displaying it on company notice boards, sending it to all users by e-mail and delivering the document together with pay slips.

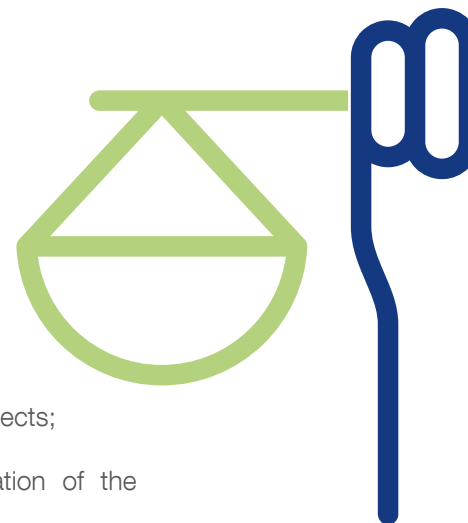
The Code of Conduct adopted by the Group sets out the basic principles that the suppliers of goods and services, the sites and distribution chains must follow in order to ensure that the products they supply are created with respect for fundamental human rights, without any form of exploitation of child labour, and in full compliance with national occupational health and safety legislation. The Code sets out the company's position with regard to forced labour, child labour, discrimination, working hours and decent pay, health and safety and freedom of association and collective bargaining.

As evidence of the companies' commitment to human rights and corporate social responsibility, Sitip S.p.A. and Nylon Knitting Ltd are committed to making the United Nations Global Compact and its principles part of their strategy, culture and daily operations, and to participating in collaborative projects that promote the broader development goals of the United Nations, namely the Sustainable Development Goals.

The Italian subsidiary Accoppiatura di Asolo has outlined its commitments relating to human rights in its Social Responsibility Policy. To follow through on these commitments, the company has provide for the:

- Appointment of a person responsible for Social Responsibility aspects;
- Monitoring of compliance with social criteria and implementation of the necessary measures;
- Updating of company personnel, in the local language, about the content of the minimum social criteria and any other related information;
- Retention of records of the name, age, hours worked and wages paid for each worker;
- Possibility for company personnel to appoint their own Social Responsibility Representative who can talk with management about the progress of social criteria implementation and compliance;
- Registration and handling of complaints from company personnel or third parties regarding the organization's compliance with social criteria and retention of records of any corrective action taken;
- Protection of employees who are whistleblowers about non-compliance with social criteria from being subject to disciplinary measures, termination of employment or other forms of discrimination.

Without this Human Rights Policy, all the considerations described above would no longer apply, resulting in negative impacts on the Group's reputation and on employees and other stakeholders, customers, suppliers, institutions and authorities.





Beyond the governance and organizational commitments on this issue, ongoing daily contact between management and workers is also important to prevent and resolve at the start any issues of human rights violations among workers. Therefore, continuous engagement, transparency, discussion and reporting of all possible issues is necessary.

Indeed, in addition to upholding international human rights principles, the protection of workers' fundamental rights is referenced and guaranteed in the collective bargaining agreements, such as the national collective labour agreement (CCNL) for the textile industry, which covers the companies' workers. These agreements provide for continuous contact with the trade unions, through which all aspects are discussed and shared in order to improve individual and collective company welfare.

With regard to special shift schedules and with a view to giving substance to commitments, the Group companies also provide for the possibility of granting, compatibly with organizational requirements, part-time employment, leaves of absence, etc., to help workers find a healthy work-life balance.

It is precisely because the collective bargaining agreements are applied that the human rights of every worker are, in fact, guaranteed. National collective bargaining refers to negotiations that take place between one or more employers or employers' organizations and one or more workers' organizations. The objective of these negotiations is to reach a collective agreement on working and employment conditions (e.g. wages, working hours) and to govern the relationship between management and workers.

Collective agreements contain references to the legislation and inter-confederation agreements that companies must adhere to. For example, with reference to the CCNL for the textile industry, the following legislation is referred to in detail:

- ▶ Law no. 300 of 20 May 1970 - Regulations on the protection of workers' freedom and dignity, trade union freedom and trade union activity in the workplace.
- ▶ EC Council Resolution 29 of 29 May 1960 on the protection of the dignity of men and women at work.
- ▶ Resolution A-0283/2001 of the European Parliament of 20 September 2001 - Mobbing in the workplace.

Each time it is renewed, a copy of the CCNL text is given to each worker and, therefore, all workers are aware of these provisions and are expected to apply them on a daily basis in full respect of their rights.

All Sitip and Accoppiatura di Asolo employees are covered by collective bargaining agreements, while around 90% of the Maltese company Nylon Knitting's employees are covered by such agreements. For the latter, there is no collective bargaining agreement for skilled personnel, and therefore the company and the employee negotiate the terms of employment.



## Employees covered by collective bargaining agreements

	MU	2021	2020	2019
Number of employees covered by collective bargaining agreements	#	590	535	541
Percentage of employees covered by collective bargaining agreements	%	95%	96%	95%

Consolidated data

The Sitip Group companies are also periodically required by customers to sign the latter's Codes of Ethics and they are sometimes audited by the customers themselves. During specific audits by customers, workers are often interviewed about respect for human rights in the company, stating that there have never been any negative incidents in this respect.

In addition, in order to ensure that workers' human rights are effectively respected, company managers continuously monitor that the provisions therein are complied with on a daily basis by all personnel, reporting any problems as they arise.

There are several indicators that organizations can consider to monitor respect for human rights and satisfaction of their people, such as low turnover and absenteeism rates, excellent corporate climate assessments and a lack of reports of discrimination/human rights violations. Reflecting the Group's respect for workers' rights, there have been no violations of workers' human rights or of business ethics in the Sitip Group to date.

# 04 SITIP'S PEOPLE

## 04.3 Employee training and development

Employee training and development have always been at the centre of the Sitip Group's efforts to foster constant growth throughout the entire Group. The Group recognises that it is extremely important for each sector or department head to support the professional growth of the resources assigned, taking into account the aptitudes of each when assigning tasks, in order to achieve real operational efficiency. Each sector or department head takes due consideration of suggestions or requests from their employees and, where possible and appropriate, follows up on them, with a view to total quality, encouraging motivated participation in the company's activities.

Over the years, the organization's continuous focus on training has led to the continuous growth of skills and well-being. The fact that employees feel part of an ever-growing group with opportunities for continuous professional and personal improvement gives the company an excellent reputation outside the organization, with an image that attracts talent.

The Group offers its staff adequate tools and opportunities for professional growth and considers training a lifelong process, through which it is possible to gain knowledge, understand and effectively interpret change, develop new ideas, improve productivity and achieve individual and overall company growth.

This synergy between the company and its workforce is a key tool for the Group, as training and investing in its people enable staff growth and the company can, thanks to its employees, develop and gain the necessary skills to manage change and adapt to an increasingly competitive environment.

Therefore, knowing how to effectively manage training also enables the achievement of the organization's objectives. In this period of continuous change and market evolution, training makes it possible to stay apace with the continuous updating and advancement of technologies, impacting the economy, the environment and people.



In providing training activities, the Group has the following objectives:

1. Improve communication and dialogue within the company.
2. Develop the skills and competences of employees and help them to expand their knowledge for the company.
3. Highlight shared goals among workers and give them incentives to achieve them.
4. Encourage a vision of the company as a place for growth, both personally and professionally.
5. Motivate daily performance and respect for corporate values.
6. Foster a sense of belonging among the company's people, making relationships more pleasant, while stimulating productivity as well.

Over the years, the Sitip Group has improved its business results, increased turnover, boosted profitability and addressed the various market changes by setting continuous targets that it has achieved thanks in part to the results of the training plans designed and implemented over time, which have expanded skills and professionalism across the board for all its employees.

Training is also one of the most popular aspects that comes up in the many audits requested by customers. The Sitip Group has always shown that it knows how to handle this aspect, taking steps to meet internal training needs and complying with all the requirements of mandatory training under law.

In addition, the customers' audits cover all types of training, highlighting the importance of this issue for stakeholders. Certifying bodies also require company training activities when the company is certified or when certification is renewed (ISO9001, ISO14001, ISO50001, GRS, Bluesign, OekoTex, ZDHC), processes in which the company has always shown its utmost attention and efficiency when it comes to training, in accordance with the regulatory requirements.

# 04 SITIP'S PEOPLE

## Number of training hours by subject provided to Sitip Group employees during the reporting period, by gender and category

Number of training hours by subject	MU	2021			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Compliance	hours	124	70	194	48	8	56	118	24	142
Computer science	hours	0	28	28	0	0	0	186	48	234
Languages	hours	0	30	30	0	32	32	0	0	0
Products	hours	0	0	0	64	0	64	120	0	120
Health and safety	hours	1,535	160	1,695	720	134	854	1,722	195	1,917
Technical - professional	hours	3,968	1,040	5,008	1,456	600	2,056	1,381	316	1,697
Soft skills	hours	0	0	0	0	0	0	0	0	0
Other - ISO 9001 (NKL)	hours	15	2	17	0	2	2	45	22	67
<b>Total</b>	<b>hours</b>	<b>5,642</b>	<b>1,330</b>	<b>6,972</b>	<b>2,288</b>	<b>776</b>	<b>3,064</b>	<b>3,572</b>	<b>605</b>	<b>4,177</b>

## Number of Sitip Group participants by course topic and gender during the reporting period

Number of participants	MU	2021			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Compliance	#	46	27	73	5	1	6	29	6	35
Computer science	#	0	3	3	0	0	0	23	9	32
Languages	#	0	1	1	0	1	1	0	0	0
Products	#	0	0	0	2	0	2	23	0	23
Health and safety	#	100	15	115	80	34	114	181	34	215
Technical - professional	#	38	10	48	25	9	34	46	5	51
Soft skills	#	0	0	0	0	0	0	0	0	0
Other - ISO 9001 (NKL)	#	39	5	44	0	1	1	217	16	233
<b>Total</b>	<b>#</b>	<b>223</b>	<b>61</b>	<b>284</b>	<b>112</b>	<b>46</b>	<b>158</b>	<b>519</b>	<b>70</b>	<b>589</b>

As can be seen from the tables, training activities slowed in 2020 and 2019, due in part to the limitations imposed for the protection of participants' health and safety by reducing the spread of Covid-19. These activities then recovered in 2021.

The training provided is structured according to workers' roles and positions in order to shape and enrich skills in a targeted manner, adapting them to new production requirements and the challenges of the market in which the organization operates.

The entire training process is described in the parent company Sitip S.p.A.'s "*Management Procedure - Professional Training Development*", with particular reference to the training of employees within the organization. Specifically, the personnel training procedure provides for:

1. Welcoming workers into the organization by making them feel an integral part of it from the start, providing them with useful information so they may move easily and knowledgeably within the company context and informing them about the company structure, as well as providing organizational charts, job descriptions and information on the production process, products made and company roles and functions.
2. Training employees on safety aspects, e.g., the general safety course, the specific risks course, the Covid-19 protocol course, the emergency and evacuation procedure course, the first aid procedure course and, where appropriate, the specific courses required for employees' duties, such as the forklift course, the overhead crane course, etc. For this type of training, courses are organized with accredited and certified external trainers as required by legislation.
3. Training workers on safety procedures and departmental operating procedures and then providing hands-on training and on-the-job coaching so they learn all the necessary skills to perform their assigned tasks;
4. Offering workers, throughout their careers, further training following the implementation of new technologies, new machinery, new plants and new products. In addition, periodic refresher courses are provided when individual and collective safety courses are updated (using the appropriate annual training plans according to company needs).

## Average number of training hours provided to Sitip Group employees during the reporting period, by gender and category

number of training hours	MU	2021			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	hours	2	0	2	16	0	16	58	6	64
Junior managers	hours	32	0	32	68	0	68	173	0	173
White collar workers	hours	1,689	809	2,498	844	468	1,312	1,109	458	1,567
Blue collar workers	hours	3,919	521	4,440	1,360	308	1,668	2,232	141	2,373
<b>Total</b>	<b>hours</b>	<b>5,642</b>	<b>1,330</b>	<b>6,972</b>	<b>2,288</b>	<b>776</b>	<b>3,064</b>	<b>3,572</b>	<b>605</b>	<b>4,177</b>

In addition to investing in people through the provision of structured training activities, the Group believes that healthy competition, in the form of a commitment to improvement, is an indispensable factor for the development and advancement of people working together as a team. The recognition of accomplishments, professional potential and skills expressed are important moments in the professional development of personnel.

With the aim of progressively developing the workforce, supervisors evaluate employees considering both operational aspects and fixed objectives in terms of worker efficiency, quality and professional growth.

Using specific documents, supervisors fill out employees' evaluation forms at the end of the trial period, when a fixed-term contract is extended and whenever a review is requested for the purposes of a promotion, raise or bonus. The completed form is then shared and authorised by the Functional Managers and the CEO.

Lastly, each supervisor reports any training needs for their staff, following new professional growth requirements and a new career plan, and monitors their staff's professional growth.



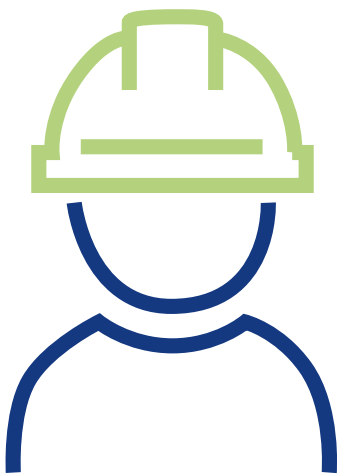
## 04.4 Occupational health and safety

The Group follows through on its commitment to its employees by guaranteeing safety in the workplace for its own personnel and for third parties, complying with occupational safety regulations and promoting safe working environments wherever work is carried out.

The Group is committed to minimising occupational accidents/injuries and diseases to prevent any negative consequences on the health of its people, prolonged production stoppages, potential penalties, litigation and administrative, civil and criminal proceedings and negative effects on the company's image.

In this way, in the Group's pursuit of maintaining a safe working environment, it has set up an internal organizational framework that meets the national requirements of Legislative Decree 81/2008, which makes companies responsible for properly managing occupational health and safety. This management system consists of internal rules governing the organization, provides general guidelines for specific aspects (policies, safety procedures and operating instructions) and establishes specific activities to be implemented in order to minimise the occurrence of accidents and illnesses.

The scope of application of the health and safety management system includes all activities performed by employees and non-employee workers (contractors, transporters, visitors and in general anyone who accesses the Group's workplaces) in workplaces legally available to the Group.



As enshrined in the relevant standards and regulations, the system provides for the performance of the following activities:

- ▶ Creation of an internal corporate structure dedicated to health and safety monitoring;
- ▶ Definition of occupational health and safety roles and responsibilities;
- ▶ Identification, mapping, and analysis of locations, processes, tasks and related risks to employee health and safety;
- ▶ Training, information and awareness-raising on occupational health and safety issues, including training of resources in the safe use of work equipment and chemicals;
- ▶ Definition of improvement plans involving the identification and implementation of measures to reduce/mitigate risks, including research activities for new chemicals that are less dangerous for workers' health and safety according to the Bluesign and ZDHC guidelines;
- ▶ Determination of the types of controls and checks needed to monitor and evaluate prevention and protection measures over time;
- ▶ Periodic monitoring and reporting of these issues to dedicated corporate structures;

- ▶ Periodic review of the appropriateness of prevention and protection measures based on results (reports, near misses, accidents, injuries and occupational diseases) and technological progress;
- ▶ Structuring of procedures for the reporting and management of accidents/incidents/near misses and for the reporting and management of evacuation in the event of an emergency/fire;
- ▶ Analysis of statistical trends in accidents and frequency and severity indices;
- ▶ Appropriate corrective action following any undesirable events;
- ▶ Risk re-assessment (including the prevention and protection measures with the action plan, if necessary) in the event of changes in the production process or the organization of work that could impact the health and safety of workers, if the degree of technical development changes, following significant accidents or when the results of health surveillance indicate that another assessment is necessary;
- ▶ Accident frequency and severity index reporting.

Within the Group companies, through the workers' safety representatives and trade union representatives, employees participate in monitoring and collaborating in the identification of any risks, which are reported by the workers themselves.

Individual employees accessing workplaces have access to the following occupational health and safety documents/information:

- ▶ Risk assessment and related improvement plans (given to the workers' safety representative to be shared with the workforce);
- ▶ Prevention and protection measures;
- ▶ Hazardous substances and mixtures used in the performance of individual tasks.

Safety procedures relating to machinery and plant. Workers are appropriately trained on the relevant health and safety documentation before carrying out their tasks so that they are involved in the implementation of the appropriate prevention and protection measures and are given the opportunity to make observations and proposals.

In addition, regular meetings are held between the employer, workers' representatives, the prevention and protection officer and the company doctor to examine the risk assessment, statistics on accidents and occupational diseases, health surveillance practices, the selection criteria and characteristics of personal protective equipment and training and updating programmes.

# 04 SITIP'S PEOPLE

With regard to accidents at work, whenever there is an accident, the injured worker's supervisor fills out a special form with a description and the possible causes of the accident, which are then analysed in collaboration with the prevention and protection officer and the workers' safety representatives in order to identify corrective actions.

Within the Group, the main types of accidents that have occurred at work are cuts, falls, sprains and bumps. The table below summarises the frequency and severity of accidents in 2019-2021.

## The Group's accidents at work

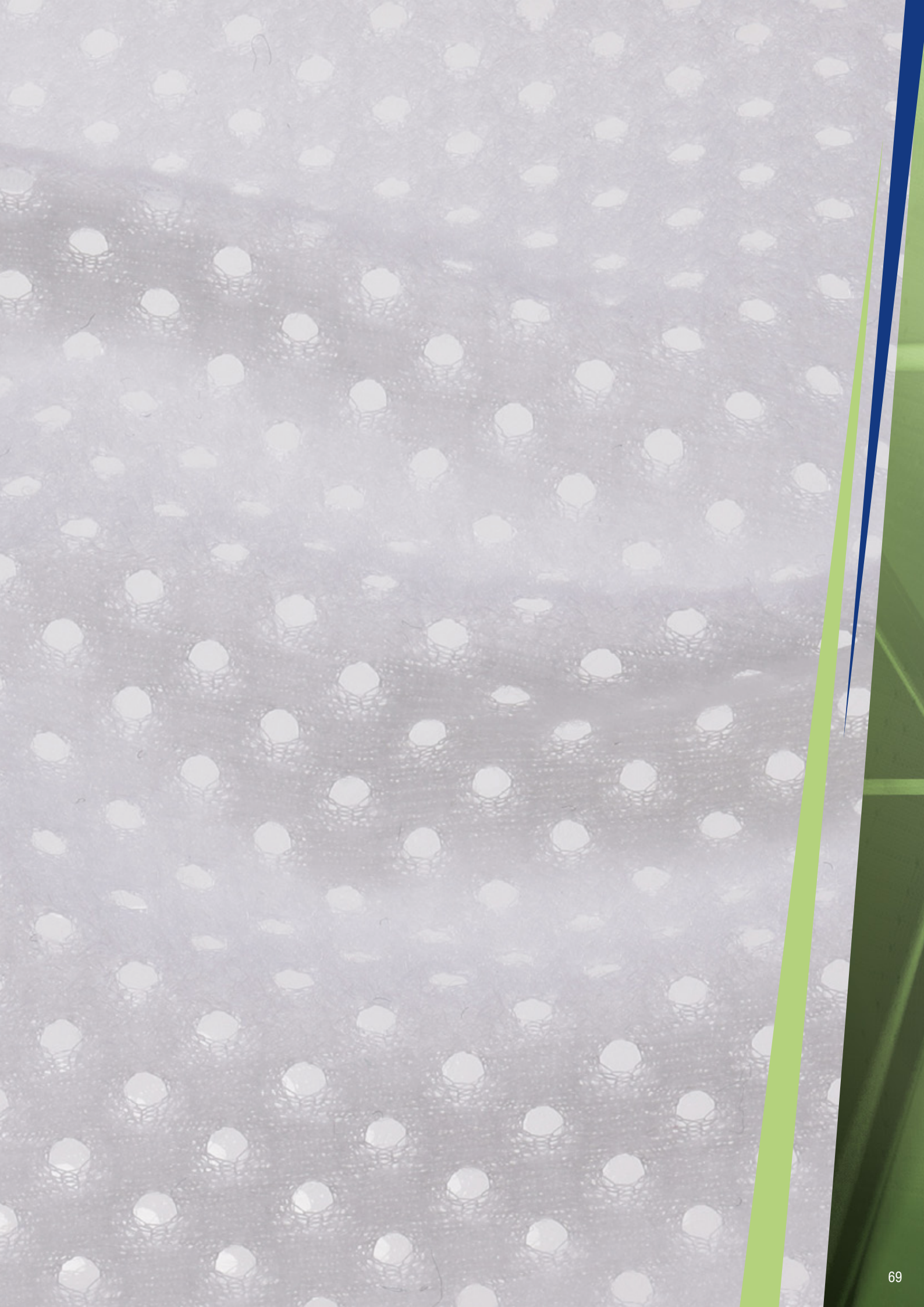
	2021		2020		2019	
	#	Rate	#	Rate	#	Rate
Number of hours worked	989,190		825,898		885,061	
Number and rate of deaths as a result of accidents at work	0	0	0	0	0	0
Number and rate of accidents at work with serious consequences (excluding deaths)	0	0	0	0	0	0
Number and rate of accidents at work	45	45,5	26	31.5	38	42.9
The main types of accidents at work	In the last three years, the main types of accidents were: Falls on flat surfaces, bumping into stationary elements, punctures/cuts, manual handling of loads, bruises and sprains.					

In terms of health and safety training and updating, all workers receive training and updates on:

- National occupational safety regulations
- Residual risks in the workplace
- Signs, personal protective equipment in use, emergency management
- Safe use of work equipment and chemicals
- Practices for those in charge of first aid, fire prevention and the use of specific equipment

Practices for specific positions identified by legislation. Training is compulsory for all employees and is provided when they are recruited and periodically for all employees, when they change positions, when new equipment and chemicals are introduced or following legislative updates.





## 05.1 Circular economy and product sustainability

According to Sitip, the circular economy is a key concept that combines sustainability, innovation and value creation. It is an approach aimed at reducing the consumption of natural resources by using them more efficiently, with the objective of preserving the natural environment, compatibly with economic and business development.

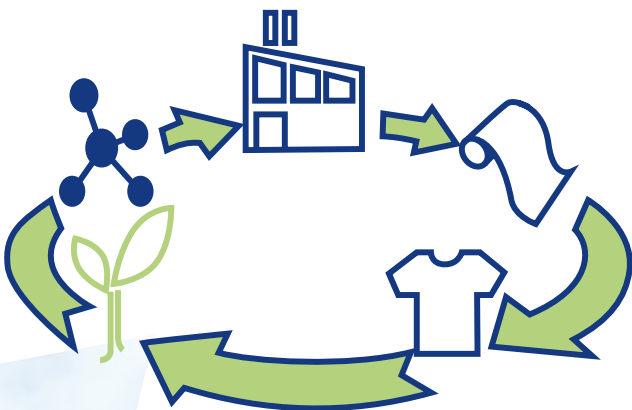
The Group believes that the benefits of greater product sustainability and a global circular economy include the optimisation of materials, better relationships with stakeholders, a stronger reputation for the brand and risk reduction. For years, the Group has constantly invested in environmental sustainability and circularity, and the continuous support that customers have provided in recognising its energy and waste management performance reflect the effectiveness of its actions and their sustainability, including the sustainability of the business.

The necessary transition to a circular economy model can easily be driven by the development of digital technologies associated with Industry 4.0, i.e. the fourth industrial revolution currently in progress, consisting of a technological mix of robotics, sensors, internet connections, programming and IoT opportunities. It follows that Sitip aims to embrace these technologies to unlock new areas of innovation for more sustainable design and production, as well as for the implementation of processes that track resource consumption and product use.



Within the Sitip Group, the circular economy stems from the need to rethink every business area from a 'green' perspective, based on a development model founded on innovative technologies that generate benefits for economic, social and environmental sustainability through:

- ▶ Less production waste;
- ▶ Reduced use of virgin raw materials;
- ▶ Reduced energy waste;
- ▶ The separation, recovery and reuse of materials, including through third parties;
- ▶ The combination of traditional know-how and new knowledge.



The Group is working to expand the amount of raw materials derived from recycling by using the scraps or waste material that it already has and, in particular, through continuous research into technological innovation to reduce waste and into improving the quality of products that generate less waste.

The Group has begun searching for new supply chains that enable it to reuse of an increasingly larger quantity of production scraps and/or waste products resulting from machinery maintenance and/or technological obsolescence. Sitip endeavours to prioritise the use of recycled materials as early as the procurement stage and to cooperate with customers in the study of circular products, e.g., by encouraging the use of mono-material fabrics with features that meet customers' performance requirements.

## Materials used by the Sitip Group

	MU	2021	2020	2019
Nylon yarn		2,684.35	1,636.86	1,822.18
of which recycled		43.36	11.47	9.06
Elastomeric yarn		288.16	172.20	176.61
of which recycled		8.69	1.79	1.27
Polyester yarn		2,224.97	1,627.49	1,189.61
of which recycled		93.69	65.38	32.12
Nylon 66 yarn		191.98	66.45	72.36
of which recycled		8.34	0.00	0.00
Polyethylene yarn	ton	0.12	0.12	0.33
Silk yarn		0.12	0.00	0.00
Untreated nylon		1,435.93	753.32	973.17
Untreated polyester nylon		0	1	17
Untreated elastomeric nylon		0.17	0.00	0.00
Untreated polyester		722	645	1,000
Total materials used		7,548	4,902	5,251
<i>Total materials derived from recycling</i>		<i>154</i>	<i>79</i>	<i>42</i>
% materials derived from recycling	%	2.04%	1.60%	0.81%



## Packaging

	MU	2021	2020	2019
Paper and cardboard		307.49	289.46	283.09
Plastic	ton	152.25	87.25	116.61
Wood		436.99	223.96	274.89

## Auxiliary materials and chemicals

	MU	2021	2020	2019
Chemicals	ton	879.53	747.71	625.75

Furthermore, the Group's continuous efforts to reduce the consumption of energy in fabric production processes are based on adopting green technologies like dyeing machinery that consumes less water and constant, diligent monitoring using a detailed consumption detection system and taking corrective/preventive action in an ongoing and systematic manner both at operational and management level (Sitip S.p.A. and NKL are currently working towards ISO 50001 certification). Another key strategy in this respect is the ongoing partnership with textile machinery suppliers to share innovation and waste and consumption reduction practices.

The transition to sustainable business models is a complex process that must be supported by the right methods and tools to quantitatively assess the risks and benefits. Therefore, to this end, Sitip has found it necessary to implement a new five-step methodology to assess its current business models and plan innovative upgrades that will make them more sustainable:

- 1 In-depth knowledge of the industry and processes;
- 2 Selection of meaningful, general and sector-specific KPIs;
- 3 Data collection and evaluation of selected KPIs;
- 4 Benchmarking with internal and external targets and with different scenarios;
- 5 Development of innovation to maintain/improve performance.

In terms of waste management, waste can be: recycled, reused and transformed into energy, touching on four macro-areas that relate to all sectors:

- Energy efficiency;
- Renewable energy;
- CO2 emissions;
- Use of recyclable materials that can be fed back into the circular economy.

With respect to waste management in the strictest sense, the main legislation affecting Sitip S.p.A. and Accoppiatura di Asolo S.p.A. consists of binding national regulations (Legislative Decree 152/06) on waste management (waste production, classification, separation methods, collection, storage and final destination). Weaving, stentering, brushing, inspecting and packaging generate non-hazardous solid waste. On the other hand, washing and dyeing synthetic fabrics tend to generate hazardous liquid waste, which is treated in compliance with legal requirements.

Maintenance, whether carried out in-house or by external companies, tends to generate both hazardous and non-hazardous solid waste and hazardous liquid waste. These classifications are based on CER codes pursuant to current legislation and, in some cases, analyses by specialized external laboratories and independent experts.

### Types of waste produced by the Sitip Group

	MU	2021	2020	2019
Non-hazardous		715,4	551,0	921,4
Hazardous	ton	75,2	71,0	162,8
<b>Total waste produced</b>		<b>790,6</b>	<b>622,0</b>	<b>1084,2</b>

Consolidated data

The Group has specific procedures that define how waste is to be sorted, collected, stored and disposed of. Dedicated in-house personnel collect waste at the production sites, take it to temporary storage areas and manage them. The external companies specialized in waste recovery and disposal are selected after verifying that they have the necessary authorisations and certifications to perform the service in accordance with mandatory regulations.

Third parties (transporters, consignees and intermediaries) are periodically monitored and audited to ensure that they continue to meet the requirements over time, which includes submitting documentation on environmental authorisations in force with their respective expiry dates.

Following these processes, approximately one third of the residue resulting from production (correctly classified as by-products of processing in accordance with Legislative Decree 152/06) are collected separately and sorted before they are put back on the market as a secondary raw material so that they can be used by third-party companies in subsequent production or utilisation processes.

Secondary raw materials consist of production scraps or materials from recycling processes that can be fed back into the economic system as new raw materials. In this context, Italian legislation refers to the category known as by-products (article 183-bis of Legislative Decree. 152/06) and allows for the exclusion of all by-products from the scope of waste legislation.

### Group waste directed to recovery

	MU	2021	2020	2019
<b>Non-hazardous</b>		632.8	486.0	824.0
Other type of recovery		632.8	486.0	824.0
<b>Hazardous</b>	ton	46.9	38.2	113.4
Other type of recovery		46.9	38.2	113.4
<b>Total waste recovered</b>		679.8	524.2	937.4
<b>% of recovered waste out of total waste produced</b>	%	<b>86%</b>	<b>84%</b>	<b>86%</b>

## Group waste for disposal

	MU	2021	2020	2019
<b>Non-hazardous</b>		82.6	65.0	97.4
Other type of disposal		82.6	65.0	97.4
<b>Hazardous</b>	ton	28.3	32.7	49.4
Other type of disposal		28.3	32.7	49.4
<b>Total waste disposed of</b>		110.9	97.7	146.8
<b>% of waste disposed out of total waste produced</b>	%	<b>14%</b>	<b>16%</b>	<b>14%</b>

The other major source of waste is packaging. Accordingly, Sitip is committed to carefully selecting its suppliers and works with them to define the most technically and environmentally sustainable alternatives.

The parent company has adopted a centralised computer system that traces in real time all the data relating to waste management, such as the quantities produced (broken down by type) in the company's temporary waste storage area and the quantities transferred (broken down by type) to third parties.

## 05.2 Energy efficiency

Sitip is aware that it is an energy-intensive company due to the very nature of its business. Indeed, the weaving, dyeing, stentering and laminating processes require high energy consumption to ensure a high-quality product. While enabling the Group to carry out its activities and create value for its stakeholders, the consumption of energy resources can have negative impacts on the environment through the release of pollutants and climate-changing emissions, depending on the quantity and type used.

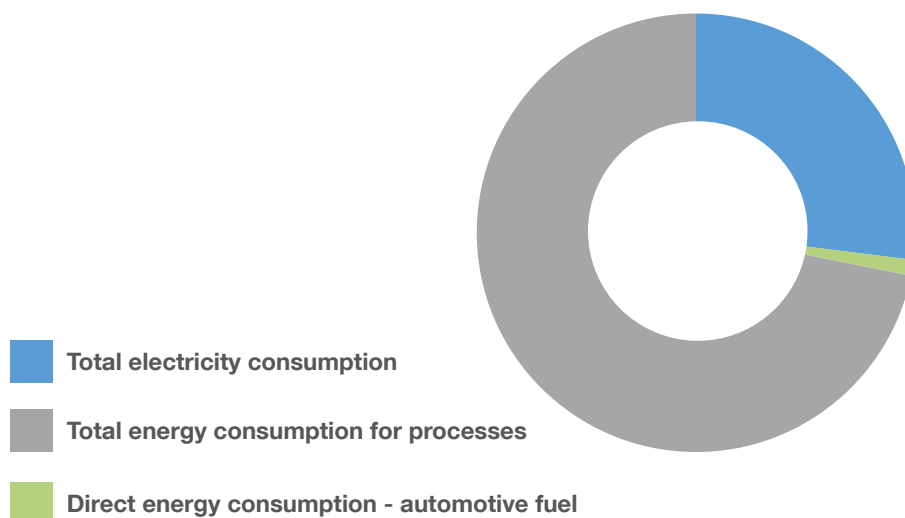
Therefore, energy efficiency is a primary concern for the Group, which is why Sitip has developed a consolidated approach to managing this issue over the years, as can be seen from its concrete energy efficiency actions (Sitip S.p.A. and NKL are currently being certified in accordance with ISO 50001).

Over the years, the Group's commitment to the responsible use of energy resources has resulted in several initiatives aimed at making its consumption more efficient. In 2014, Sitip started implementing a consumption monitoring system to be able to report on energy saving projects that enabled it to obtain white certificates (energy efficiency incentives) from GSE, the energy service operator.

To continuously monitor the effectiveness of the implemented actions, Sitip surveys multimeters and other flow meters, including with monitoring software called Volta SW (implemented in 2021 by Sitip S.p.A. and Nylon Knitting Ltd). The objective is to assess the actual efficiency of the consumption of their plants and machinery to evaluate possible replacements and the need for further investments should irregularities arise.

After the Volta SW system was implemented, Sitip S.p.A. and Nylon Knitting gained a greater understanding of energy consumption in each of the individual stages of the production process and could, accordingly, implement actions to improve energy efficiency.

### Energy consumption by use

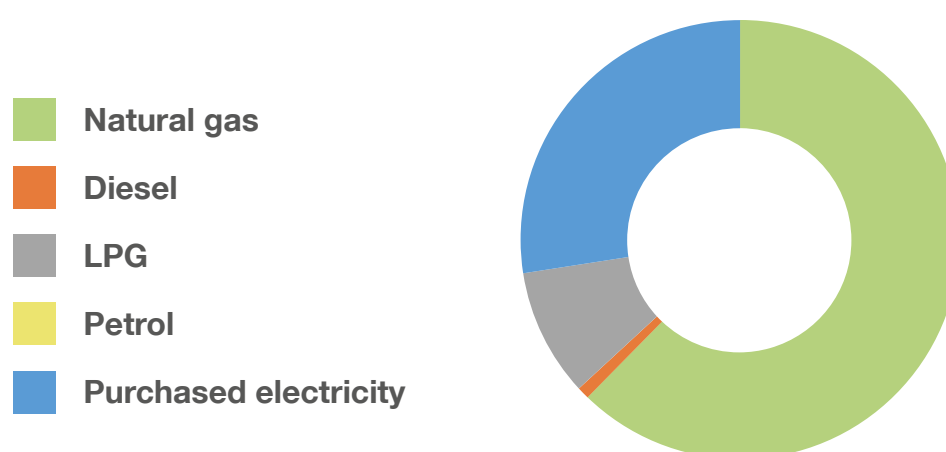


To design and produce fabrics in artificial, synthetic and natural fibres through weaving, dyeing, stentering and laminating, Sitip uses different types of energy sources (in particular electricity, natural gas and liquefied petroleum gas) to power the production process and auxiliary functions.

In June 2018, to make its consumption more efficient and meet the energy needs required to run its machinery, Sitip S.p.A. installed a cogeneration plant with a capacity of 1.5 MW, which generates electricity from natural gas. This self-generated electricity supplements that purchased from the grid and generates as a by-product steam and hot water, which are used both in the production process (dyeing and washing) and for heating spaces.

In addition to the use of natural gas and electricity, the Sitip Group also procures other types of fuels, such as liquefied petroleum gas (LPG) to power the machinery used in the flame lamination of fabrics, diesel for vehicles and to power motor generators when electricity from the grid is unavailable and petrol for the company cars.

### Energy consumption by carrier



As can be seen from the table below, the Group experienced an increase in demand between 2020 and 2021 due to the gradual recovery of economic activities, which led to an increase in production and, consequently, an increase in the consumption of energy resources.

### Direct and indirect energy consumption of the Sitip Group

	MU	2021	2020	2019
<b>Total direct energy consumed by the organization</b>	<b>GJ</b>	<b>299,325</b>	<b>228,464</b>	<b>241,010</b>
Direct energy consumption - automotive fuel	GJ	3,129	2,587	2,870
Total energy consumption for processes	GJ	296,196	225,878	238,140
<b>Total indirect energy consumed by the organization</b>	<b>GJ</b>	<b>111,573</b>	<b>88,112</b>	<b>98,697</b>
Total electricity consumption	GJ	111,573	88,112	98,697
<b>Total energy consumed by the organization</b>	<b>GJ</b>	<b>410,898</b>	<b>316,576</b>	<b>339,707</b>

## Conversion factors

Energy carrier	Density units	Coefficient	HP units	Coefficient
Natural gas	kg/mc	0.8	GJ/t	49.89
Diesel	l/t	1186.00	GJ/t	45.59
LPG	l/t	1887.69	GJ/t	49.33
NAPTHA TFO 450			GJ/t	47.84
Petrol	l/t	1348.00	GJ/t	47.00
Electricity			GJ/kWh	0.0036

Source: UK Government GHG Conversion Factors for Company Reporting (DEFRA 2021)

Starting in 2022, Sitip buys 100% of renewable energy certified by Guarantees of Origin.

For Sitip, the decision to purchase electricity from renewable sources is a to better manage the volatility of energy consumption costs and significantly decrease the generation of climate-changing emissions from production activities, limiting the impact on the environment.

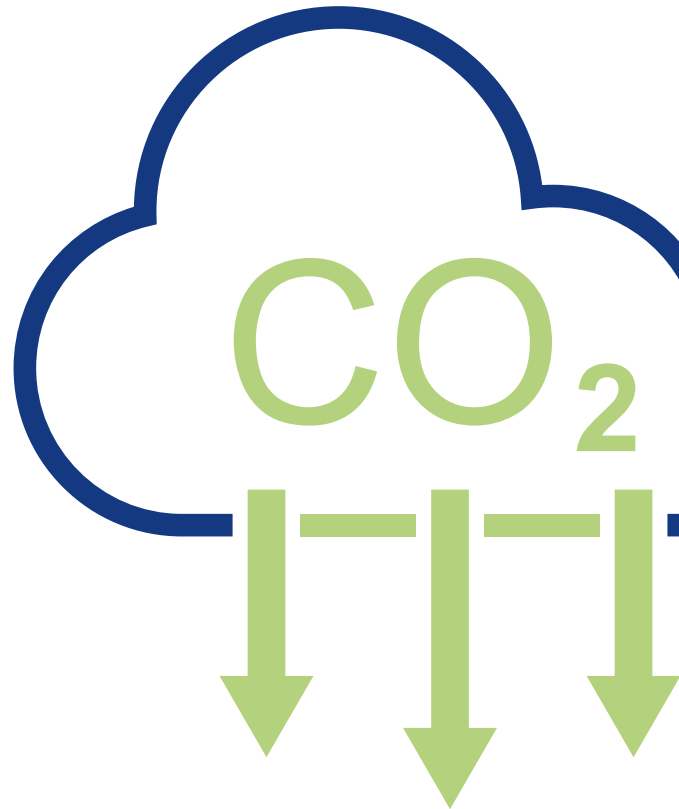
Although the amount of energy resources consumed increased considerably on the previous year, as can be seen from the table below, the initiatives and projects outlined above to improve the efficiency of energy consumption have led to a reduction in the energy intensity of the Group's production.

## Energy intensity of the Sitip Group

	MU	2021	2020	2019
Absolute energy consumption	Gj	410,898	316,576	339,707
Tonnes of fabric produced	t	12,784	9,328	10,008
<b>Energy intensity</b>	<b>Gj/t</b>	<b>32.14</b>	<b>33.92</b>	<b>33.85</b>

In addition to purchasing electricity from renewable sources, in its plans for 2022, the Sitip Group has also set the following goals:

- completing the roll-out of the Volta SW system for constant monitoring of all significant energy carriers to prevent and take immediate action in the event of irregularities/inefficiencies;
- installing photovoltaic systems at its plants to make Sitip more self-sufficient with respect to electricity and reduce operating costs in the long term;
- defining a multi-year power purchase agreement (PPA) to limit fluctuations in the cost of energy by monitoring the energy market and benchmarking with the Group's energy partners/consultants. This is an activity that had already been completed at the publication date of this Report.



Sitip sees the continuous monitoring of energy efficiency and the implementation of the above-mentioned actions not only as an opportunity to improve its performance and impacts in this area, but also as a way to meet the expectations and needs of its stakeholders, particularly its customers, who have set ambitious targets for the reduction of their environmental impacts and have engaged the value chain in the path towards achieving these goals.



## 05.3 Reducing emissions and combating climate change

As mentioned in the previous section, Sitip's energy efficiency and commitment to reducing its energy consumption is also aimed at reducing greenhouse gas emissions from its operations. If not attentively addressed, this issue could lead to excessive air pollution, causing negative impacts on climate change and potentially on the health and safety of local communities in the adjacent area, in addition to adverse effects on the company's image, prolonged production stoppages, potential fines, litigation and administrative, civil and criminal proceedings.

Sitip is therefore committed to complying with current national regulations and international standards (e.g. ISO 14001); to using chemicals that comply with the Bluesign and ZDHC guidelines; and to reducing atmospheric emissions in proportion to the quantity of fabrics produced in a constant and continuous manner. In order to follow up on this commitment, Sitip is working towards obtaining the ISO 14064 Carbon Footprint certification by the end of 2023, as well as ISO 50001 certification, as previously mentioned. The start of this project involved the definition of a structured governance framework to manage the issue. Sitip set up an internal corporate structure dedicated to monitoring atmospheric emissions and establishing specific roles and responsibilities for the management of this issue.

Tangibly, the company has implemented and continues to implement emission management actions in accordance with current national legislation and international technical standards applied on a voluntary basis. In particular, Sitip has taken steps to implement the following measures:

- ▶ In-depth mapping and analysis of:
  - company processes and operations that generate and/or may generate emissions
  - chemicals used and/or generated in these processes
- ▶ Constant research and implementation of:
  - industrial best practices to minimise emissions
  - chemicals that minimise emissions
  - best available technologies and equipment to reduce pollutants in emissions
- ▶ The installation of abatement systems (e.g. wet electrofiltration systems) for pollutants in emissions using the best available technologies.
- ▶ Determining the types of controls and checks required to maintain the maximum possible performance of abatement systems over time.
- ▶ Monitoring the performance of abatement systems to ensure the highest possible performance over time, thanks to:
  - automatic online controls of emission values that self-regulate the abatement systems themselves
  - periodic checks of process parameters
  - regular routine maintenance
  - extraordinary maintenance as required
  - laboratory analyses on the concentration of pollutants released into the atmosphere also in order to verify compliance with binding national regulations and the existing integrated environmental authorisation.
- ▶ A periodic review of the appropriateness of actions taken based on monitoring results and technological progress.

Sitip's management and the abatement systems designed according to the best available technology, periodic inspections and regular routine maintenance have prevented prolonged production stoppages caused by abatement system malfunctions. The laboratory analyses conducted in this regard have not shown that the concentration limits of emissions were exceeded, confirming compliance with binding national legislation and the integrated environmental authorisation in place. Furthermore, there have been no notifications of objections from control bodies.

To prepare this first Sustainability Report, the greenhouse gas (GHG) emissions generated by Sitip's business were calculated according to the parameters defined by the GHG Protocol: A Corporate Accounting and Reporting Standard, as well as the GRI Guidelines. Emissions of the main greenhouse gases, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrogen monoxide (N<sub>2</sub>O), were considered. The remaining greenhouse gases identified by the GHG Protocol were not included in the calculation as they do not have a considerable impact on the Group's activities.

According to the GHG Protocol, GHG emissions can be divided into:

**Scope 1:** direct emissions from sources owned or controlled by companies (combustion of fuels in stationary sources such as gas boilers, furnaces, engines, power generation);

**Scope 2:** indirect emissions related to the consumption of electricity and heat purchased from external suppliers;

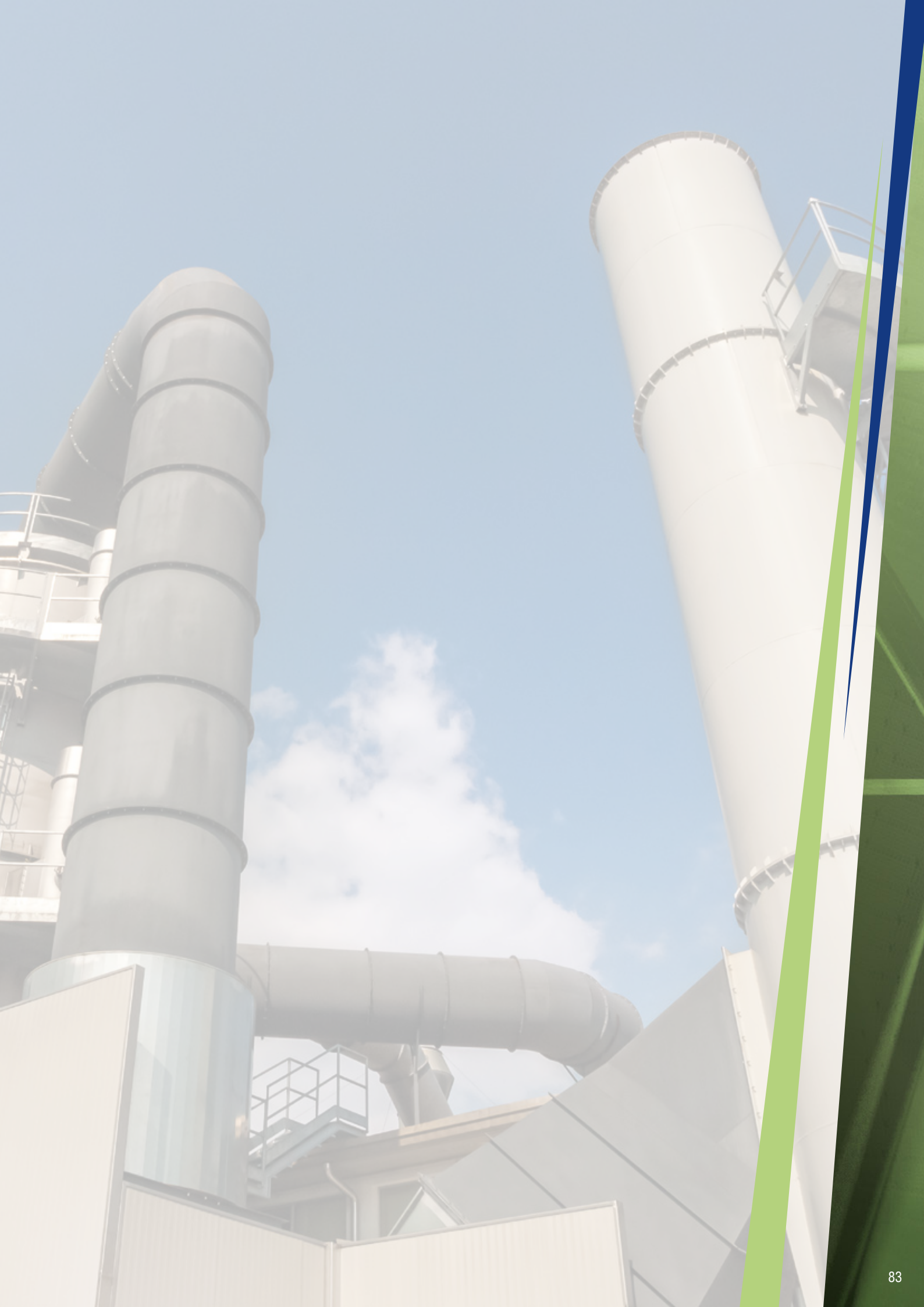
**Scope 3:** indirect emissions related to the company's business that are not covered by Scope 1 and Scope 2, and thus relate to activities upstream and downstream in the value chain.

The emissions, expressed in tonnes of CO<sub>2</sub> equivalent, have been calculated taking into account the emissions generated by the direct consumption of energy used for heating, powering production processes and motor vehicles (Scope 1) and the indirect emissions generated by purchased electricity (Scope 2).

As far as Scope 2 emissions are concerned, the Group has calculated emissions according to the two methodologies in the GHG Protocol: Location-based and Market-based.

The location-based methodology involves the calculation of emissions by taking into account the consumption of electricity purchased from the grid and an emission factor published by the country of supply, without considering any choices made by the organization in the procurement of electricity, e.g. supply contracts for electricity generated from renewable sources.

On the other hand, the market-based methodology takes into account consumer choices in the market. According to this approach, the share of electricity from renewable sources purchased from the grid under supply contracts with Guarantees of Origin is not considered in the calculation of emissions.



Consequently, according to this calculation methodology, emissions generated by the consumption of electricity from renewable sources are considered to be zero. Thus, the emission factors used in the emission calculation have a higher carbon intensity than those used in the location-based methodology.

As indicated in the section on **Energy Efficiency**, the scope of emissions includes the energy consumption of the companies Sitip S.p.A., Nylon Knitting Ltd. and Accoppiatura di Asolo S.p.A., which are presented on a consolidated basis using the line-by-line method. The companies GFP Immobiliare S.r.l. (90% owned subsidiary) and Asolo Invest S.r.l. (51% subsidiary) were not included in the calculation of Sitip's emissions, as they are not production companies with employees.

The Group's energy consumption in 2021 resulted in the generation of 33,978 tonnes of CO<sub>2</sub>e, showing an increase on 2019 and 2020, mostly due to the significant growth in production in the year following the outbreak of Covid-19.

## GHG emissions

	MU	2021	2020	2019
<b>Direct emissions (Scope 1)</b>				
Natural gas for heating	tCO <sub>2</sub> eq	12,986	9,708	10,240
Other (NAPTHA TFO 450) for processes	tCO <sub>2</sub> eq	0	13	60
Diesel for processes	tCO <sub>2</sub> eq	8	0	26
LPG for processes	tCO <sub>2</sub> eq	2,363	2,026	2,063
Automotive diesel	tCO <sub>2</sub> eq	147	132	149
Automotive petrol	tCO <sub>2</sub> eq	56	36	37
<b>Total direct emissions</b>	<b>tCO<sub>2</sub>eq</b>	<b>15,558</b>	<b>11,913</b>	<b>12,575</b>
<b>Indirect emissions (Scope 2) - location based</b>				
<b>Total indirect emissions - location based</b>	<b>tCO<sub>2</sub>eq</b>	<b>10,273</b>	<b>8,391</b>	<b>15,613</b>
<b>Indirect emissions (Scope 2) - market based</b>				
<b>Total indirect emissions - market based</b>	<b>tCO<sub>2</sub>eq</b>	<b>18,419</b>	<b>9,807</b>	<b>10,744</b>
<b>Total emissions (Scope 1 + Scope 2) - market based</b>	<b>tCO<sub>2</sub>eq</b>	<b>33,978</b>	<b>21,720</b>	<b>23,319</b>

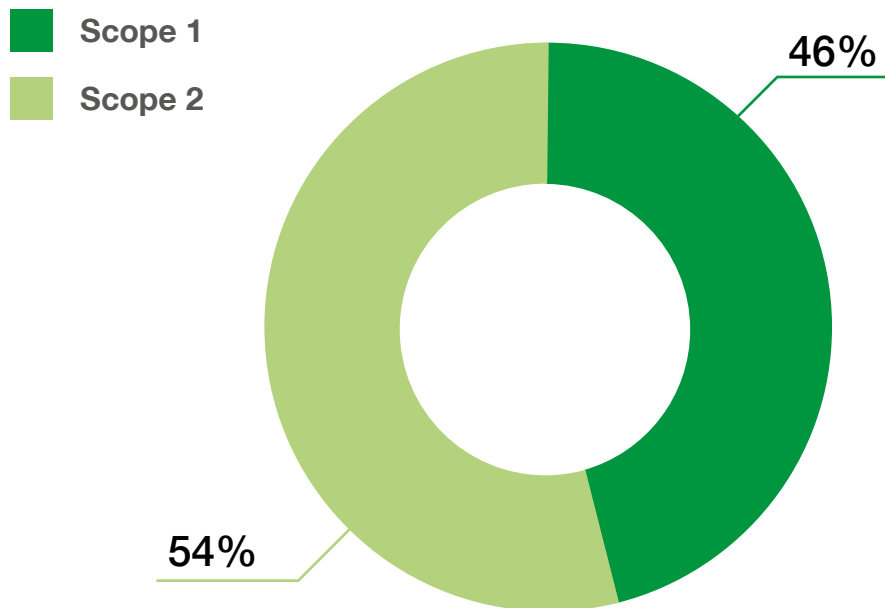
As can be seen from the table, over the three years considered, Sitip's Scope 1 and 2 emissions decreased slightly between 2019 and 2020 due to the drop in productivity resulting from market uncertainty, before returning to a growth trend that took shape in 2021 as a consequence of the increase in production.

Scope 2 emissions decreased slightly between 2019 and 2020, due to the drop in productivity following market uncertainties in response to the Covid-19 pandemic, before resuming an upward trend.

This trend mainly reflects the gradual reopening of offices in the period following the initial spread of Covid-19. Indeed, 2020 was characterised by lockdowns to slow the spread of the virus. Moreover, the indirect emissions calculated according to the market-based methodology show a considerable increase over the past year. This is due to two factors: Sitip's energy consumption increased and the calculation coefficient (CO<sub>2</sub>/kWh) for Malta, home to the largest production site of Nylon Knitting, changed significantly. The change was the result of the complexity of Malta's energy mix and its use of renewable energy.

As mentioned in the previous section, Sitip therefore intends to set reduction targets to be achieved through process efficiency and the procurement of energy from renewable sources. The following graph shows the composition of total greenhouse gas emissions, which, using the market-based calculation method for Scope 2 emissions, amount to 33,978 tCO<sub>2</sub>eq. The emission factors used can be found in the appendix.

Lastly, the table below shows the evolution of Sitip's emissions over the last three years, in proportion to tonnes of fabric produced by the organization:



### Intensity of the Group's GHG emissions


	MU	2021	2020	2019
<b>Total GHG emissions</b>	tCO <sub>2</sub> eq	33,978	21,720	23,319
Tonnes of fabric produced	t	12,784	9,328	10,008
<b>Intensity of GHG emissions</b>	<b>tCO<sub>2</sub>eq/t</b>	<b>2.66</b>	<b>2.33</b>	<b>2.33</b>

## 05.4 Management of water consumption

As already evident from weather trends experienced in recent years, climate change is exacerbating drought and water stress problems across Europe, particularly in Mediterranean countries like Italy and Malta, altering rainfall patterns, disrupting water supplies and accelerating glacier melt and rising sea levels. Identifying, understanding and responding to these risks requires transparent and publicly available data.

Sitip devotes particular attention to the potential negative impacts on the economy and people from water withdrawals and discharges. If not properly managed, Sitip's water withdrawals could lead to the over-exploitation of aquifers and surface water basins, making it difficult for stakeholders to procure water. In the long term, this could lead to prolonged production stoppages for the company, resulting in a shortage of available water resources to meet the company's needs. Water discharges could generate the possible pollution of aquifers, surface water bodies, soil and subsoil, with negative impacts on biodiversity and access to water resources.





Failure to manage this issue could also lead to the risk of potential fines, litigation, and administrative, civil and criminal proceedings concerning water management, withdrawals and discharges that are inconsistent with the environmental authorisation and binding national regulations. Moreover, such impacts could harm not only the company's production capacity, but also Sitip's image.

Therefore, the Group is committed to monitoring its water consumption and discharges by setting up and implementing its environmental management systems, which ensure that business activities comply with current national regulations and international standards (e.g. ISO 14001), as well as by using chemicals that comply with the Bluesign and ZDHC guidelines, in order to achieve a continuous and constant reduction in water withdrawals and discharges in proportion to the quantity of fabrics produced. To implement Sitip's commitments with regard to the responsible management of water resources, an internal corporate structure dedicated to monitoring water withdrawals and discharges has been defined, establishing this structure's roles and responsibilities in managing the issue.

The Group needs to use water to carry out its production activities related to the stentering, washing and dyeing of synthetic fabrics. Water is withdrawn from bodies of surface water, wells and aqueducts, in accordance with the public water derivation concession, which provides for:

- ▶ The maximum flow rate of water withdrawn and monitored monthly with flow meters;
- ▶ Monitoring on an annual basis of the quality of the water withdrawn with analyses carried out by an accredited laboratory;
- ▶ Annual notification to the competent bodies of the quantities taken and the results of analyses.

The parent company has the highest water consumption in the Group, accounting for about 99.8% of the Group's total consumption, and its wastewater (collected in separate pipelines) is conveyed into an equalisation tank which, in turn, discharges into a purification plant operated by a public body in compliance with the integrated environmental authorisation in force. Minimum quality standards for discharges are set by binding national regulations and the integrated environmental authorisation in place for the company. The public body considers the profile of the receiving watershed to which the company discharges its wastewater.

The concrete actions carried out to manage water withdrawals and discharges have consisted of an in-depth mapping and analysis of company processes and processing that require water and that generate and/or may generate wastewater and of the chemicals used and/or generated by these processes.

This analysis made it was possible to determine the possible risks of water pollution and to define the measures to be implemented to minimise the impact of this issue:

- Installation of spill containment tanks;
- Verification of conformity of packaging and containers for chemicals;
- Preparation of emergency plans;
- Provision of emergency equipment;
- Training and drills for the immediate management of chemical spills;
- Constant research and implementation of:
  - Industrial best practices to minimise water use and wastewater production
  - Chemicals that minimise the amount of pollutants in wastewater according to Bluesign and ZDHC guidelines.

After the actions to be implemented were identified, it was necessary to determine the types of controls and verifications required to maintain compliance with current national legislation and international voluntary technical standards such as ISO 14001 over time, as well as to take measures to monitor performance, such as:

- Monthly check of the quantity of water for industrial use withdrawn and comparison with the maximum quantities that can be withdrawn under the integrated environmental authorisation in place;
- Annual analysis of water quality parameters by an external laboratory;
- Monthly check of the quantity of discharged water at the only indirect discharge point (connected to the consortium purification plant) and comparison with the maximum discharge quantities allowed in the integrated environmental authorisation in place;
- Monthly analysis to check compliance with the pollutant concentration limits and their compliance with the regulations by an external laboratory (weekly analysis by in-house laboratory);
- Monthly check of the watertight seal of the spill basins.

In order to check the effectiveness of water resource management, the department head conducts a periodic review, evaluating the actions taken according to the results of the monitoring and technological progress.

To this end, Sitip has set objectives for ongoing, useful monitoring of the issue. In particular, it believes that avoiding prolonged production stoppages due to



water shortages at supply points is of paramount importance, which is why it is committed to:

1. Reducing the quantity of water needed through continuous research and the implementation of new high-tech machinery.
2. Reducing the concentration of pollutants in discharges through the constant search for new, less polluting chemicals according to the Bluesign and ZDHC guidelines.
3. Receiving no notifications of objections from control bodies.

The actions taken, as suggested by stakeholders when the Sitip went through the process of obtaining the integrated environmental authorisation and ISO 14001 certification, were effective thanks to, among other things, the proper management of water supplies.

There were no production stoppages due to water shortages at withdrawal points, nor disputes or non-conformities related to water withdrawal and discharge. External and internal laboratory analyses did not show that the concentration limits of pollutants in the water discharges were exceeded, demonstrating compliance with binding national legislation and the integrated environmental authorisation in place. The table below quantifies the main water withdrawals made by Sitip.

### Group water withdrawals

	MU	2021		2020		2019	
		Fresh water	Other water types	Fresh water	Other water types	Fresh water	Other water types
		≤1.000 mg/l I total dissolved solids	>1.000 mg/l I total dissolved solids	≤1.000 mg/l I total dissolved solids	>1.000 mg/l I total dissolved solids	≤1.000 mg/l I total dissolved solids	>1.000 mg/l I total dissolved solids
Surface water	ML	38.42	-	37.66	-	38.63	-
<i>of which in water-stressed areas</i>	ML	-	-	-	-	-	-
Groundwater	ML	287.63	-	218.08	-	223,77	-
<i>of which in water-stressed areas</i>	ML	-	-	-	-	-	-
Third-party water resources	ML	-	0.54	-	0.32	-	0.62
<i>of which in water-stressed areas</i>	ML	-	0.54	-	0.32	-	0.62
<b>Total water withdrawn</b>	<b>ML</b>	<b>326.05</b>	<b>0.54</b>	<b>255.75</b>	<b>0.32</b>	<b>262.4</b>	<b>0.62</b>
<i>of which in water-stressed areas</i>	ML	-	0.54	-	0.32	-	0.62

To identify the water-stressed areas where the Group is present, the World Resource Institute's Water Risk Atlas was consulted, as it provides a complete view of water risks, drawing from a database characterised by highly granular information and access to hydrological models aligned with the analyses of the most recent Intergovernmental Panel on Climate Change (IPCC) Assessment Reports. According to the Water Risk Atlas analysis, the regions of Veneto (Italy) and Nofsinhar (Malta) were found to be water-stressed areas.

With reference to the above, the term "water-stressed" refers to the capacity or inability to meet human and ecological demand for water. In addition, water stress may refer to water availability, quality or accessibility, it may be measured at the level of catchment areas, as a minimum requirement, and it is based on subjective elements being evaluated differently according to social values such as the potability of water or accessibility requirements for ecosystems.

## 05.5 Protecting biodiversity

We are living in a time characterised by a deep awareness of the reality that our environment is facing and the potentially irreparable consequences that demand a radical change our way of thinking of and interacting with the ecosystem. Given the context in which Sitip operates, failure to manage waste or the irresponsible handling of raw materials could lead to pollution and contamination of the environment, for example by releasing microplastics into the water cycle, and could potentially damage to the health of people in the surrounding community.

To Sitip, protecting biodiversity means preserving ecosystems and species, respecting life, the planet's natural assets, places and community symbols. The loss of biodiversity therefore means irreversible damage to the environment, mankind and economic activity, and the permanent destruction of natural capital through the extinction and/or reduction of species.



According to the World Economic Forum Global Risk Report 2022, the risk of biodiversity loss has been identified as one of the ten most serious risks to be addressed globally in the next ten years. The loss of biodiversity, exacerbated by climate change, has tangible negative impacts not only on the environment but on the economy and people's livelihoods as well. In fact, the gradual loss of biodiversity can create significant direct impacts on human health if ecosystem services can no longer adequately meet society's needs. This would indirectly lead to negative impacts on people's livelihoods, income and local migration trends. In some cases, it could even cause or exacerbate political conflict.

In terms of environmental sustainability, Sitip believes it is especially important to safeguard the natural value of the territories affected by new construction, and that this begins with specialized field surveys to gain the most complete knowledge of the area affected.

The results of these surveys help define and implement the most appropriate design choices to minimise impacts on biodiversity, which are generated in particular during construction, followed by environmental restoration and monitoring carried out in agreement and in collaboration with the authorities concerned.









As part of its Sustainability Plan (2023-2026), Sitip has set the following objectives for the preservation of biodiversity in the areas where it operates:

-  The improvement of business processes for risk assessment and biodiversity management on plants and assets;
-  The definition of Group indicators and the adoption of the biodiversity performance monitoring process.






The Group has carried out these initiatives near its plants and infrastructure, and their implementation is linked to their context, the technology and the extent of the area impacted. Whether biodiversity is potentially exposed to the risk of damage is noted as early as during the feasibility analysis for new plants, considering the geographical proximity of sites to protected areas or areas that are important for biodiversity and the potential presence of endangered species.

Sitip S.p.A.'s production unit is located within an industrial area that runs north-south, located between Via Caduti and the banks of the River Serio, which flows to the west. Via Caduti and the river also separate the municipalities of Cene and Albino. The unit in Via Vall'Alta is located in the foothills, in a wooded area with a small number of residential buildings. The buildings most exposed to the site are located to the north-east and west.

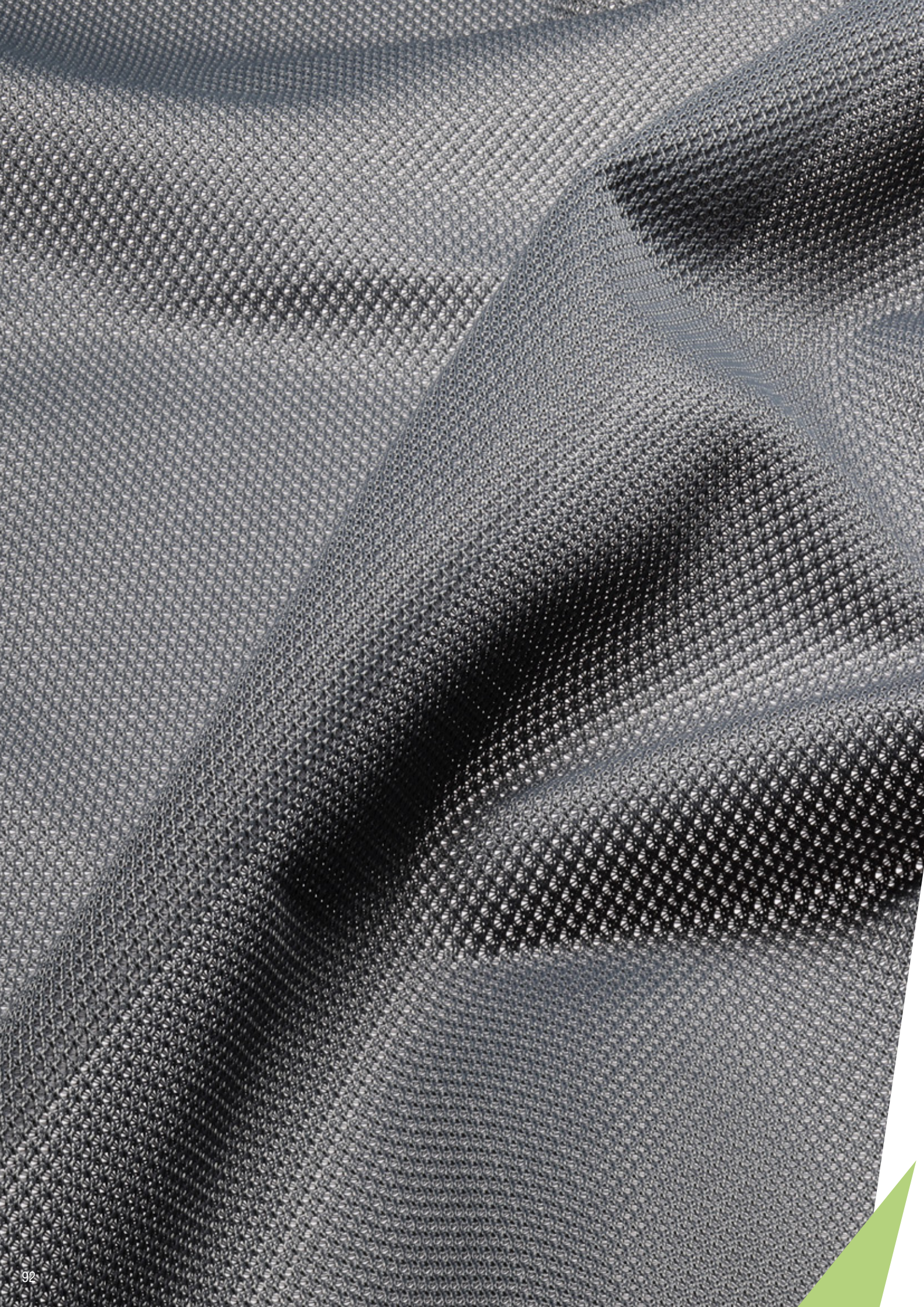
The areas where Sitip's sites are located are not protected areas or areas of significant biodiversity. However, the locations are subject to administrative restrictions in the municipality, such as:

-  Landscape: restriction on river areas as per Legislative Decree 42/2004 art. 142 point c)
-  Landscape: restriction on wooded areas as per Legislative Decree 42/2004 art. 142 point g)
-  Landscape: areas of archaeological interest as per Legislative Decree 42/2004 art. 142 point m)
-  Landscape: real estate of artistic and historical interest as per Legislative Decree 42/2004, art. 10-11.
-  Urban zoning: cemetery restriction as per Presidential Decree 285/1990 art. 57.
-  Geological system: areas subject to hydrogeological restrictions (Royal Decree 3287/1923).

Sitip is very attentive to environmental and biodiversity protections throughout the entire life cycle of its products and takes a preventive approach to managing environmental issues by:

-  Analysing the noise pollution generated by production activities perceived in neighbouring areas;
-  Preferring the use of recycled raw materials and reducing waste;
-  Optimising the management of waste production, when possible, by sorting, recovering and recycling waste instead of disposing of it;
-  Constantly monitoring industrial waste by taking all necessary measures to limit the risk of soil and air pollution;
-  Continuously assessing the energy consumption of its operations and investing in systems to generate its own energy.





# GRI CONTENT INDEX

Statement of use		Sitip has reported in accordance with the GRI Standards for the period [01/01/2021 - 12/31/2021].			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)		Not applicable			
GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 8 p. 15			
	2-2 Entities included in the organization's sustainability reporting	p. 6			
	2-3 Reporting period, frequency and contact point	p. 6			
	2-6 Activities, value chain and other business relationships	pp. 12-14	-	-	-
	2-7 Employees	pp. 16-17	-	-	-
	2-8 Workers who are not employees	p. 17	-	-	-
	2-9 Governance structure and composition	pp. 19-21	-	-	-
	2-10 Nomination and selection of the highest governance body	p. 22	-	-	-
	2-11 Chair of the highest governance body	p. 20	-	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 23	-	-	-
	2-13 Delegation of responsibility for managing impacts	pp. 22-23	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	p. 23	-	-	-

	2-15 Conflicts of interest	p. 24	-	-	-
	2-16 Communication of critical concerns	p. 24	-	-	-
	2-17 Collective knowledge of the highest governance body	p. 23	-	-	-
	2-18 Evaluation of the performance of the highest governance body	p. 24	-	-	-
	2-19 Remuneration policies	-	2-19 Remuneration Policies	Confidentiality constraints	Sitip considers its remuneration policies to be sensitive information, the disclosure of which may affect the company's strategy.  This is why it has not disclosed this information.
	2-20 Process to determine remuneration	-	2-20 Process to determine remuneration	Confidentiality constraints	Sitip considers its approach to establishing remuneration schemes to be sensitive information, the disclosure of which may affect the company's strategy.  This is why it has not disclosed this information.
	2-21 Annual total compensation ratio	-	2-21 Annual total compensation ratio	Confidentiality constraints	Sitip considers its total annual remuneration ratio to be sensitive information, the disclosure of which may affect the company's strategy. This is why it has not disclosed this information.
	2-22 Statement on sustainable development strategy	p. 3	-	-	-
	2-23 Policy commitments	p. 25	-	-	-
	2-24 Embedding policy commitments	pp. 25-26	-	-	-
	2-25 Processes to remediate negative impacts	p. 27	-	-	-
	2-26 Mechanisms for seeking advice and raising concerns	pp. 27-29	-	-	-

	2-27 Compliance with laws and regulations	p. 40	-	-	-
	2-28 Membership associations	pp. 27-29	-	-	-
	2-29 Approach to stakeholder engagement	pp. 30-31	-	-	-
	2-30 Collective bargaining agreements	p. 58	-	-	-
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	pp. 33-35			
	3-2 List of material topics	pp. 36-37			
Compliance and business conduct and ethics					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 38-44	-	-	-
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	p. 39	-	-	-
Circular economy and product sustainability					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 70-71	-	-	-
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pp. 72-73	-	-	-
	301-2 Recycled input materials used	pp. 72-73	-	-	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 74-76	-	-	-
	306-2 Management of significant waste-related impacts	pp. 74-76	-	-	-
	306-3 Waste generated	pp. 74-76	-	-	-
	306-4 Waste diverted from disposal	p. 75	-	-	-
	306-5 Waste directed to disposal	p. 76	-	-	-
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GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 77-78	-	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pp. 77-78	-	-	-
	302-3 Energy intensity	pp. 79-80	-	-	-

Water consumption management					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 86-89	-	-	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pp. 86-89	-	-	-
	303-2 Management of water discharge-related impacts	pp. 86-89	-	-	-
	303-3 Water withdrawal	p. 89	-	-	-
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GRI 3: Material Topics 2021	3-3 Management of material topics	pp.90-91	-	-	-
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	pp.90-91	-	-	-
Reducing emissions and climate change					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 81-82	-	-	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pp. 84-85	-	-	-
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 84-85	-	-	-
	305-4 GHG emissions intensity	p. 85	-	-	-
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 65-66	-	-	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 65	-	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 65-66	-	-	-
	403-3 Occupational health services	pp. 65-66	-	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 66	-	-	-
	403-5 Worker training on occupational health and safety	p. 67	-	-	-
	403-6 Promotion of worker health	pp. 65-67	-	-	-



	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 65-66	-	-	-
	403-9 Work-related injuries	p. 67	-	-	-
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GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 59-64	-	-	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pp. 61-62, 64	-	-	-
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GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	pp. 21, 53-55	-	-	-
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GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 56-58	-	-	-
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 50-51	-	-	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 50	-	-	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 51	-	-	-
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GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 45-47	-	-	-
GRI Extra Indicator	Percentage of returns and complaints on consolidated turnover	p. 46	-	-	-
Customer satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 48-49	-	-	-
GRI Extra Indicator	Customer Satisfaction Score	p.49	-	-	-



# APPENDIX

	Boundary	MU	Emission factor	Source
Natural gas	Group	Kg CO2e/smc	2,021	DEFRA, 2021
Other (NAPTHA TFO 450) for heating	Group	Kg CO2e/t	3,142	DEFRA, 2021
Automotive diesel	Group	Kg CO2e/l	2,512	DEFRA, 2021
Automotive LPG	Group	Kg CO2e/l	1,557	DEFRA, 2021
Automotive diesel	Group	Kg CO2e/l	2,512	DEFRA, 2021
Automotive petrol	Group	Kg CO2e/l	2,193	DEFRA, 2021
Electricity (location based)	Italy	g CO2e/kWh	315	Terna, International Comparisons 2019
Electricity (location based)	Malta	g CO2e/kWh	335	Terna, International Comparisons 2019
Electricity (market based)	Italy	g CO2e/kWh	457	AIB, 2021, Residual Mixes
Electricity (market based)	Malta	g CO2e/kWh	624	AIB, 2021, Residual Mixes
Electricity (market based)	Italy	g CO2e/kWh	459	AIB, 2020, Residual Mixes
Electricity (market based)	Malta	g CO2e/kWh	391	AIB, 2020, Residual Mixes
Electricity (market based)	Italy	g CO2e/kWh	466	AIB, 2019, Residual Mixes
Electricity (market based)	Malta	g CO2e/kWh	378	AIB, 2019, Residual Mixes





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