

SUSTAINABILITY REPORT  
2021

**BE RESPONSIBLE. BE BRAVE.**



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**Renzo Rosso**  
OTB Group Founder & Chairman

For me and for the OTB Group sustainability is something real: a state of mind, a way of acting and of doing business. Responsibility to the environment and to people is part of my DNA, instilled by my parents and in particular by the values my father taught me: humanity and love of the territory.

I am proud to have adopted the same approach in the Group and to have promoted sustainability courses for my executives and managers at the best universities, including the Bocconi in Milan. Through these courses, each one of them has learned to deal with every moment in their professional career by reasoning and making every decision in a responsible manner.

The fashion industry has a very significant social and environmental impact. This is why, as an industry and as a Group, we have to lead a concrete paradigm shift, because there will be no other opportunities to change course and build a better planet than the one left to us. With our business decisions and brand communication, we can have a positive influence on the lives and behaviour of millions of people and promote a more responsible and sustainable approach in daily life. We have to act now, all together.

Our Group responded immediately to the appeal of The Fashion Pact through the adhesion of the Diesel brand and we have already announced that we will achieve the Net Zero target for our own operations by 2030.

OTB is the only Italian fashion and luxury hub able to bring together international and unconventional brands. Our unique role enables us to sustain our supply chain, made up above all of small and medium-sized businesses and artisans with unique skills passed on through time, and to support Italian excellence. In the last few years, possibly the most complex we have known, it has led us to do more and more for people in need. I am very proud of what we managed to do during the pandemic with the OTB Foundation, supporting the vaccination campaigns, of what we did in Afghanistan to help evacuate the people fleeing from the country, and of what we are doing for the Ukrainian refugees who have escaped from the horrors of the war in the last few months.

Our Group and our Brands operate in the belief that a company that generates profits must also be ready to return a part of them and take concrete action for good. For us, environmental sustainability and social sustainability must exist side by side.

With the “Be Responsible. Be Brave.” Strategy and the presentation of this first Group Sustainability Report we illustrate the path we have followed, the results we have achieved in recent years and, above all, the goals we have set ourselves for the future, to play our part.

Sustainability, real sustainability, is only for the brave.

Be brave. Be responsible.

Renzo Rosso



**Ubaldo Minelli**  
OTB Group CEO

Paving the road for an increasingly more sustainable fashion system throughout the entire supply chain: the OTB group, which has always been committed to sustainability, plans to continue to safeguard the environment and its entire ecosystem according to this principle. Such virtual path was further accelerated by the development of the “Be Responsible. Be Brave.” Strategy in 2021, which involves all our brands, production hubs, suppliers and entire chain by focusing on environmental protection, attention to the product and social commitment. Our view on sustainability and the Group’s strategy, which is applied to all our operations, are indeed based on such three drivers.

The Group’s concrete objectives were set forth in this first sustainability report, following the intense work and close cooperation of all of our corporate departments. First of all, we established the ambitious goal to achieve the Net Zero target in all of our internal operations by 2030 and in those of the entire value chain by 2050. We also aim to structurally act on our supply chain by promoting the conscious development of systems for managing water, chemical substances, environmental resources and energy. Although these are challenging long-term objectives, we are confident that the entire Group and Brands of our ecosystem will be able to address this challenge with us for everyone’s future.

For us, sustainability also means promoting concrete projects that are able to generate a more equitable and inclusive community as well as to support those with greater needs. I’m particularly proud of the success of the CASH project (Credit Assistance-Suppliers’ Help), which we were the first to implement in 2013 and which allows suppliers with the right requirements to request advance payments to banks for all invoices issued to the Brands of the OTB Group. I strongly supported such program, which has indeed revealed itself to be an essential support for the economic and financial sustainability of many small to medium-sized businesses of the industry, and more generally of the Made in Italy, over time.

The results reported in this first report do not only represent a milestone, but also a starting point used to address new challenges with renewed enthusiasm. I’m confident that OTB’s strength, together with a strategy focused on the future and on the extraordinary skills and passions of our people, will allow us to reach our goals by redesigning an increasingly more sustainable future for both our Group and our Planet.

Ubaldo Minelli



**Sara Mariani**  
OTB Group Chief Sustainability Officer

Making a concrete contribution to foster the conditions for a responsible development that maintains the equilibrium of our environmental and social ecosystems should not be simply an intention, but a shared objective guiding our work as individuals and as a company. This is the principle underpinning my activities in the OTB Group since June 2020, in the belief that collaboration, transparency and concrete action are the fundamental elements of every positive change on which to build the future.

Elements that the OTB Group fully supports, backed by projects and initiatives the Group brands have been working on with determination to make their products and processes more sustainable and to integrate the concepts of resource circularity and minimal environmental impact into their activities in a concrete manner. From this solid basis and with this awareness, at the end of 2021 we began formulating the Group Strategy “Be Responsible. Be Brave.”.

For each of the three key areas drivers of the Group Sustainability Strategy and, consequently, this Report, OTB has set ambitious targets, such as achieving Net Zero in our internal operations by 2030 and the commitment to use electric energy generated 100% from renewable sources. Every OTB brand is encouraged to create innovative responsible products, starting from the design stage and moving through to disposal, thus facilitating the circularity of the entire production process. The social environment is pivotal for the OTB Group too, and it takes concrete form both in the activities of the OTB Foundation, which has completed more than 300 projects around the world since 2008, and through our commitment to the creation of an inclusive workplace that supports the talent and growth of the people working for OTB and its value chain, on a daily basis.

Inside the Group, already today more than 50% of our managerial positions are held by women, but we can and intend to do much more. Diversity, inclusion and equity are not just the cornerstones of our growth, they are values that the OTB Group has made its own and requires that all our suppliers and stakeholders share, so that the same working conditions are ensured throughout the value chain.

When we talk about sustainability, collaboration is the guiding principle, not competition. At OTB, we want to be great catalysts for ideas and projects to be made available to the whole industry and become best practices followed by everyone. Sustainability is not an area where you aim to arrive first, but where you aim to arrive together. The more we share objectives and solutions, the more incisive the results we achieve will be.

Today, with this first Sustainability Report, for the first time we are presenting in a consolidated form the results achieved by the Group, setting crucial parameters to monitor our processes and, above all, posing challenging achievable goals so that OTB can contribute to building a better future, for everyone.

Sara Mariani

## HIGHLIGHTS

### THE OTB GROUP



24

Countries in which the Group is present\*

7

Group Brands and Production Hubs



1,488

€ million Revenue from sales of goods and services

Around 600

Mono-Brand retail stores



186.6

€ million Ebit

46.6

€ million Net investments



### ENHANCING LOCAL SUPPLIERS & ITALIAN CRAFTSMANSHIP

73%

of suppliers are based in Italy

58%

of local suppliers\*\*

65

suppliers active in the C.A.S.H. Project to support our supply chain

80%

credit assigned by suppliers who joined the C.A.S.H. Project

\*This number refers to countries where the Group is present with its legal entities or local branches, mono-brand retail stores, outlets or logistics hubs. The Countries where the Group's legal entities are under liquidation have not been considered.  
\*\* Local suppliers\* refers to those suppliers located near the main OTB Brand sites.

### PROTECTING OUR PLANET

90%

of paper and cardboard for packaging comes from responsibly managed forests



Adhesion to the ZDHC Foundation's Roadmap to Zero Programme for the elimination of harmful chemicals from the fashion industry

41%

electricity from renewable sources in OTB internal operations



Adhesion to the Leather Working Group (LWG) to contribute to positive change within the global leather industry

### THE NEW FASHION SYSTEM



#### Diesel Second Hand

Diesel extends its denim lifecycle and increases product use through a carefully curated selection of Diesel pre-owned denim, meticulously restored, renewed and available in Italian selected stores and online throughout Europe

#### JIL SANDER

##### Jil Sander+

A collection based on the research of products that combine aesthetics and comfort, refinement and resistance to atmospheric elements

#### Maison Margiela

PARIS

#### Recicla

Recicla is Maison Margiela's term for upcycled garments and accessories repurposed through cutting to liberate the energy of age and reinvigorate the cloth

#### MARNI

#### Marniphernalia

Marni upcycled past season collections' cotton pieces with hand-painted colourful stripes, re-purposing over 800 items as "Miscellaneous Hand Painted Treasures". It became a project about coming together and belonging, as much as conscious decision-making

#### VIKTOR&ROLF

#### Viktor&Rolf Tulle collection

The Viktor&Rolf Tulle collection features a limited-edition capsule collection titled "Lost & Found" which utilizes mindfully upcycled vintage based on Viktor&Rolf's notion of conscious design

#### BRAVE KID

#### Brave Kid for MYAR

A new responsible line for MYAR realized using garments from upcycled fabrics designed with a circular approach in line with the Brand's philosophy

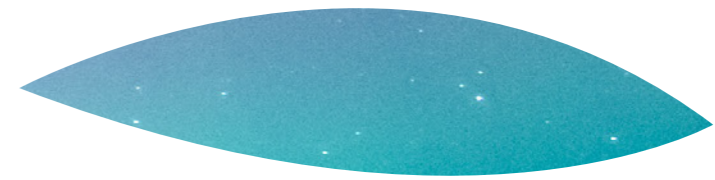
### BRAVE TOGETHER

Around 6,000 employees

+300 social projects supported by the OTB Foundation

51% women in managerial positions

300,000 people helped by the OTB Foundation support



OTB GROUP



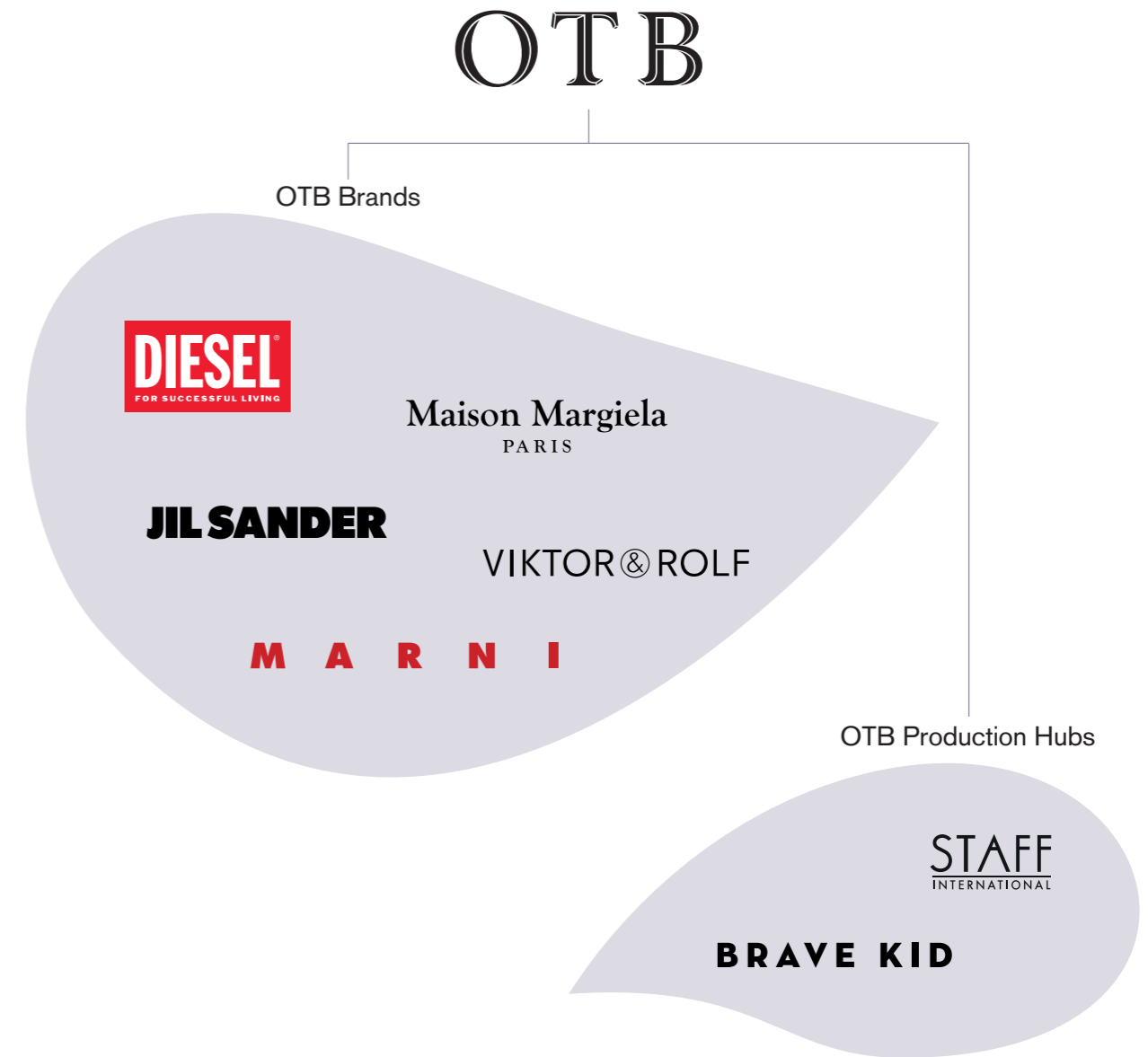
OTB is an international fashion and luxury Group powering a range of unconventional global Brands, including Diesel, Jil Sander, Maison Margiela, Marni and Viktor&Rolf. The Group also controls the Staff International and Brave Kid companies and holds a minority investment in L.A. Brand Amiri.

As its name suggests - OTB stands for "Only The Brave" - the Group challenges established rules to re-define the world of fashion and lifestyle by fostering the creativity of international talents while expressing the innovative spirit and uncompromising bravery of its Founder and Chairman Renzo Rosso. A strongly digital approach putting consumers at the centre as well as a tangible, long-term commitment to making business sustainable, are the pillars of the development philosophy pursued by the Group, which employs around 6,000 people worldwide.

OTB strives to push the boundaries of fashion and lifestyle, offering a portfolio of globally recognised Brands to a new breed of consumers who challenge traditional perceptions and believe in individuality and authenticity. OTB's goal is to continuously extend its Brands' global reach while ensuring that they retain an independent, unique and unconventional identity.

The Group is present in 24<sup>1</sup> Countries with over 600 stores worldwide.

1. This number refers to countries where the Group is present with its legal entities or local branches, mono-Brand retail stores, outlets or logistics hubs. The countries where Group's legal entities are under liquidation have not been considered.







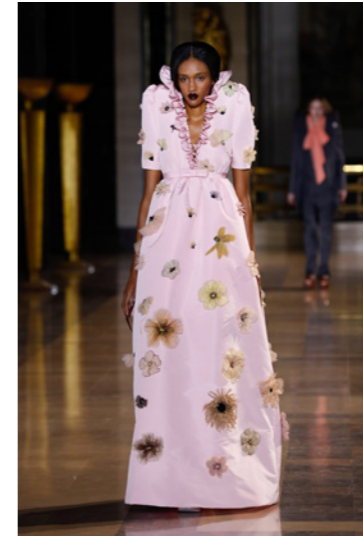
**JIL SANDER**

**Maison Margiela**  
PARIS

**M A R N I**

**VIKTOR&ROLF**

**BRAVE KID**



Since its creation in 1978, **DIESEL** has positioned itself as a real alternative to traditional luxury. Diesel is much more than a clothing Brand and injects its creative energy into everything it makes: a range of products that starts from denim and clothing, accessories, fragrances, and interior design, to automotive and beyond. Innovative denim and communication strategies are critical to Diesel, in addition to a sustainable and respectful vision for people and the environment. Diesel is the creative engine of new generations, translating the world's social cultures into unique products and experiences: *For Successful Living*.

Despite its growth, Diesel's philosophy has remained the same: a Brand standing for passion, individuality and self-expression, incentivising inclusivity and sociability and promoting a story of optimism, imagination, innovation, provocation, and above all else, fun.

**JIL SANDER**, the high-end luxury Brand, is the epitome of modernity and sophistication. Its unconditional dedication to design combines elegance and purity with innovative materials and exceptional craftsmanship. The refinement of cuts and the perfection in all details give form to an approach toward fashion defined by deliberation, rigour, and high quality.

**MAISON MARGIELA** is a Parisian haute couture house founded on the principles of nonconformity and the subversion of norms. Under the creative direction of John Galliano, collectively shared dress codes are inverted and redefined in an analytical wardrobe for the digital age. Driven by instinct, Maison Margiela is devoted to uncompromising creativity invigorated by values of authenticity, radicality and self-expression. Revolutionary and cutting-edge, Maison's premise observes the philosophies of Belgian designer Martin Margiela, who founded the fashion house in 1988. Among Maison Margiela's historical signatures are the blank, white label and its four stitches, the numeric coding, and the use of brush-stroked white paint, which continue to represent Maison's signature today.

**MARNI** is a luxury fashion Brand founded in Milan in 1994. Innovative and multifaceted, Marni celebrates individuality through an unpredictable visual language of graphic rigour.

Marni's is an artistic, life-embracing, colour-savvy, off-beat world of luxury. It is a state of mind, a playful spirit, and a history of friendly humanist values, combined with an experimental approach to materials and colours and a unique flair for mixing prints and shapes.

**VIKTOR&ROLF** is an avant-garde luxury fashion house founded in 1993 by fashion artists Viktor Horsting and Rolf Snoeren. Widely recognised and respected for its provocative Haute Couture and conceptual glamour, the Viktor&Rolf house aspires to create spectacular beauty and unexpected elegance through an unconventional approach to fashion.

**BRAVE KID** is a company that researches, develops, produces and distributes ready-to-wear collections and accessories for children. Its portfolio of licensed Brands currently includes **Diesel, Marni, Dsquared2, N°21, MM6 - Maison Margiela and MYAR**.

**STAFF**  
INTERNATIONAL

**STAFF INTERNATIONAL** is a state-of-the-art company specialising in product development, production and exclusive worldwide distribution. Staff International produces ready-to-wear apparel, bags, shoes, and accessories collections, under the "Made in Italy" hallmark, ensuring quality and excellence.

Currently, Staff International acts as an industrial platform for some of the labels in the OTB's portfolio, including Maison Margiela and its MM6 advanced contemporary line, Marni and Diesel's shoes, bags and small leather goods division.

At the same time, the company works under an exclusive worldwide license with Dsquared2, Just Cavalli and Koché for the product research and development, production, and omnichannel distribution of collections.



MILESTONES

1978

Renzo Rosso founded the **Diesel Brand**, acquiring full ownership in 1985. He immediately surrounds himself with a team of designers collaborating on turning Diesel into a global fashion icon. In the early 1990s, Diesel opened its first stores around the world.

2000

Renzo Rosso acquired **Staff International**, a Made in Italy masterpiece that creates, manufactures and distributes under license collections for a series of international Brands.

2002

Renzo Rosso founded **Only The Brave**, uniting all companies in his portfolio in a single Group. In the same year, Renzo Rosso acquired **Maison Margiela**.

2008

Only The Brave acquired **Viktor&Rolf**. **OTB Foundation** was founded in the same year.

2011

Only The Brave, leveraging its thirty years' experience in kidswear, founded **Brave Kid**, which manages under licence the production and distribution of clothing and accessories under the Diesel, MM6 Maison Margiela, Marni, Dsquared2, N 21 and MYAR Brands for children's collections.

2015

Only the Brave acquired the **Marni** luxury house.

2019

OTB took a minority investment in **Amiri**.

2021

The Group expanded its Brand portfolio by acquiring the luxury company **Jil Sander**. In the same year, OTB established **BVX**, a new business unit entirely dedicated to the development of products, projects and experiences designed for the virtual world or "metaverse", and the Group joined **AURA Blockchain Consortium** as a founding member.

## BE BRAVE: MISSION AND VALUES

OTB's values are courage, respect for people, excellence and continuous evolution. OTB doesn't limit its challenges, but challenges its limits, raising the bar and breaking new ground.

OTB embodies the brave, innovative and unapologetic spirit and vision of its Founder and President Renzo Rosso, who disrupted the fashion world with an open-minded, highly creative mindset aimed at "building not the biggest, but the most alternative fashion Group".

Through its know-how and state-of-the-art facilities, the Group supports its Brands in developing authentic, individual concepts and sustainable, successful businesses. OTB transforms ideas into distinctive and responsible creations targeting unconventional and forward-thinking individuals by embracing consumer-centric digital innovation and advanced technologies.

### BOOSTING GROWTH

As a Corporate organisation, OTB provides the Brands and the companies in its portfolio with expertise, tools and services to facilitate their growth.

### DISCOVERING & FOSTERING CREATIVITY

Creativity is the driving force and the heart of the Group's activities. OTB is strongly committed to scouting and supporting brave, one-of-a-kind talent.



### BUILDING BRANDS

The Group aims to fully support Brands and companies in developing successful and responsible businesses with a strong and iconic point of view.



### CHALLENGING THE RULES

Nourishing an innovative, unique and daring approach to fashion and business, OTB constantly questions established rules to deliver innovative, unconventional and forward-thinking projects and strategies.

## MARKET PRESENCE

The Corporate structure of the OTB Group consists of three levels: the Parent Company, the Headquarters of the Brands and the Production Hubs, and finally, the distribution branches and subsidiaries located worldwide. The OTB Group's Brands are Diesel, Jil Sander, Maison Margiela, Marni and Viktor&Rolf while the Production Hubs such as Staff International and Brave Kid own, manufacture and distribute the Group's Brands' collections except for Diesel which directly handles production. Moreover, Staff International and Brave Kid also produce and distribute other iconic fashion Brands' collections under licenses, such as Dsquared2, Kochè and Just Cavalli.

OTB's Brands are present worldwide through both direct and indirect channels. The direct channels consist of retail, outlet and online stores. At the same time, indirect distribution includes the wholesale doors (e.g. multi-Brand stores, shop-in-shops department stores and other online multi-Brand retailers). In addition, the Group collects royalties for licensing its Brands to third parties on some specific merchandise classes.

As of 31 December 2021, OTB's mono-Brand retail network consisted of 597 directly operated retail stores, a decrease of 21 units compared to 31 December 2020.



24

Number of Countries in which the Group is present <sup>1</sup>



7

Number of Group Brands and Production Hubs

### MONO-BRAND RETAIL STORES (no.)

	2020	2021
Italy	48	49
Europe (excl. Italy)	226	203
Americas	49	54
APAC (excl. Japan)	73	76
Japan	222	215
<b>Total</b>	<b>618</b>	<b>597</b>

1. This number refers to countries where the Group is present with its legal entities or local branches, mono-Brand retail stores, outlets or logistics hubs. The countries where Group's legal entities are under liquidation have not been considered.

## FINANCIAL STATEMENT

### FINANCIAL HIGHLIGHTS (in millions of Euro)

**1,488**  
Revenue from sales of goods and services

**46.5**  
Net investments

**186.6**  
Ebit

**382.6**  
Net financial position

In 2021, net sales amounted to Euro 1,456 million, while royalty revenues to Euro 31.6 million for a total value of Euro 1,487.6 million in sales and services. Net sales consist of Euro 672.2 million in retail channel sales and Euro 783.8 million in wholesale channel sales.

Net sales increased by 17.6% compared to the previous year and returned to pre-pandemic levels, driven by the luxury Brands (Marni, Margiela, Jil Sander and Viktor&Rolf). As for geographic areas, the Asia Pacific and North America achieved the best performance. Sales through retail channels, including outlet and online sales, accounted for 46.2% of total sales compared to 47.7% in the previous year. Online sales consolidated their weight within the Group and were up 8.5% compared to 2020. Revenues from royalties amounted to Euro 31.6 million, an increase compared to Euro 30.5 million in 2020.

Group EBIT, net of non-recurring items, reached 94 million Euro (an increase of 80 million Euro from 2020 and 76 million Euro from 2019), arising from contributions from all the Brands and the consolidation of the structural measures that began in 2020 and continued in 2021.

Capital expenditure amounted to 47 million Euro, an increase compared to 2020 and 2019, and focused primarily on developing the retail network, digital innovation and logistics.

Despite the rise in investments, the Group's net financial position was favourable and improved by more than 200 million Euro compared to 2020, reaching 383 million Euro.



**REVENUE FROM SALES OF GOODS AND SERVICES** (in millions of Euro)

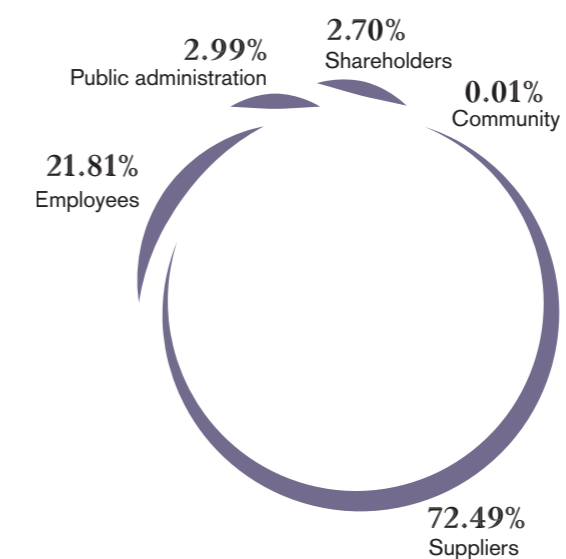
	2021	%
Italy	276.5	18.6%
European Union	354.0	23.8%
Rest of Europe	142.5	9.6%
Americas	161.4	10.8%
Rest of the World	553.2	37.2%
<b>Total</b>	<b>1,487.6</b>	<b>100%</b>

The Group's commitment to conscious conduct is also reflected in its ability to efficiently allocate resources, creating and distributing wealth among its Stakeholders. In 2021, the economic value generated by OTB Group amounted to approximately Euro 1,673 million, with an increment of 27% compared to 2020. The Economic Value Distributed by OTB went from Euro 1,170.9 million in 2020 to Euro 1,376.6 million in 2021. In particular, 82% of the economic value created by the Group was distributed to its internal and external Stakeholders, while the remaining 18% stayed within the Group.

**ECONOMIC VALUE GENERATED AND DISTRIBUTED** (in thousands of Euro)

	2019	2020	2021
<b>Economic value generated by the Group</b>	<b>1,534,612</b>	<b>1,322,306</b>	<b>1,673,072</b>
Revenues from sales of product and services	1,461,706	1,232,069	1,449,110
Revenues from sales of other material	7,038	5,534	6,871
Other income	32,800	48,437	42,155
Royalties	28,757	30,531	31,591
Financial income	2,748	2,824	1,418
Measurement of equity investments	1,306	2,330	9,645
Exchange gains (losses)	257	581	2,050
Business combination <sup>2</sup>	0	0	130,232
<b>Economic value distributed by the Group</b>	<b>1,356,417</b>	<b>1,170,986</b>	<b>1,376,626</b>
Economic value distributed to <b>suppliers</b>	1,003,052	842,357	997,856
Economic value distributed to <b>employees</b>	311,497	276,026	300,300
Economic value distributed to <b>Shareholders</b>	18,192	22,307	37,227
Economic value distributed to <b>public administration</b>	23,478	29,739	41,087
Economic value distributed to the <b>community</b>	198	557	156
<b>Economic value retained by the Group</b>	<b>178,196</b>	<b>151,320</b>	<b>296,446</b>
Provisions and impairment losses	25,045	22,141	7,229
Total deferred	-20,911	-28,698	-51
Depreciation and amortisation	172,843	161,955	167,810
Gains	1,219	-4,078	121,458

**ECONOMIC VALUE DISTRIBUTED**



<sup>2</sup> Income from acquisitions amounts to Euro 130,232 thousand as a result of comparing the fair value of the net assets acquired of the Jil Sander Group and the related transaction concluded. For further details, please refer to the 2021 Consolidated financial statement.

Regarding the value distributed to the community, most of the projects carried out in support of the community are managed by the OTB Foundation, which operates independently and is self-supporting through donations from OTB companies and other external Stakeholders.

93% of the Economic Value Distributed was directed to employees and suppliers, highlighting OTB's recognition of the critical role that these two Stakeholder categories play in the success of the Group. In particular, 72% of the entire added value was distributed to suppliers, which are key to OTB's success. Especially during the challenging period of the pandemic, suppliers have been financially supported by not delaying payments and through the C.A.S.H. Project.

**C.A.S.H. Project**

The C.A.S.H. Project (Credit Facilitated Suppliers Help) is a programme that ensures OTB's suppliers have easier and faster access to credit, at favourable terms. It has been developed in partnership with BNP Paribas Group.

Staff International signed the first agreement in 2013 and has increasingly involved its suppliers. With a view to increasingly support the supply chain of the entire Group, in 2020 the programme was extended to the other Group Production Hubs, Diesel and Brave Kid.

The opportunity has been offered to all players in the production chain. The selection process is carried through parameters based on the quality and reliability of their services.

C.A.S.H. aspires to contribute to the development and improvement of the performance of the whole sector, honouring the excellence of Italian manufacturing and supporting "Made in Italy".

Furthermore, the programme succeeds in encouraging suppliers' development and growth.

C.A.S.H. mainly works with competitive factoring interest rates without recourse terms. Indeed, this system showed a significant and positive impact in helping the broad supply chain base during the Covid-19 crisis when other players started delaying their payments to the companies, creating several issues in both cash and credit management.



At the cost of a small administrative and accounting effort, selected suppliers truly benefited from their access to the C.A.S.H. Project witnessing net financial position improvement, creditworthiness increase, and net capital employed reduction while creating better economic conditions for access to credit. Ultimately, this results in a closer, healthier and stronger relationship between OTB and its supply chain.

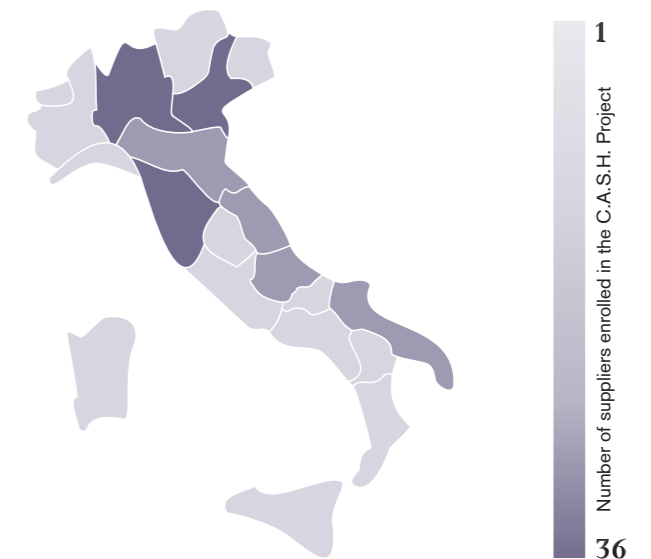
In 2021, the programme involved 65 active suppliers, accounting for 32% of the total cost of sales based on Italian core suppliers. These suppliers used the C.A.S.H. system to cover 80% of their invoices. 53% of the suppliers who have joined the C.A.S.H. Project are micro-sized companies, and 37% are small companies. In contrast, the remaining 10% are medium-sized companies, representing OTB Group's support for local craftsmanship and Made in Italy<sup>3</sup>.

From 2013 to the present, the number of contracted suppliers has grown steadily. Given the purchasing volume of the three companies participating in the project - Staff International, Diesel and Brave Kid - and the commitment of the OTB Group to give its suppliers even better conditions, the use of the C.A.S.H. project could potentially increase in the coming years. This would lead to an exponential increase in its positive impact on Italian craftsmanship.

The figure shows the distribution of suppliers on the Italian territory that have accessed the C.A.S.H. Project.

**IMPACT GENERATED BY OTB'S C.A.S.H. PROJECT**

**65** active suppliers  
(5% of the total suppliers), which account  
for **32%** of the total cost of sales  
These suppliers assigned  
**80%** of their credit



3. According to European Union criteria, enterprises have been classified as micro, small and medium-sized.

## TAX RESPONSIBILITY

Following a tax strategy consistent with applicable national and international laws and regulations, and the core values outlined in its Code of Ethics, the OTB approach relies on the principles of honesty, integrity, coherence, legality, and fairness. Thus, the relations with tax authorities and third parties are led by a spirit of cooperation and transparency, to minimise any substantial impact of both tax and reputational risks.

Transparency in accounting is based on truth, accuracy, completeness and reliability of the documentation, the management facts and related accounting records. The Group's tax return must correctly reflect the information in the accounts to create a proactive relationship of fairness and transparency with the subjects of the Tax Administration and the Tax Authorities. In case of conflicting regulatory interpretations, OTB seeks proactive dialogue with its Stakeholders whenever possible and relies on the best professional support to have the provisions enforced.

The OTB Group recognises the importance of internal controls for good management and ensuring the Group achieves its objectives. The Group deems it is essential to disseminate a Corporate culture emphasising the importance of an adequate internal control system at all levels of its organisation. In particular, the internal control system must encourage the achievement of Corporate objectives and therefore be oriented to improving the effectiveness and efficiency of production and management processes.

Consistently with the needs of the Group's sector, OTB is directly present with local branches in all the countries where it carries out its value chain activities. A direct presence in countries where the taxation system differs from that of the Group's headquarters is always motivated by operational needs or business objectives. Given the size and complexity of the Group's activities, risks may arise with the interpretation of tax regulations; these risks are mitigated with the support of qualified tax advisors in each country of operation.

The management of the Group's taxation involves various individuals and functions, particularly the Headquarter Tax Department, the Financial Management of the Parent Company, and the relevant departments of the single legal entities in each country where the Group is present and at the regional level. OTB is also supported by external tax advisors to ensure the correct interpretation and application of current regulations worldwide. More specifically, the tax function of the Parent Company, headed by the Group Tax Director, is divided into specialised areas that include compliance and domestic and international taxation. This department is also responsible for developing the Group's Tax Strategy.

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The Headquarter Tax Department supports the Chief Financial Officers on tax matters, centrally manages and coordinates transfer pricing, tax issues of cross-border transactions, non-ordinary and extraordinary transactions, and audits by tax authorities inherent to the above transactions. The Statutory & Tax Reporting A&F Shared Service Centre is responsible for tax compliance under Italian direct and indirect tax regulations (e.g. tax calculation, preparation of tax return forms). The **Tax Risk Department** oversees the definition and implementation of the Tax Control Framework (TCF) - a comprehensive system for managing and monitoring tax risks. OTB Group has reinforced this internal task risk control system to provide uniform and consistent guidance toward proper tax risk management by ensuring timely risk detection and effective measurement across many jurisdictions.

Lastly, OTB has a direct presence in 24<sup>1</sup> countries with 64 subsidiaries and nine permanent establishments (excluding the OTB Foundation and other minority interests). Each of these countries has its tax legislation and tax assessment procedures, which leads the Group to the possibility of being subject to different tax rules and rates.

The Group's effective taxation is subject to modification and changes as the applicable legislation in the various countries and the profits earned by individual companies in the respective countries change.

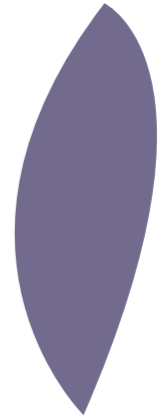


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1. This number refers to countries where the Group is present with its legal entities or local branches, mono-Brand retail stores, outlets or logistics hubs. The countries where Group's legal entities are under liquidation have not been considered.



BE RESPONSIBLE.  
BE BRAVE.





## SUSTAINABILITY VISION

OTB strongly believes that Sustainability is an innovative and evolutionary way to undertake all business activities. For this reason, it is considered an essential pillar of the Group's growth strategy and a critical path to preserving a healthier and cleaner world for new generations. To address all Environmental, Social and Governance (ESG) issues relevant to its Stakeholders and business, the OTB Group has embarked on a journey to integrate sustainability into its Corporate strategy, vision and mission.

OTB's public commitment to sustainability started in 2021 with the launch of "Be Responsible. Be Brave.", the Group's Sustainability Strategy. However, efforts to improve the engagement of employees, the community and all Stakeholders who continuously interact with the Group have been rooted in OTB's DNA since its foundation.

The OTB Sustainability Strategy aims to contribute to creating a fashion system embedded in durability, traceability and circularity. In this regard, OTB is taking a meaningful stand against climate change, working to protect biodiversity and developing conscious water and chemical management to safeguard people and ecosystems. At the same time, in line with the holistic approach the Strategy embraces, the Group is taking concrete action to promote inclusivity and equality within its community and to implement projects with a positive social impact on territories and communities worldwide. The OTB Sustainability Strategy is the result of a structured three-stage process, led by the Corporate sustainability function:

- 1. Setting the direction:** understanding the Group's level of maturity, aligning its sustainability vision with its business strategy, identifying relevant issues and defining a strategic framework and primary topics in terms of key action areas. Global ESG trends and Stakeholder demands drove this process.
- 2. Benchmark and Stakeholder engagement:** analysis of the best market practices within the fashion sector and Group internal Stakeholder engagement. In particular, the benchmark helped the Group to examine its activities, objectives and ambitions related to critical topics while ensuring the main internal stakeholders' direct involvement.
- 3. Definition of the strategy and the objectives:** finally, an initial target and KPI proposal was drawn up for each sustainability key topic identified as a priority, defined along with OTB key Stakeholders through a dedicated workshop. Once validated, the targets and KPIs have been shared with each function of the Group, aiming at consolidating a strong internal engagement and planning specific activities to accomplish strategic objectives.

This framework was the basis for identifying actions, processes and initiatives that OTB started to put in place after the strategy's launch. The OTB Group Sustainability Strategy also contains decision-making and communication management processes as they are essential to foster collaboration with OTB's main Stakeholders and achieve OTB Group sustainability goals together.

The "Be Responsible. Be Brave." Strategy encompasses three macro-areas divided into ten relevant topics and specific and quantifiable objectives.

## OTB STRATEGY



Biodiversity  
Climate Strategy  
Protecting Oceans  
Water Stewardship & Chemical Management




Sustainable Product Design  
Responsible Sourcing & Traceability  
Circularity



Fair Wages & Well-being along the Value Chain  
Diversity, Equity & Inclusion  
Social Impact





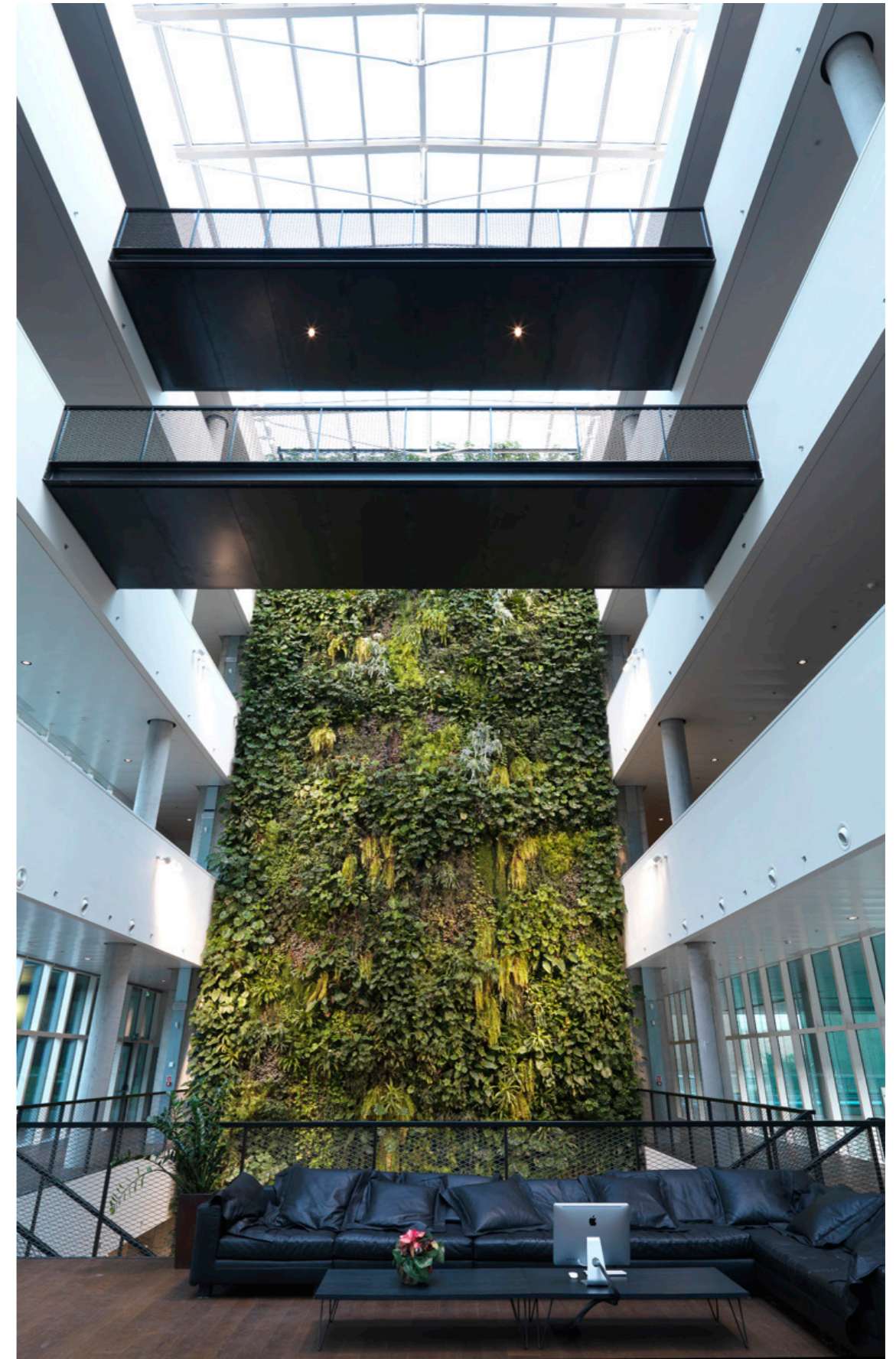
**“Protecting Our Planet”** sets out the OTB Group’s commitment to protecting the environment and the planet. This includes the preservation of biodiversity, the protection of the oceans from plastic waste, the use of chemicals and the development of a more sustainable water management system. The OTB Group is also committed to fighting climate change and has set itself the target to become net zero in its internal operations by 2030 and its entire value chain by 2050. In addition to the commitment to reduce its emissions while monitoring its carbon footprint, OTB Group’s Strategy includes energy efficiency projects and carbon-neutral mobility initiatives throughout the entire value chain.

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Through **“The New Fashion System”** pillar, OTB is committed to developing more sustainable designs that reduce the environmental impact throughout the product life cycle. Along with an innovative design, OTB targets to play an active role in transforming its production cycle into a circular fashion model, focused on the research for cutting-edge materials, with a higher share of recycled and recyclable textiles and mainly renewable sources. For this reason, the Group aims to implement more efficient supplier monitoring and raw material and supply chain tracking systems.



With the **“Brave Together”** pillar, the Group focuses on people’s well-being by promoting partnerships with suppliers to ensure respect for human rights, care for health and safety and improving wages along the supply chain. The Group guarantees open and inclusive working environments based on respect for diversity and gender equality. Also, it supports the local and international community through its charity arm, the OTB Foundation, creating a long-term, positive social impact.



## FOR RESPONSIBLE LIVING: DIESEL SUSTAINABILITY STRATEGY

Diesel was born to be the alternative to luxury and classic five-pocket jeans. After using its marketing power to raise awareness of environmental and social issues throughout the years, in 2019, the Brand realised that the time had come to apply its anti-establishment spirit and passion for change to create an alternative to the conventional and impactful practices of the fashion industry. Diesel believes the most radical thing a company can do today is to find innovative ways to make the business circular and to create low-impact products, offering a Brand and products made not only “*For Successful Living*” but “*For Responsible Living*” too. Taking this into account, during 2019, Diesel started a journey to integrate sustainability into its strategic decisions and daily business activities and to define a clear and ambitious Sustainability Strategy named “*For Responsible Living*”. This embodies its commitment to taking action for the benefit of current and future generations and ensuring its continuing success in a changing world. Within this Strategy, Diesel has defined targets to achieve and actions to implement to improve its sustainability performance and contribute to making the fashion industry better.

The Strategy was officially launched in January 2020 and is structured around four pillars:

- **BE THE ALTERNATIVE:** challenging the Diesel business model by creating alternative and responsible products and packaging, seeking out low-impact materials, and investing in innovation and collaboration throughout all value chain stages.
- **STAND FOR THE PLANET:** standing for climate action and environmental stewardship by minimising its greenhouse gas emissions, reducing its water footprint, and improving reuse and recycling rates across its operations.
- **CELEBRATE INDIVIDUALITY:** developing a sustainability culture within the company, honouring employees’ rights and their diversity by treating all equally, nurturing them to fulfil their potential and promoting a safe work environment.
- **PROMOTE INTEGRITY:** working towards the highest social and environmental standards throughout the supply chain by enhancing product traceability and promoting positive supplier practices.

To develop its “*For Responsible Living*” Strategy, Diesel carried out a Materiality Analysis throughout an internal assessment among its employees and an external desk-based analysis to involve all the relevant Stakeholders. The study aimed to identify key action areas and priorities.



This process did not only help identify the most relevant sustainability topics for Diesel’s business, later approved by the CEO and first lines of management until they became the core of its “*For Responsible Living*” Strategy. It also made it possible to find gaps and challenges that needed to be addressed for the Strategy to drive employees’ thinking and behaviour in everyday business decisions.

Considering the above, right after the “*For Responsible Living*” launch, Diesel decided to prioritise transferring its Sustainability Strategy principles and values into Diesel’s main functions and processes. The company did so through a customised educational programme called “*For Responsible Living in Action*”, with the support and tutorship of the SDA Bocconi School of Management, involving the first and second lines of management, including the CEO, and launched at the end of 2020.

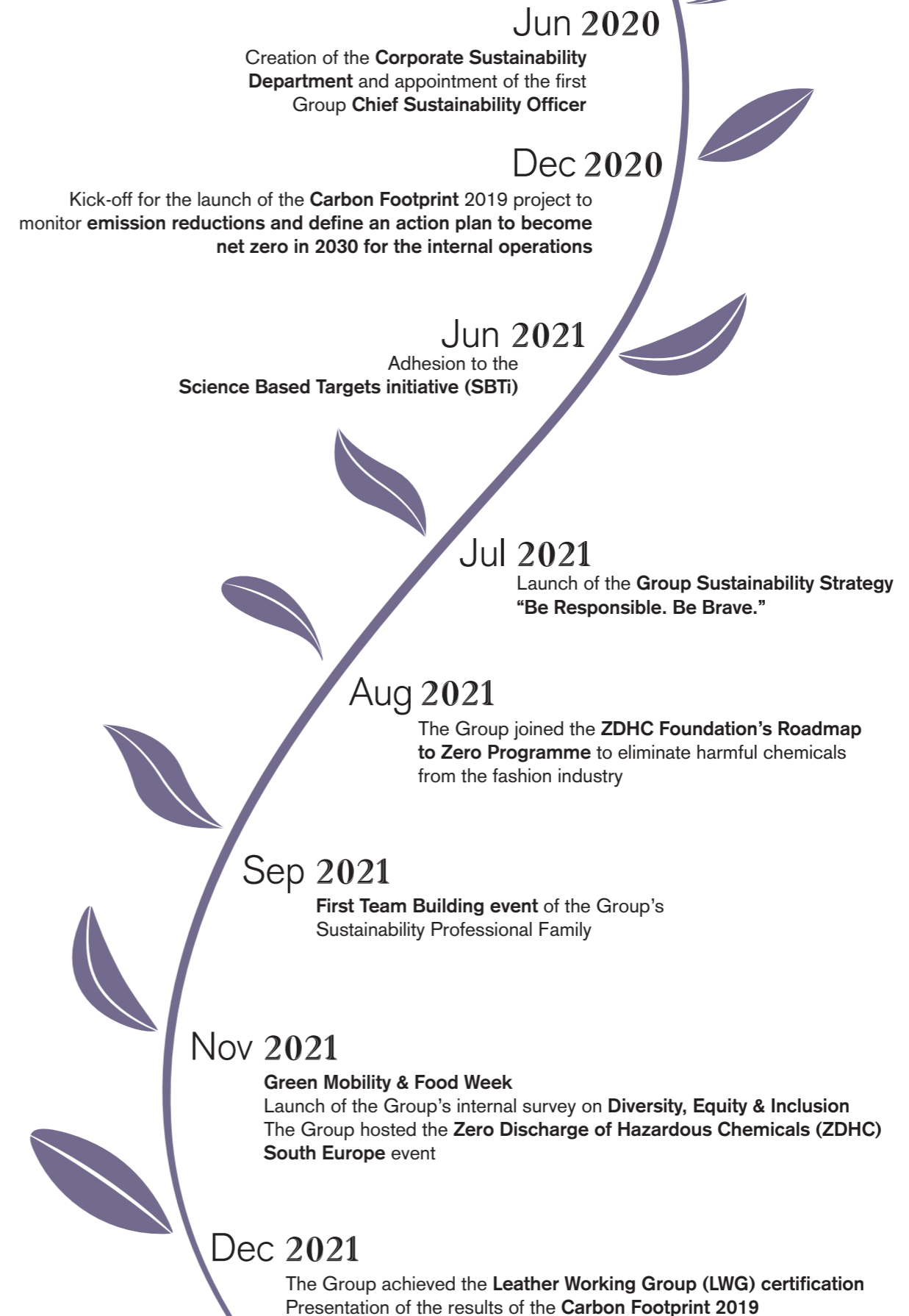
After three rounds of in-person workshops at the SDA Bocconi campus in Milan, which involved more than 75 employees and focused on the practical application of concepts, problem-solving, and organisational changes connected with implementing the “*For Responsible Living*” Strategy in everyday business decisions, Diesel launched the follow-up phase of the educational programme to allow people to put into practice what they had learnt through project-specific interdepartmental working groups. Different work streams were identified and chosen as the core focus for several project teams to turn sustainability principles into actions, each based on a salient topic needing improvement in regards of sustainability. With the continuous support and tutorship of the SDA Bocconi School of Management Professors, each working group developed and presented to the Sustainability Committee specific projects, together with a business case simulation, consistent with the “*For Responsible Living*” Strategy and focused on an inter-functional approach. Ultimately, ten projects were selected to be carried forward; some have already been concluded (e.g. launching an internal Sustainability Ambassador network at both regional and store levels to support internal communication and engagement and integrating sustainability as a driving factor during the collection development process), while others are still in progress.

Integrating the Diesel “*For Responsible Living*” philosophy into business processes is a vital ongoing journey for the Brand. All its targets and activities align with OTB’s Corporate Sustainability Strategy “*Be Responsible. Be Brave.*”.

### Supporting the SDGs

In defining its Strategy, the OTB Group has considered the 17 Sustainable Development Goals set by the United Nations to be achieved by 2030. As these goals represent a meaningful call to action to all member states to achieve ambitious and critical targets for a more sustainable world, OTB linked each of the “Be Responsible. Be Brave.” action areas to the corresponding SDG. Then, it outlined the activities required to contribute to the goals’ achievement. This process also considered the areas in which OTB’s contribution is more significant, mainly due to the business structure of the Group and the specificities of the fashion industry.

Biodiversity		To protect biodiversity, the Group is committed to implementing a biodiversity policy to preserve the terrestrial ecosystem focused on forest-derived and land-use change linked materials (e.g. cellulose and leather). OTB is also focuses on supporting zero deforestation.
Climate Strategy		OTB is committed in safeguarding the environment and challenge climate change through Group’s initiatives aimed at eliminating net GHG emissions by 2050 and promoting resilience across the value chain.
Protecting Oceans Water Stewardship & Chemical Management		The Group supports projects to protect marine resources and it is committed to reducing the use of plastic and waste. The Group is engaged to achieve 100% recyclable, recycled, or sustainably sourced packaging materials. To protect life underwater, OTB is also establishing policies and programmes for responsible water resource management to ensure adequate water quantity and quality for community and watershed’s health, including the elimination of hazardous chemicals from production.
Sustainable Product Design		The Group is committed to supporting sustainability in product design and its environments, such as in stores, visual merchandising and fashion shows to reduce its environmental impact, promote inclusive and sustainable industrialisation and foster innovation.
Responsible Sourcing & Traceability Circularity		The Group focuses in developing a holistic, responsible sourcing strategy for all essential materials. This is achieved by mapping available sustainable alternative and increasing traceability in supply chains. OTB also aims to build capacity in the Italian supply chain to support and promote advanced social and environmental performance. OTB Group aims to exclusively use sustainable or recycled materials by 2030, commit to zero product destruction and explore the link between product durability and circularity, ensuring end-of-life options match consumer behaviour.
Fair wages & Well-being along the Value Chain		The Group focuses its efforts on setting and upholding high direct and indirect workers’ health and safety standards within the supply chain. Through industry collaboration OTB supports the improvement of a national living wage in crucial sourcing countries.
Diversity, Equity & Inclusion		OTB Group is committed to conducting a DEI assessment to understand the current state of representation and compensation equity across Brands, report and dispose data to achieve a gender-balanced workforce by 2030 and integrate a solid DEI approach across product marketing campaigns.
Social Impact		To generate a significant social impact, the Group is committed to identifying focus areas in line with OTB’s core values, OTB Foundation and OTB Group Sustainability Strategy. This implies strong employee involvement in volunteering projects and donation matching programmes.



## PLEDGE IN SUSTAINABILITY

As Stakeholders' awareness and attention to sustainability themes continue to increase, the fashion industry needs to develop good practices to foster circular business models and pay more attention to its footprint by reducing its environmental impact. Furthermore, raw material shortage and environmental depletion threaten the industry.

Many groups and brands believe that multi-sector collaboration is the only way the fashion industry can adopt more sustainable practices at the required scale to reduce its impact on the planet and slow down climate change. During the last years, the leading players in the fashion industry started to partner to lead a more responsible business approach and offer their customers and partners an alternative. Fashion Brands are building foundations, pacts, associations and other initiatives to reach common goals regarding sustainability and ESG-related topics. Cooperation is one of the key drivers of the fashion industry's transformation in recent years.

In this landscape, OTB Group has also chosen to join external initiatives and organisations to confirm its commitment to making the fashion industry sustainable and achieving its strategic goals defined in the "Be Responsible. Be Brave." Strategy.

The many external initiatives joined by the OTB Group are voluntary and binding.



## AURA BLOCKCHAIN CONSORTIUM

In October 2021, OTB Group joined the Aura Blockchain Consortium as the fourth Founding member, with LVMH, Prada Group and Cartier, part of Richemont. In 2022, Mercedes-Benz joined as the fifth and last founding member.

The Aura Blockchain Consortium is a not-for-profit association to promote socially responsible, sustainable, and customer-centric business practices throughout the lifecycle of luxury products by leveraging blockchain and other technologies. By promoting the use of a single global blockchain solution open to luxury Brands of all sectors worldwide, the platform accelerates the transition to circular business models. It provides consumers with additional information, services, and transparency, raising the customer experience to a new level. The Consortium is guided by the belief that collaboration can coexist with competition for the greater good. For this reason, the luxury groups have joined forces to address the shared challenges of communicating authenticity, responsible sourcing and sustainability in a secure digital format.

Aura Blockchain Consortium is a universal project for the entire luxury industry, open to all market players. It relies on a well-designed, inclusive, and fair consortium structure reflecting holistically on the interests of Aura Blockchain Consortium and its members, be they part of a Group or independent, might they be big or small.

As a founding member, OTB actively participates in defining AURA strategy initiatives and involving the Brands of the Group in the Consortium's projects. In addition, two representatives of the Group are part of the Aura Blockchain Consortium Board.



AURA  
BLOCKCHAIN  
CONSORTIUM

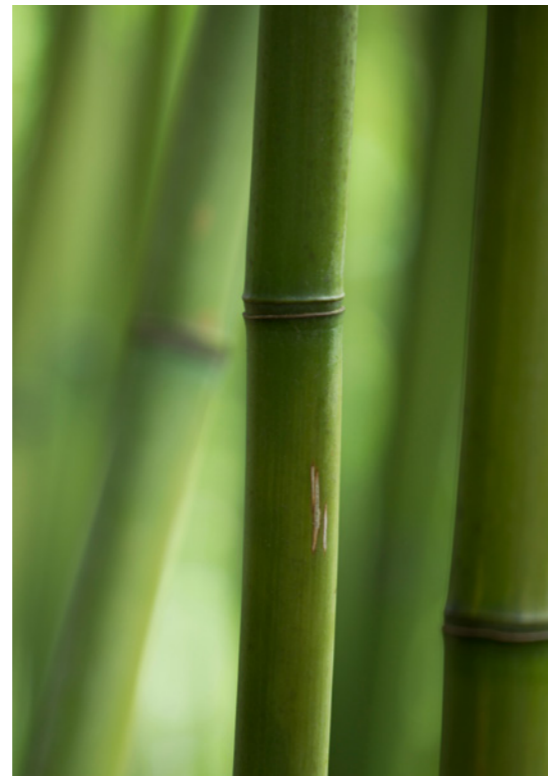


**Leather Working Group (LWG)**

In December 2021, the OTB Group partnered with the **Leather Working Group (LWG)**, a not-for-profit organisation responsible for leading environmental certification and increasing transparency for the leather manufacturing industry.

Leather Working Group is committed to building a sustainable future with responsibly made leather by raising industry standards through evolving the LWG global audit standard. The standard assesses leather manufacturers' environmental compliance and performance capabilities and promotes sustainable environmental practices. In fact, since 2005, the Leather Working Group has identified environmental best practices in the industry and provided guidelines for continual improvement. Its activities and tools are focused on improving a sustainable supply chain, fostering traceability, auditing, minimising deforestation and increasing social responsibility.

In 2021, OTB also committed to set near-term company-wide emission reductions in line with climate science with the **Science Based Targets initiative (SBTi)** and joined the **ZDHC Foundation's Roadmap to Zero Programme** external initiative. Further information on this is disclosed in the *Act on Climate Change* and *Water Stewardship and Chemical Management* paragraphs. Furthermore, as Diesel joined **The Fashion Pact** in 2020, OTB also integrated the goals and targets set by The Fashion Pact into its Sustainability Strategy.



**DIESEL MEMBERSHIPS**

The sustainability journey is not one we can embark on alone. Collaboration is essential. For this reason, Diesel is proud to have partnered with several organisations helping the Brand reach its goals and make change happen.

**The Fashion Pact**

In 2020, Diesel joined The Fashion Pact, an unprecedented **global coalition of companies in the fashion and textile industry** (ready-to-wear, sport, lifestyle and luxury), including their suppliers, manufacturers, distributors and marketplaces. The Fashion Pact was born out of the recognition that only collective action can change the environmentally harmful impact of the fashion industry. The committed companies are guided by their conviction that the changes they are fighting for are essential for the future of the planet and the fashion industry itself. Because in a world of runaway climate change and ecological collapse, no business can succeed for long and no single company or executive can enact change at the scale or speed needed to protect the planet.



Specifically, The Fashion Pact is committed to environmental goals in three main areas: **mitigating climate change, restoring biodiversity and protecting the oceans.**



**Better Cotton and Forest Stewardship Council®**

In addition to joining The Fashion Pact in 2020, Diesel also became a member of the Better Cotton and Forest Stewardship Council (FSC®).

**Better Cotton's** mission is to help cotton communities survive and thrive while protecting and restoring the environment. Customers support responsible cotton production through Better Cotton by buying cotton products from Diesel. Better Cotton Farmers receive training on how to use water efficiently, care for the health of the soil and natural habitats, reduce the use of the most harmful chemicals and respect workers' rights and wellbeing. Better Cotton is sourced via a chain of custody model called Mass Balance. This means that Better Cotton is not physically traceable to end products; however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those Diesel sources.

The **Forest Stewardship Council®** is an international non-profit, multistakeholder organisation established in 1993 that promotes responsible management of the world's forests via timber certification. By partnering with this Organisation, Diesel (FSC®-N003456) has therefore committed to more responsibly sourcing for its paper-based materials, in particular packaging, which are FSC® certified.



## SUSTAINABILITY GOVERNANCE

The OTB Group's strong willingness to operate more responsibly and sustainably led to the implementation of governance able to manage, coordinate and embed sustainability in all business areas at both Brand and Group levels. While Diesel created its first Sustainability Function at the end of 2019, a Group Corporate Sustainability Function was established soon after. The first Group Chief Sustainability Officer (CSO) was appointed in June 2020.

The **OTB Group Sustainability Function** aims to facilitate a consistent and organic implementation of the Sustainability Strategy across Group companies, supporting the business and all Group functions in the change management process required for embedding sustainability-related aspects into all Group processes and decisions.

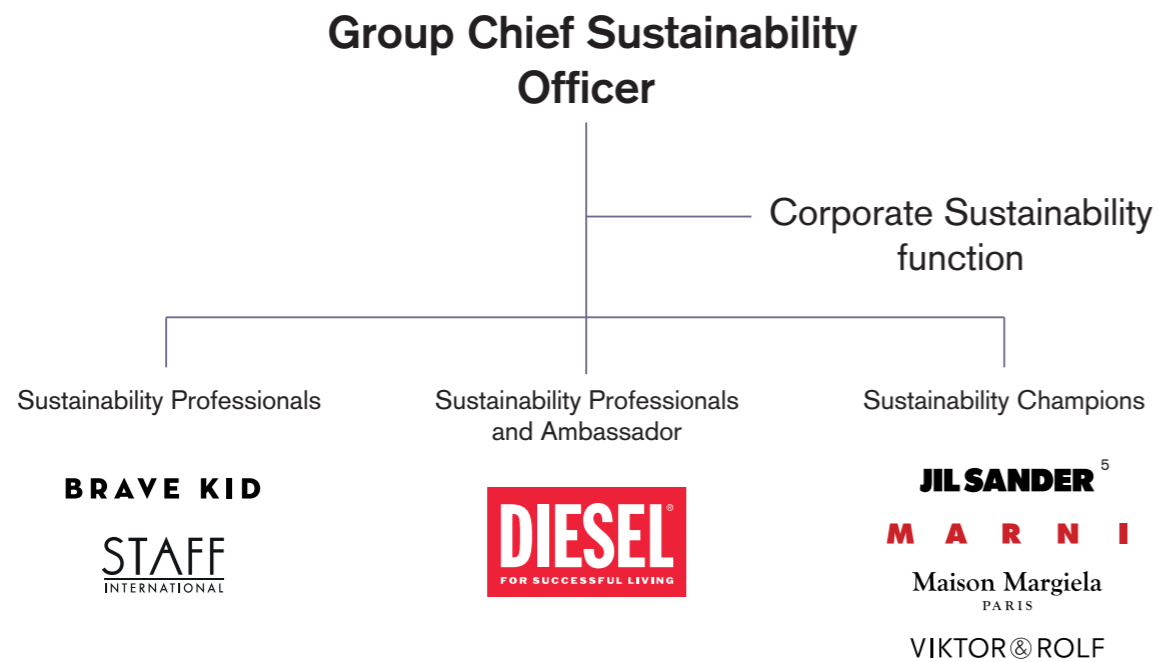
The OTB Group Sustainability Function is structured as a "Professional Family"<sup>4</sup>, headed by the Group Chief Sustainability Officer. Each member sits within the different Group Brands and reports to the CSO.

The **Corporate Sustainability function** is responsible for defining the Group's Sustainability Strategy and objectives and aims to identify any risk related to ESG issues. It defines projects and activities at the Group level that contribute to meeting the identified targets, promoting economies of scale and specialisations across the Group. It also guides the coordination of Brands and Production Hubs for the Strategy implementation, supporting them in managing and supervising locally social and environmental issues.

The Diesel Sustainability Department was created in 2020, with the launch of the "*For Responsible Living*" Strategy. It includes dedicated professionals in sustainability and supply chain management and an official Diesel Sustainability Ambassador, Andrea Rosso. In addition to the Sustainability Team, Diesel has also appointed a Sustainability Committee, a permanent body which takes strategic decisions on critical sustainability and management topics. At Staff International, the sustainability governance includes professionals in both the Ready-To-Wear and Shoes & Bags divisions, with a strong focus on product compliance and supply chain management. In Brave Kid, a dedicated professional joined the company in early 2022. In the case of the Designer Brands, such as Marni, Maison Margiela and Viktor&Rolf, the Group appointed Sustainability Champions as the main point of contact for sustainability topics of their respective organisation. The Sustainability Champion's role is to support the local implementation of the OTB Sustainability Strategy within its respective organisation, working closely with other Group Sustainability Professionals. The Sustainability Professionals report to the CSO and functionally to their respective Business Partners at the Brand level, while the opposite occurs with the Sustainability Champions.



The Corporate Sustainability Function is also in charge of planning monthly meetings with the whole Professional Family, where each member shares updates and progress on ongoing activities. It also organises a yearly team-building event for all Professional Family members to share best practices and contribute to creating a sense of belonging to the Professional Family and the Group.



4. Set of specialised roles operating from different locations and at different organisational levels (Parent Company, Brand Headquarters, Production Hub, single legal entity, etc.), sharing the same mission, know-how, business processes and the Group's professional rules of conduct and values.

5. A dedicated Sustainability Champion will be appointed in the upcoming months during the Brand's integration process.

## STAKEHOLDERS ENGAGEMENT

For the OTB Group, building relationships with Stakeholders is essential to ensure long-term value creation. It is key to establish collaborative relations of trust that support the Group in achieving its sustainability objectives. The diversity of players with whom the Group interacts can condition its economic performance. The Group's Stakeholders are, in turn, influenced by the image of each Brand belonging to the Group. For these reasons, OTB is adopting an active Stakeholder engagement approach by creating more precise, transparent and timely communications through an open and continuous dialogue.

Receiving feedback and knowing the needs and priorities of its Stakeholders helps the Group improve its strategy, set new goals and challenges, and be of valuable support in achieving the Group's ambitions while creating a positive impact throughout the value chain.

Relations with the relevant Stakeholders are managed directly by each function: from suppliers to media and end customers, both locally and globally. Some Stakeholders are engaged and listened to at the Group level, while in other cases, the Brands and the various departments prefer to build relationships of trust directly.

The following table summarises the main Stakeholders, communication channels and engagement tools:

STAKEHOLDERS	COMMUNICATION TOOLS AND CHANNELS	STAKEHOLDERS' EXPECTATIONS
<b>Clients</b>	<ul style="list-style-type: none"> <li>Direct relationship with sales staff</li> <li>Email and newsletter</li> <li>Online-chat and phone</li> <li>Social media</li> <li>Online questionnaire</li> <li>Customer satisfaction through after-sales service</li> </ul>	<ul style="list-style-type: none"> <li>Product health and safety</li> <li>Product quality and durability</li> <li>Traceability of products</li> <li>Diversity and inclusion and size models</li> <li>High level of service</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Internal channels</li> <li>Meetings and events</li> <li>Corporate TV</li> <li>Newsletters and emails</li> <li>Continuous feedback process</li> <li>Training sessions and digital courses</li> <li>Channels for receiving reports of violations</li> </ul>	<ul style="list-style-type: none"> <li>Training and Career development</li> <li>Diversity, equality and inclusion</li> <li>Green Mobility &amp; Food Week</li> <li>Well-being and work-life balance</li> <li>Benefits and welfare initiatives</li> <li>Compliance with policies and codes</li> <li>Safe working environment</li> <li>Environmental footprint reduction</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>One-to-one meetings</li> <li>Daily activities</li> <li>Onsite and institutional visits</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Quality and safety</li> <li>Fair payment terms</li> <li>Long term relationship</li> <li>Fair wages &amp; working conditions</li> <li>Responsible purchasing practices</li> </ul>

STAKEHOLDERS	COMMUNICATION TOOLS AND CHANNELS	STAKEHOLDERS' EXPECTATIONS
<b>Local Community</b>	<ul style="list-style-type: none"> <li>OTB Foundation's activities</li> <li>Press releases</li> <li>Dialogue with local associations and NGOs</li> <li>Roundtables and discussions with the Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>Support in favour of local communities</li> <li>Diversity, equality and inclusion</li> <li>Biodiversity and environmental impact</li> <li>Ethical, social and environmental practices</li> </ul>
<b>NGOs and Organisations</b>	<ul style="list-style-type: none"> <li>Institutional events</li> <li>Meetings</li> <li>OTB Foundation's activities</li> </ul>	<ul style="list-style-type: none"> <li>Community partnerships</li> <li>Climate impact</li> <li>Biodiversity</li> <li>Responsible sourcing</li> <li>Fair wages &amp; working conditions</li> </ul>
<b>Financial Institutions and Shareholder investors</b>	<ul style="list-style-type: none"> <li>Institutional meeting</li> <li>Annual General Meeting</li> <li>Daily dialogue</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance and long-term profitability</li> <li>Ethical business and governance</li> <li>Risk and opportunity management</li> </ul>
<b>Public Authorities</b>	<ul style="list-style-type: none"> <li>Institutional events</li> <li>Roundtables and initiatives with institutions</li> <li>Institutional and Public Authorities meetings</li> <li>Industry associations interactions</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with the applicable legislation</li> <li>Participation in projects of public utility</li> <li>Being a member of the most important national and international third parties, organisations and associations in the sustainability arena</li> <li>Public discussions and contributions to the industry's key topics</li> <li>Italian excellence and Made in Italy promotion</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Press releases and conferences</li> <li>Social media and official website</li> <li>Media requests and interviews</li> <li>Interviews with the senior management</li> <li>Corporate and Brand events, fashion shows</li> </ul>	<ul style="list-style-type: none"> <li>Responsible advertising and trustful relationships</li> <li>Business news about OTB Group and Brands</li> <li>Sustainability and innovation-related news to OTB Group Strategy</li> <li>Vision of our senior management on the industry and economic scenario or related topics</li> <li>Transparent communication flow: timely and accurate information to be shared regularly</li> </ul>



## MATERIALITY PROCESS

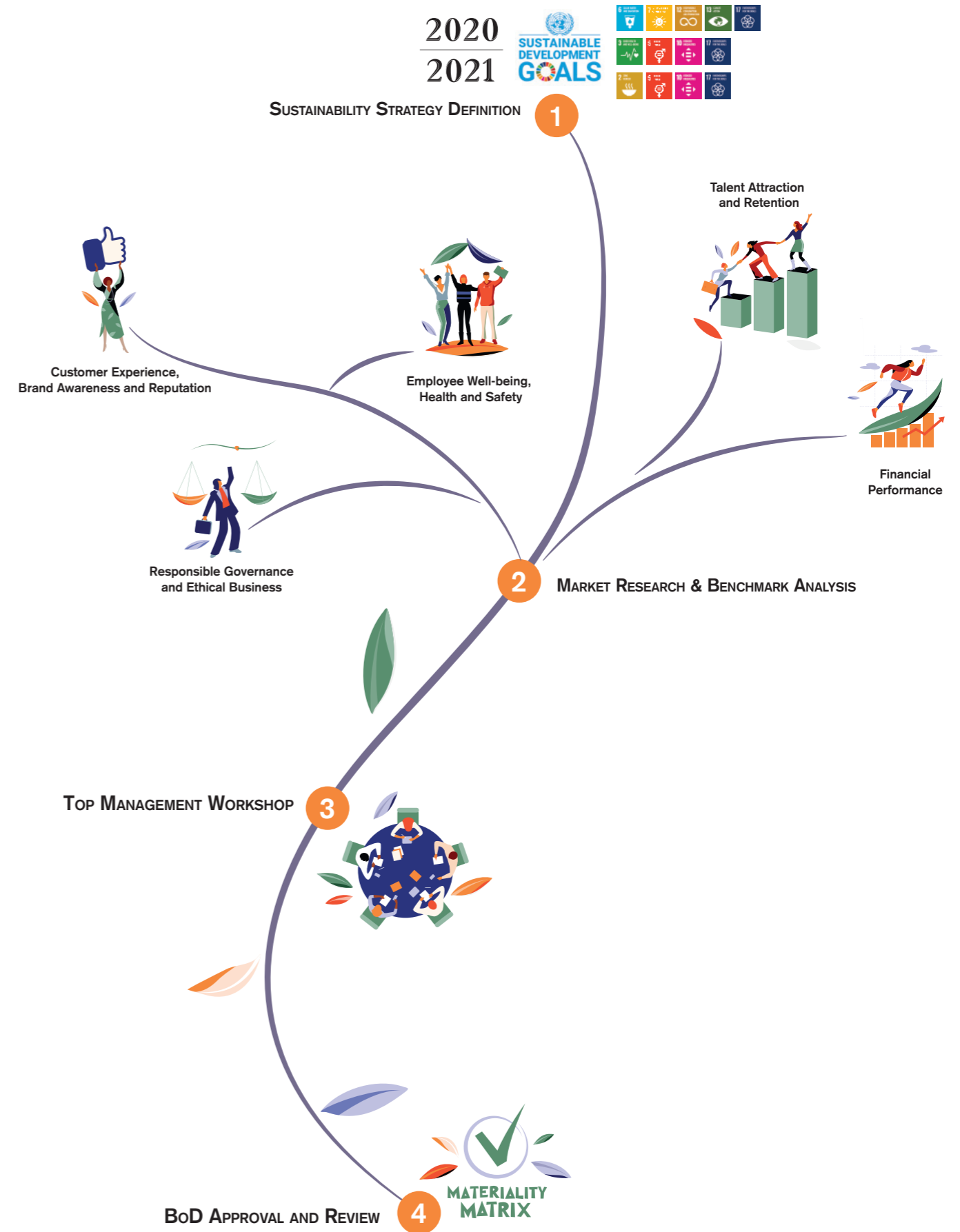
In early 2022, the OTB Group defined its first materiality matrix and assessed the most relevant ESG issues for the business and its Stakeholders.

The materiality analysis is a valuable tool to identify priority issues for the Group and its Stakeholders and, at the same time, to define an ESG strategy by outlining the initiatives and objectives to focus on. To this end, all those issues that can influence the economic performance of the Group and the entire value chain, impact environmental and social sustainability and, consequently, influence the choices and assessments of its Stakeholders are considered material.

The Corporate Sustainability Function carried out a structured analysis with the support of specialised external consultants. The process for constructing the Materiality Matrix involved the Group's Top Management and all the Group's Brands, and it was divided into four main phases, starting from the definition of the Sustainability Strategy:

- 1. Sustainability Strategy definition:** The materiality analysis process for OTB started in 2020 when the Group began to work on its Sustainability Strategy, which launched in 2021. As mentioned before, the 10 priority topics of its Sustainability Strategy result from a structured internal Stakeholder engagement activity (please refer to the paragraph "Sustainability Vision" for further information on the Sustainability Strategy).
- 2. Market research & benchmark analysis:** Beyond the 10 topics already identified as outstanding, a list of additional material issues was created through extensive research into international standards, such as the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the World Economic Forum (WEF), as well as through a comparison with the peers in the fashion and luxury industry.
- 3. This phase led to the identification of 5 additional topics over and beyond the 10 strategic ones. In particular, Responsible Governance and Ethical Business, Financial Performance, Customer Experience, Brand Awareness and Reputation, Employee Well-being, Health and Safety and Talent Attraction and Retention, associated with the creation of economic value, are considered prerequisites of the Sustainability Strategy and will therefore be presented in the materiality matrix and explicitly presented in this sustainability report.**
- 4. Top Management workshop:** after defining the issues, the Top Management was involved in voting and prioritising the topics, considering both the OTB Group's business view and the priorities of the Stakeholders at the same time<sup>6</sup>.
- 5. BoD approval and review:** As a final step, the Group's Board of Directors approved the Materiality Matrix in May 2022. This Matrix will be the subject of constant updates to consider fast developments in industry and Stakeholder demands.

6. Top Management made both votes. In fact, on the one hand, they voted as representatives of the business vision; on the other, they were asked to assign the score considering the requests and needs of their Stakeholders.



The following table outlines the main themes of the “Be Responsible. Be Brave.” Strategy, also included in the materiality matrix.

MATERIALITY THEMES	THEME DEFINITION
<b>Responsible Governance and Ethical Business</b>	Fostering ethical behaviour throughout the company and the value chain, respecting people, natural resources and regulations, and improving the ethical and value framework under which the Group makes decisions.
<b>Financial Performance</b>	Promoting the creation of shared value for both Stakeholders & Shareholders, ensuring fiscal health and tax compliance.
<b>Customer Experience, Brand Awareness and Reputation</b>	Ensuring a personalised, integrated and seamless customer experience across all channels, providing clear and transparent communication and protecting Brands from any counterfeiting in the market.
<b>Employee Well-being, Health and Safety</b>	Ensuring workplace well-being, from physical environment quality and safety to balancing work with private life and fostering and promoting a sustainable company culture.
<b>Talent Attraction and Retention</b>	Developing processes and programmes to attract and recruit the most fitting candidates and monitoring their satisfaction, improving competencies and ensuring career opportunities.
<b>Biodiversity</b>	Avoiding and reducing negative biodiversity impacts and restoring and regenerating biodiversity over time.
<b>Climate Strategy</b>	Efforts to actively reduce GHG emissions and promote resilience across the value chain, monitoring progress and required ambition level over time.
<b>Protecting Oceans</b>	Protecting Oceans by cleaning them and preserve marine species, in partnership with other organisations. Includes efforts to minimise plastic waste and manage effluent water in the supply chain.
<b>Water Stewardship &amp; Chemical Management</b>	Responsibly stewarding water resources is important to ensure adequate water quantity and quality of community and watershed health. This theme includes also the target of eliminating hazardous chemicals from production.
<b>Sustainable Product Design</b>	Efforts to design, develop, and introduce innovative and sustainable products. Business models with the goal of a reduced life-cycle environmental impact.
<b>Responsible Sourcing &amp; Traceability</b>	Efforts to procure materials responsibly and sustainably, considering all social and environmental impacts. Supply chain traceability to ensure product authenticity and integrity, as well as transparency to consumers and Stakeholders about the company's supply chain.
<b>Circularity</b>	Efforts to create a circular design system that reduces waste and increases recycling, upcycling and reuse.
<b>Fair wages &amp; Well-being along the Value Chain</b>	Partner with suppliers, peers and industry efforts to ensure workers making our products receive a living wage. Efforts to set and uphold high worker health and safety standards, including improving building safety and increasing workers' awareness of health and sanitation issues.
<b>Diversity, Equity &amp; Inclusion</b>	Fair treatment of all employees without discrimination, adequate representation of local cultures and nationalities, and equal professional opportunities regardless of gender, age, race, sexual orientation, disabilities, faith, etc.
<b>Social Impact</b>	Commitment to supporting local communities, efforts to engage everyone affected by an issue that impacts their community as they should have a say in the decision-making around it.



The material topics are positioned along two axes: on the ordinates, there are material topics relevant to the OTB Group, while on the abscissae, relevance has been assigned based on Stakeholder requests and expectations.

The combination of all the received evaluations is shown in the **2021 Materiality Matrix**, representing the basis for the sustainability reporting.

The materiality analysis shows that one of the most critical issues for the OTB Group is the **fight against climate change**: *Climate Strategy*. Indeed, as well as being considered a pillar of the Group's Strategy, Climate Strategy is also acquiring greater relevance among Stakeholders, who are increasingly sensitive to the subject.

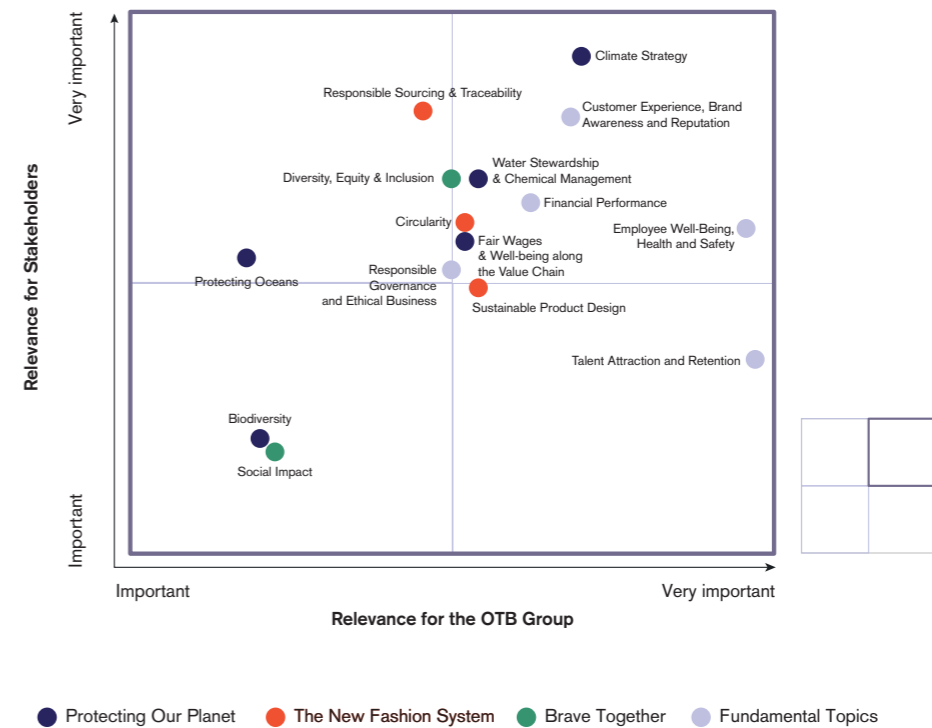
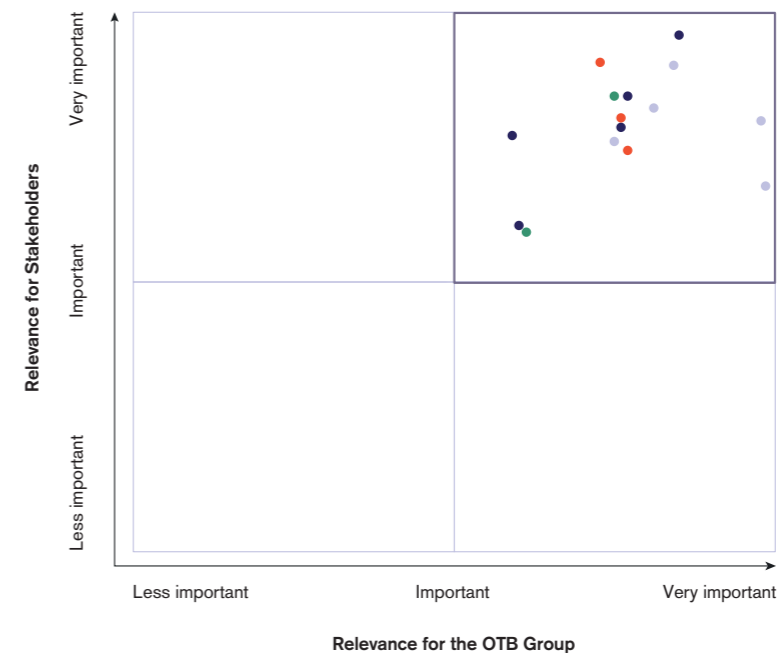
The OTB Group and its Stakeholders also pay particular attention to the issues of *Customer Experience, Brand Awareness and Reputation* and *Responsible Sourcing & Traceability*. The matrix highlights how customer-centricity in service and purchasing experience is a cornerstone of the business strategy.

*Employee Well-being, Health and Safety* and *Talent Attraction and Retention* are also of particular concern to the OTB Group, highlighting the importance given to employees and their well-being in achieving business objectives.

The correlation table between the material aspects and the GRI indicators can be found in the Appendix.



**OTB MATERIALITY MATRIX (complete view and focus)**



● Protecting Our Planet ● The New Fashion System ● Brave Together ● Fundamental Topics



CONSCIOUSNESS,  
TRANSPARENCY,  
AUTHENTICITY



## OTB GOVERNANCE

In the ESG dimensions, the “G” for Governance represents an essential aspect of an organisation. Governance could be defined as the Group’s internal system that leads to the proper conduct of all functions and processes and is accountable for the success of the whole organisation. That is why it comprises many other aspects such as business management, integrated risk management, dialogue with Stakeholders, supply-chain management, and the company’s resilience to change.

The OTB Group has adopted a “traditional” Corporate governance model, in compliance with Italian regulations, consisting of:

- **The Board of Directors (BoD).** The BoD is the governing body that plays a fundamental role in overseeing OTB’s Strategy, including all topics related to sustainability. The Board’s duties are divided into those who have the direct or indirect power and responsibility to plan, lead and control the company’s activities and those who have the authority to carry out transactions that bind

the company via third parties. The members include the Chairman, the CEO and four directors. The BoD is responsible for setting up the Corporate Group strategy and for the operational and financial performance of the Group. It must also approve annual budgets and extraordinary transactions. The BoD can delegate its power to the Chairman for ordinary and extraordinary decisions and the CEO for day-to-day administration. The Chief Executive Officer and the Chairman are the Company’s legal representatives. They preside over the activities of the Board of Directors and supervise the proper application of Corporate governance procedures. OTB’s BoD has directors from diverse professional and personal backgrounds who combine a broad spectrum of experiences and expertise providing a sustainable medium-long term value to the company. The members of the Board are selected according to objective criteria and meritocracy every three years.

### COMPOSITION OF THE BOARD OF DIRECTORS - 2021

OFFICE HELD	NAME AND SURNAME	AGE RANGE	IN OFFICE UNTIL	EXEC.	INDIPEN.
Chairman	Renzo Rosso	≥50	Approval of the Financial Statements at 2023	•	
Chief Executive Officer	Ubaldo Minelli	≥50	Approval of the Financial Statements at 2023	•	
Director	Stefano Rosso	30-50	Approval of the Financial Statements at 2023	•	
Director	Carlo Purassanta	≥50	Approval of the Financial Statements at 2023		•
Director	Cristina Bombassei	≥50	Approval of the Financial Statements at 2023		•
Director	Arabella Ferrari	≥50	Approval of the Financial Statements at 2023		•

- **The Board of Statutory Auditors.** The Board of Statutory Auditors consists of the Chairman, two statutory auditors and two alternative auditors. It monitors compliance with the law and the Bylaws, the adequacy of the Group’s organisational structure, the administrative-accounting system, and any other procedures and programmes for the actual implementation of the rules established by the Group and the auditing of accounts.
- **The independent auditing firm.** The auditing firm is an independent organisation. It does not represent any majority or minority shareholders; its primary duty is to oversee the statutory audit of the accounts. It is proposed by the Board of Statutory Auditors and appointed in the Shareholders’ meeting following the Bylaws.

The OTB Group has established a system of Powers of Attorney to ensure the separation of duties and the related flows improved for regulatory compliance purposes. The separation of duties is the assignment of roles, tasks and responsibilities within a Group. Following this principle, no individual may autonomously perform an entire process. This principle makes it possible to identify people whose actions may potentially lead to the commission of an offence. It prevents the abuse of power and provides a better arrangement of decision-making procedures and accountability. The adequate separation of duties is also granted by implementing IT systems and tools that enable only identified and authorised people to complete certain transactions.

## ETHICAL COMMITMENT AND TRANSPARENCY

Ethical, transparent, loyal and cooperative conduct is fundamental in managing the Group’s activities. The OTB Group does not merely observe laws and regulations but also considers its Stakeholders’ expectations and aspirations. To facilitate a prevention policy, OTB is implementing an integrated global compliance system that applies to the entire Group and is designed to enforce high ethical standards. With this in mind, OTB has worked to improve its policies, regulations, procedures and programmes while fostering more efficient communication within the Group to create better value. A comprehensive set of practices and procedures designed to govern the complexity of its Brands and Production Hubs ensures the organisation’s efficiency and transparency in operations and enhances its reputation and credibility.

To incorporate the Group’s Corporate guidelines and procedures in all its subsidiaries and Brands and to constantly monitor the current situation, OTB has developed and adopted regulations and programmes at a global level. These are set out to comply with the most restrictive and applicable local laws, which are often more demanding than global ones. The main Group procedures are the OTB Code of Ethics and the Global Compliance Programme. To confirm the above, over the last three years, OTB and its subsidiaries reported zero cases of unethical behaviour related to violation of anti-trust and anti-competition and zero incidents of discrimination.

As mentioned before, in 2021, the Group acquired Jil Sander. Since then, OTB has started an integration process to incorporate Jil Sander into the Group’s operations and policies and to guarantee an alignment between the Group Guidelines and the newly acquired company.

## CODE OF ETHICS

The Code of Ethics is an official document of the OTB Group, last reviewed and updated on 17th March 2022. It describes the set of values, principles and rules of conduct to which the Group adheres to guide its business activities and manage its relations with its internal and external Stakeholders. The Code is applied equally to every country where the Group operates and in every subsidiary.

In particular, OTB Group is committed to ensuring safe conditions in the workplace, respecting employee rights, and avoiding any form of child or forced labour, as well as harassment or discrimination. The OTB Group also commits to protecting the environment and animal welfare and complying with applicable laws concerning working conditions, environmental management, and ethical business practices. The Code of Ethics consists of three main sections:

- the **General Principles** illustrate the fundamental values and regulations of the OTB Group's Corporate culture;
- the **Standard of Conduct** highlights the standards of conduct to be followed to comply with the Group's values and principles and emphasises the ethical elements that need to be applied as part of business activities;
- the **Standards of implementation and monitoring of the Code of Ethics** describe the control system for compliance with The Code of Ethics and its continuous improvement.

The Code of Ethics is shared with each employee of the Group during the onboarding phase.

## SUPPLIER CODE OF CONDUCT

OTB strives to enhance social and environmental performance through continuous improvement. This includes respect for human rights, safe conditions in the workplace and protection of the environment and animal welfare. To ensure all partners honour this commitment, the Group requires suppliers and subcontractors to comply with the "Code of Conduct" at all times.

OTB's Code of Conduct is based on globally recognised social and environmental standards, particularly the eight fundamental ILO conventions and the Universal Declaration of Human Rights. The document illustrates in detail the conditions that each supplier must monitor and comply with and outlines the Company's expectations about the main areas of responsible sourcing. The Code covers the main principles the Group addresses, such as Regular Employment, Child Labour, Forced Labour, Coercion and Harassment, Discrimination, Freedom of Association, Corruption and Bribery, Health and Safety, Working hours, Wages, Environment and Animal Welfare. The document also requires adopting a process to ensure its implementation at suppliers' facilities and raise awareness of these provisions among internal workers and suppliers.



## THE GLOBAL COMPLIANCE PROGRAMME

At the beginning of 2022, OTB approved the “Global Compliance Programme” (GCP) to harmonise the Group companies’ efforts to prevent Corporate criminal liability and illicit behaviour while simultaneously delivering a shared, consistent and global approach against them.

The GCP is inspired by the most relevant international regulations, including but not limited to Italian Legislative Decree 8 June 2001, no. 231, which makes legal entities liable for crimes committed in their interest or advantage by managers and employees or by subjects under their direction or responsibility. The Programme is also inspired by the Anti-Corruption Ethics and Compliance Programme for Business and by the UK Bribery Act 2010. The GCP also includes the recommendations adopted by the Financial Action Task Force (FATF) on money laundering and terrorist financing.



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The rules in the GCP are integrated with commitments set out in the Code of Ethics, with which all recipients must comply. This document also includes the requirements in any relevant Group level policies and corporate governance provisions adopted by each Group Company and reflects the applicable legislation and international best practices. Finally, the Programme includes all regulations set out at a local level to comply with local legislation on Corporate liability<sup>7</sup>, including any related guidelines, policies or internal organisational documents.

OTB identifies a Compliance Officer in each region to align the Global Compliance Programme with local regulations. To this end, the Group is now defining a global control system to ensure compliance with regulations at Group and local levels.

7. Such as, by way of example the so-called 231 Model (“Modello 231”), adopted under the Italian Legislative Decree 8 June 2001, n.231.



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### Anti-bribery and corruption

The Group is committed to ethically conducting all its businesses. In this regard, integrity is fundamental to the Group's activities. Therefore, all Stakeholders in the Group's perimeter are required to conduct business under the highest standards of ethical behaviour and in strict compliance with legislation and regulations, international standards and guidelines, domestic and foreign. For this purpose, the "Global Anti-Corruption Policy" (also called "Anti-Corruption Policy") contains rules and procedures to ensure compliance with applicable anti-bribery and anti-corruption laws. Moreover, anti-bribery and anti-corruption key standard behaviours are addressed in the Global Compliance Programme. In addition, the policy includes the United Nations Office on Drugs and Crime documents, such as the Anti-Corruption Ethics and Compliance Programme for Business.

During the risk assessment procedures, the Group outlined a list of criteria to be verified and analysed to ensure proper control of corruption threats. These criteria cover the segregation of duties, the power of authorisation and signature, transparency and traceability, and the management of third-party relationships.

Along with the first two criteria, a fundamental practice is the transparency and traceability of processes. This includes source identification and traceability, information and controls on making and implementing OTB decisions. Proper information systems and paper documents must always support and ensure the management of financial resources.



Furthermore, the last above-mentioned criteria refer to the appropriate due diligence on honourability requirements that shall be performed before establishing any third-party relationships. The extent of each due diligence assessment, which could include enquiries through business contacts, local chambers of commerce, and business and trade associations, shall be proportional to the actual or perceived risk that any prospective partner might present in the lack of the honourability requirements. The controller drives additional checks and appropriate authorisation levels if any "red flags" are identified during the due diligence phase. In addition, the Group engages in

regular monitoring during the relationship to ensure that the counterparty meets the set requirements and applies proper corrective measures when requirements are not met.

To ensure full compliance with the Anti-Corruption Policy and Programme and the principles of the Code of Ethics, the Group organises training sessions on the Global Compliance Programme and the Annexed Policies required for all employees.

Likewise, each Group Company may consider, with the support of OTB's central function, to provide more specific training sessions for employees who are considerably and directly involved in any area with high risk. In this regard, OTB's Human Resources is responsible for planning and delivering the training sessions with the support of OTB's Compliance function, ensuring that each Corporate Recipient regularly attends training sessions and collects attendance registration.

Thanks to the anti-bribery and corruption approach and programmes, there have been no corruption cases in the last three years among the Group.



### Whistleblowing

The whistleblowing channel establishes and manages direct communication to ensure any suspicion of inappropriate conduct can be voiced. The system is in place at the Group level. It allows any persons related to the company to timely report any potential irregularities and illegal and disrespectful conduct observed within the Group in line with the Organisation, Management and Control Model and the Ethical Code.

Under the Whistleblowing Procedure, any breaches, behaviours or practices not complying with the requirements must be reported directly to the Supervisory Body, using one of the channels made available by the Procedure itself. Such channels ensure the confidentiality and anonymity of the reporting party's identity

throughout the report-handling stages. Once the notice is received, appropriate inquiries are launched to assess whether the instances reported are truthful and relevant. The Group guarantees the adoption of proper measures, including disciplinary actions.

All stakeholders can report any breaches and irregularities through the dedicated email [codeofethics@OTB.net](mailto:codeofethics@OTB.net) or directly to the registered mailbox. The Group has identified a specific mail address for each Brand and Production Hub to reach any subsidiaries. The whistleblowing procedure is accessible to everyone as it is published in the 231 Model, the Code of Ethics, and the Global Compliance Programme.





#### Anti-counterfeiting

For OTB, combating counterfeiting not only protects the image of the Group's brands and its official channels, but it also protects customers from buying counterfeit products. On various levels and channels, the Group regularly monitors this area. To this end, it invests significant yearly resources to implement specific procedures and tools.

The Group's approach to combating counterfeiting is mainly based on assuring that Intellectual Property (IP) assets are duly protected through investments in the registration and maintenance of trademarks and designs and in adopting corporate strategies, optimising the resources and costs associated with IP protection activities. A series of initiatives and prevention tools are, in a few cases, tailored to each brand within the Group.

All brands protect their innovative styles with design registrations to enforce against counterfeiters or competitors replicating the protected styles. These brands cooperate with national authorities in case of ex officio detention of suspect consignments of goods and have activated surveillance at border customs to detect fakes.

The OTB Group is aware that the risk of counterfeiting may be exacerbated by outsourcing production, so it monitors finished product suppliers, providing the logoed materials and anti-counterfeiting labels. To this end, the Group checks that the quantities of ordered products match the supplied anti-counterfeiting labels and conducts on-site inspections.

All Brands have a Trademark Watch Service to monitor trademark applications by third parties and oppose them whenever the trademark filed is identical or similar to the brands'. All brands have also implemented a web monitoring and removal programme to detect infringements, shut down any pirate websites, such as clones of brand websites and social media accounts, or remove listings from various marketplaces.

Some of the highest value products of its brands have NFC (Near Field Communication) and/or RFID (Radio Frequency Identification) technology enabling the customer to authenticate the product, and the relevant certificate of authenticity is registered on the blockchain platform powered by Aura Blockchain Consortium.

Some brands adopt labels with anti-counterfeit systems to recognise fake and unauthorised production and other technologies to trace the products in the market.

The engagement of Group employees remains an essential part of the fight against counterfeiting and always looks for new ways to strengthen the procedures and tools already highlighted. In this regard, the Group trains its personnel in the production, creative centre and marketing departments to protect its rights and prevent third-party IP rights violations. Significantly, each company's Legal Department is trained to manage IP protection. This department is boosting high-level interaction with the Creative and Production departments to work on the distinctive character of brand products and be more effective in the strategy and reporting of relevant instructions to external vendors.

The Corporate and Companies' Legal Departments are also collaborating with trade associations and participating in national and international projects to gain a broad view of the problem and risks and implement more targeted actions in collaboration with public authorities. Over the years, OTB and its companies have started to cooperate with the Board of INDICAM and have attended training with National Customs and with Guardia di Finanza and Italian Police, have participated in the Legal Committee of Confindustria Moda, and have attended meetings at Camera Della Moda and with the Minister of Economics in the Italian Government.

In 2021, the abovementioned activities were fulfilled and contributed to containing the phenomenon of counterfeiting. All the initiatives for preventive and defensive purposes allowed the Group to state that it did not maintain a complying attitude towards the phenomenon. OTB companies have implemented the monitoring of counterfeiting at an online channel level to intercept and remove abuses. In particular, in 2021, they monitored 36 online channels, blocked over 8,163 online auctions of counterfeit products, and shut down approximately 1,305 sites selling counterfeit goods. More than 20,566 pages of 65 domains were delisted from search engines, and about 4,076 posts, accounts or sponsored ads were taken down from social networks.

#### DIESEL & SMART LABELS FOR GARMENT AUTHENTICITY

To allow customers to verify the authenticity of Diesel garments, starting from the Autumn Winter 2016 collection Diesel began to apply a smart tag with a unique QR Code label for each item on the whole 5-pocket adult denim line. The authenticity verification service allows customers to check that the products they purchase or intend to buy are authentic simply by scanning the QR Code. This verification system was then expanded to the entire adult collection in Autumn Winter 2021 and Diesel kid collections starting from the Spring Summer 2022 collection.



#### Data Privacy and Security

OTB prioritises personal data protection for customers and employees. Since the GDPR entered into force, the Group has adopted a Privacy Model with roles and responsibilities at the headquarters and decentred levels and has built a privacy monitoring system.

A Data Protection Officer (DPO) was appointed to monitor GDPR compliance and protect personal data regulations. Recently, the OTB Group has been improving its privacy policies to better outline the Group's approaches and values and ensure compliance with data protection and privacy regulations in all jurisdictions where they operate. This also guarantees stakeholders' rights.

These policies cover different areas and activities, including the protection of employees, partners and customers' data stored in each Brand's CRM and sales channels. The Group has also endorsed several internal procedures, such as Data Breach Procedure, Data Subject Requests Procedures and specific Guidelines for Data retention. Particularly, OTB conducts regular Data Protection Impact Assessments and constantly executes Data Transfer Impact Assessments to legitimise the export of personal data outside Europe. OTB Group has also defined standard Data Protection Agreements with all suppliers processing personal data. To verify the adoption of procedures, DPO regularly conducts several internal audits with the support of external resources.

Thanks to the Group's privacy system and its surveillance, in 2021, OTB identified only one minor incident, consisting of the theft of a laptop, but which did not cause any breach of customers' personal data. In 2020, one Group company notified the Data Protection Authority of a Data Breach consisting of unwanted recipient invoices sent to other customers.

In addition to data privacy activities, since cyberattacks have been increasing with a potentially significant impact on the OTB Group's reputation, business and customer data, OTB has defined a programme to strengthen its cybersecurity posture. With this aim, in 2021, a security assessment was conducted that encompassed all technological domains and processes to assess the overall maturity level and define a roadmap to strengthen selected areas and a strategy for future implementations. At the end of 2021, the Group implemented the first set of initiatives in its strategic plan, focusing on safeguarding users, increasing cyber security awareness, improving authentication security processes and securing published applications. In 2021, the Group also activated a de-risking policy to mitigate any financial impact from a potential cyber-attack.





## RISK MANAGEMENT SYSTEM

OTB continuously monitors the risks that could affect the Group and its economic performance. The Corporate Governance and Internal Audit Function centrally manages risks, regularly defining and updating the Global Compliance Programme to prevent threats.

Risk mapping and detection are based on their impact on the business performance and operational processes. Once a risk is identified, starting from a company's inherent risks and following urgency criteria, the function carries out assessments and audits to correct and reframe the controls.

Risk monitoring encompasses financial and non-financial risks, including tax, operational, compliance, legal, social, environmental, geopolitical, reputational, corruption-related and counterfeit risk. The identified risks may be internal and external to the Group, e.g. related to the industry and market context or linked to the countries where the business operates or its partners.

Due to the Group's worldwide dimension and presence, OTB is exposed to environmental, social and compliance risks.

Set out below are the main risks identified by the OTB Group and the approach and mitigation measures implemented.

### Environmental risks

OTB pays particular attention to environmental compliance, such as environmental laws related to the activities carried out within the company. Additionally, the Group identifies as a sensitive at-risk area the selection of third parties that have to perform specific activities that can impact the environment (e.g. waste management and disposal).

All functions work to ensure compliance with the critical standards of practices detailed in the Global Compliance Programme to mitigate the risks outlined above. In this regard, the Group disseminates information regarding environmental protection within the Company and promotes awareness of such issues while ensuring that all activities comply with applicable legislation. Along its value chain, the OTB Group has identified that the current exposure of its supplier base and the company liability under the environmental law could be a possible environmental risk. The Group has taken several measures to protect the environment, which includes specific and enforceable contractual penalties in case of a breach by a contractor or any of its subcontractors of any applicable international or local legislation addressing the issue in question.

Recent years have seen an increase in the relevance of risks related to climate change and the probability of extreme weather events, such as floods and earthquakes, which can affect OTB's community and production, causing material damage and social crises. Therefore, the Group is committed to taking action by studying and conducting assessments to monitor environmental issues and seek to reduce its emissions.



### Social Risks

The OTB Group is affected by social risks due to its several worldwide subsidiaries and has established relationships and collaborations with many suppliers. The social risks concern human resources, the protection of human rights, customers and suppliers, and those related to supply chain management.

The human resources risks are related to employment relationship management, including irregular working environments and the lack or loss of critical resources. These risks are mitigated through continuous improvement and development of the organisational model and the strategic planning of resources to ensure the human capital meets the needs of the business in skills and competencies. In addition, the Group is developing an employer Branding and a Brand positioning in the international labour market, including strategic recruitment initiatives. In this context, the business must engage its workforce and increase its talent retention strategy through technical, professional and managerial training initiatives. With this proposal, the Group aims to improve employees' engagement through a structured approach to measure the level of satisfaction in the workplace, aligning the Top Management and the initiatives to the priorities employees perceive.

The Group is also promoting the possibility of reporting any internal impropriety to protect its employees.

Social risks are also related to customer satisfaction and engagement. In particular, the Group places clients at the centre of every business operation, from design to the execution and creation of new products. Through dedicated initiatives and innovative tools, OTB is monitoring the degree of customer experience to offer increasingly efficient and timely responses.

A fundamental element in the customer-centricity strategy is the attention to quality and safety products. For this reason, it is equally crucial for the Group to manage customer complaints.

A significant social risk also concerns supply chain sustainability. Specifically, the Group is committed to improving suppliers' traceability and control to better implement ESG aspects into their business strategies and vision. For that reason, OTB is updating its procedures to conduct risk assessments, identify critical suppliers that are not compliant with the Group's principles, manage suppliers and lead performance assessments.

Finally, respect for human rights is vital for OTB, concerning both its employees worldwide and workers in its value chain.

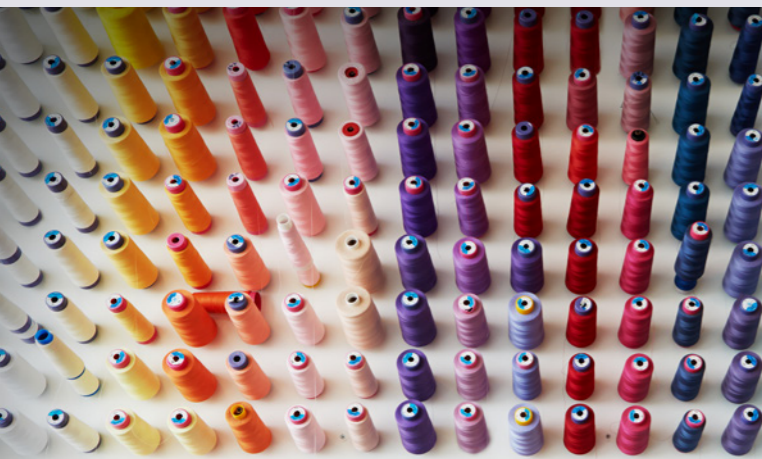


To mitigate the internal human rights risks, each Group company has to follow the key standards and behaviours contained in the Global Compliance Programme and be compliant with any applicable local and international legislation (e.g. ILO Conventions). In addition, the Group monitors compliance with applicable local regulations to tackle gender-based violence and sexual harassment in the workplace.

Each company is in charge of investigating and seriously addressing every gender-based violence and harassment report.

To minimise potential risks to human rights, OTB encourages accurate verification of third parties' reliability in the supply chain. During the stipulation of the agreements with Third Parties, the Group sets forth specific and enforceable contractual penalties in case of breach by a contractor of any applicable international or local legislation.

OTB also requires the contractors and their subcontractors to comply with applicable local and international legislation on forced labour and workplace hygienic and sanitary conditions, in addition to the areas covered by the OTB Supplier Code of Conduct.





PROTECTING  
OUR PLANET



Preserving natural resources is a decisive factor for the long-term viability of the planet. The entire fashion industry relies on nature and its ecosystems to create and inspire respect, and stewardship of Earth's resources is fundamental.

For this reason, OTB has dedicated the first pillar of its Group Sustainability Strategy, "*Be Responsible. Be Brave.*", to identifying actions to preserve the environment and reduce the Group's environmental impact and footprint. In particular, this first area of the Sustainability Strategy focuses on the **protection of biodiversity**, the **action on climate change**, the **protection of oceans** and the **promotion of water stewardship and chemical management**.

The OTB Code of Conduct includes several indications for suppliers to minimise their environmental impact. More specifically, it states that all suppliers must comply with applicable environmental laws and provide training to all relevant personnel on environmental policies and procedures. Suppliers should implement processes and systems to reduce the use of natural resources such as water and energy and minimize waste, recommending the implementation of a broader environmental management system to manage, track, and set goals related to environmental performances, waste, water, and energy included.

### THRIVING BIODIVERSITY

Within OTB's Sustainability Strategy "*Be Responsible. Be Brave.*", the Group and its Brands are committed to exploring a **Science-Based Target for Nature** to quantify and reduce their biodiversity impacts in the supply chain. They also developed of a biodiversity blueprint to help identify biodiversity impacts and dependencies within the OTB supply chain.

Once the impacts are identified, the Sustainability Team will be able to define a biodiversity-focused policy that will support and guide all the Group's Brands and partners in taking the correct actions to reduce their impacts in the upcoming years. These actions will also contribute to strengthening OTB's sourcing standards.

To accelerate the Group's sustainability goals, OTB is currently approaching specific initiatives, starting from people's engagement to create awareness around biodiversity matters. As a member of The Fashion Pact since 2020, Diesel has already taken its first steps to start working on biodiversity-related issues to minimise its impacts on living organisms in their respective ecosystems. Diesel organised specific training on biodiversity and the impact of its direct operations and supply chain to raise awareness among its people.

The training was provided to all relevant teams and departments involved in sourcing and product development. Then, in 2021 Diesel started working towards developing a comprehensive biodiversity strategy, with a specific focus on cotton.

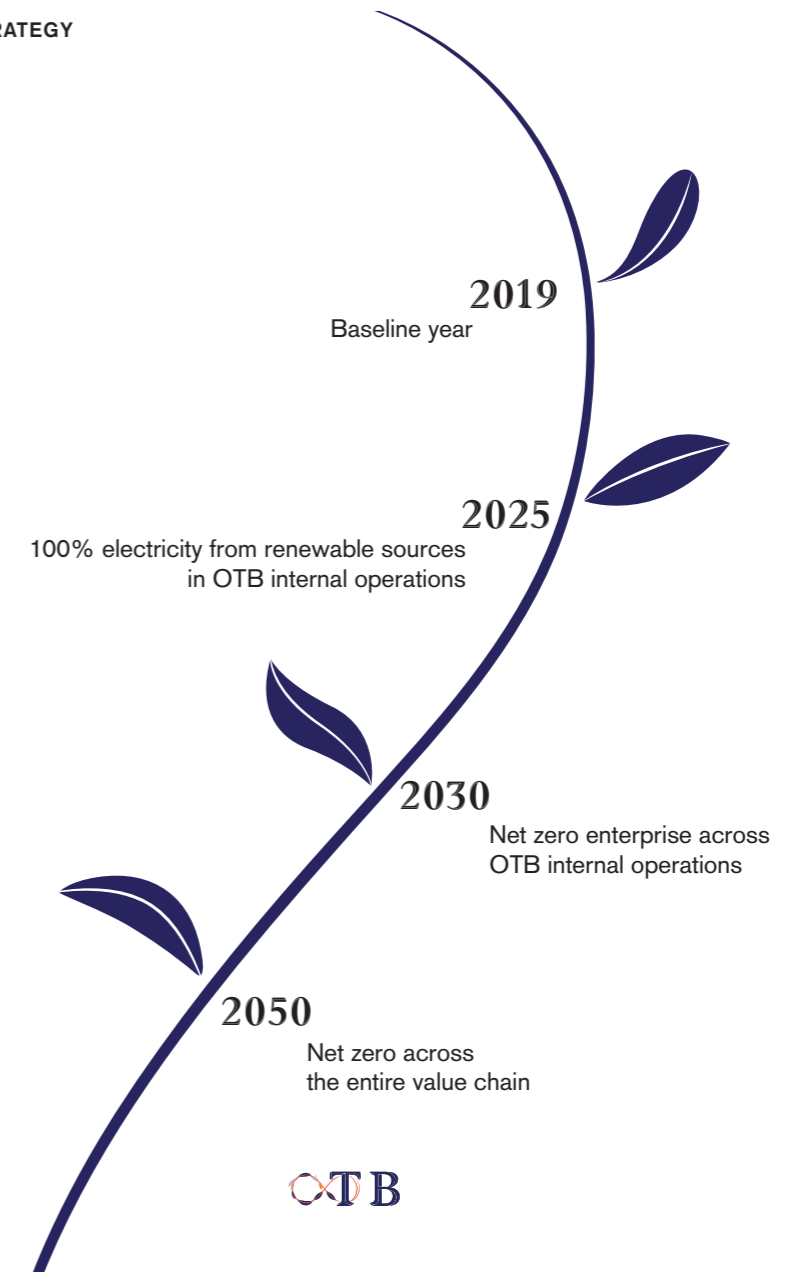


### ACT ON CLIMATE CHANGE

Following the latest global trends and recognising its leading role in spreading ESG best practices, the OTB Group has chosen to dedicate an entire section of its Sustainability Strategy to developing of a specific **Climate Strategy**. The aim was to take action against the current climate crisis, setting the basis to achieve the Net Zero objective and aligning with the **1.5°C climate scenario** in the following years.

The OTB's active work to define its Climate Strategy started in 2020 in the context of the broader process of defining the whole Sustainability Strategy. In particular, the OTB Group Strategy outlines the achievement of Net Zero in OTB's operations by 2030 and within the entire supply chain by 2050, leveraging on a series of actions aimed at reducing emissions through the improvement of processes and operations within the Group as well as along its supply chain. Meanwhile, the Group has also committed to using 100% renewable energy in direct operations by 2025, through a transition process towards cleaner energy sources that began in 2020. After these macro actions, the remaining emissions will be net by implementing nature-based and other climate solutions, such as carbon removals and offsetting.

#### OTB CLIMATE STRATEGY



The Group's path to Net Zero has already started: from the end of 2020, OTB has concretely worked on implementing its Strategy. In this context, the first step was quantifying total carbon emissions generated by the whole Group for 2019, which represents OTB's baseline in the yearly monitoring of target achievement. This project covered 2021 and was a joint work of all Group functions, coordinated by the Corporate Sustainability Function. Based on this measurement, and with the support of a primary consulting firm specialising in climate impacts management, OTB outlined a detailed **Climate Plan** intending to identify concrete actions to achieve the targets set within its Climate Strategy.

The definition of the Climate Plan involves the roll-out of an extensive internal engagement plan through workshops conducted early in 2022 with key departments – facility, procurement, logistics, product development, sourcing, production and supply chain, and also the internal and external communication teams – to raise awareness on the Group's environmental impact and commitments, and to identify the concrete actions needed to reduce the Group's carbon emissions. This extensive preparatory work will finalise the detailed Climate Plan in 2022.



OTB's journey to improve its energy management system and lower emissions consists of several actions. For the Group's Italian sites, extensive efforts have already been made to improve its buildings' energy efficiency and performance; in other countries, these are still in progress. Thanks to the internal energy management system, the Group identifies and analyses energy performances worldwide through specific indicators, such as consumption, carbon emissions and costs. The Group also defines and sets the best practices for energy efficiency among its subsidiaries and coordinates projects related to managing renewable sources and energy use.

The Group is aware that a path toward more sustainable development requires policies to reduce its impact and to implement its activities efficiently. For this reason, OTB is working on the compulsory fulfilment of energy-related regulations and developing a Group Energy Policy. The Facility Department is in charge of managing the Group's buildings and facilities and supervises energy management. Moreover, at the beginning of 2022, a new office within the Group Safety & Facility Department was formally established to oversee the monitoring of energy consumption cross- Brands and to meet the objectives set by the sustainability function at the Group level.

#### Energy consumption and emissions

The Group's energy supply is a mix of different sources. OTB stores, offices and warehouses rely mainly on electricity for lighting, electrical appliances and cooling, while heating is provided with natural gas. The natural gas consumption also accounts for the gas used as energy input for the cogeneration plant in Breganze. All electricity generated is consumed internally. In 2021, the Group's car fleet comprised almost 300 vehicles, powered mostly by diesel fuel, gasoline and methane. Moreover, in the same year, OTB increased the number of hybrid vehicles, which count for 11% of the total car fleet, in line with the Group's commitment to climate action. The rebound of emissions from the Group's vehicles in 2021 compared to 2019 is the outcome of lockdown measures that restricted mobility. OTB also owns a company helicopter, alimented with aviation kerosene, whose consumption is quantified within Scope 1 emissions.

Scope 1 total emissions increased by 1.6% in 2021 compared to 2020, while Scope 2 emissions (electricity directly consumed) increased by 11%, according to the location-based method, and 4.6% for the market-based one. The two reporting methods differ as the former does not consider the Group's renewable certified supplies (with Guarantee of Origins), whereas according to the market-based method, renewable certified electricity equals zero emissions. The modest increase in emissions, especially when considering the market-based approach, is related to the higher electricity consumption registered in European stores in 2021, partially balanced by the rise of the Group's renewable energy share of total electricity supply, which reached 41% in 2021 (36% in 2020). Differences in natural gas consumption from 2019 to 2020 and 2021 are mainly related to improving consumption reporting methods over the years and increasingly accurate mapping of floor areas.

The OTB Group owns several sites equipped with photovoltaic installations within its Italian real estate portfolio. Some of them are directly managed by the Group and fully satisfy the energy demand of the associated buildings. In particular, as of 2021, there are two activated photovoltaic installations, one in OTB's Headquarters in Breganze and the other in the site of Colceresa, whose generated energy is entirely for internal consumption. Moreover, a dedicated team is conducting specific research to implement new solar-panel systems to increase the Group's energy self-sufficiency in the coming years.

#### DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)<sup>8</sup>

	2019	2020	2021
<b>Direct energy consumption</b>	<b>91,709</b>	<b>132,310</b>	<b>135,307</b>
Natural gas	73,130	116,280	113,912
Diesel	10,823	15,507	19,837
Gasoline	7,756	523	1,457
Methane	-	-	101
<b>Indirect energy consumption</b>	<b>86,922</b>	<b>89,251</b>	<b>101,468</b>
Electricity from non-renewable sources	85,955	56,998	59,530
Electricity from renewable sources (from certified green energy)	0 <sup>9</sup>	30,643	40,323
Electricity from renewable sources (self-generated)	967	1,610	1,615
% Electricity from renewable sources	1%	36%	41%
<b>Total</b>	<b>178,631</b>	<b>221,561</b>	<b>236,775</b>

#### GREENHOUSE GAS EMISSION BY SCOPE (Tonnes of CO<sub>2</sub>eq)<sup>10</sup>

	2019	2020	2021
<b>Scope 1</b>	<b>5,178</b>	<b>7,556</b>	<b>7,677</b>
Natural gas	3,965	6,480	6,257
Diesel	723	1,034	1,305
Gasoline	477	33	93
Methane	-	-	5
Kerosene	13	9	17
<b>Scope 2</b>			
<i>Indirect emissions due to power consumption and district heating</i>			
<b>Scope 2 – Market based</b>	<b>10,760</b>	<b>6,287</b>	<b>6,581</b>
<b>Scope 2 – Location based</b>	<b>8,934</b>	<b>8,783</b>	<b>9,747</b>

#### EMISSION INTENSITY INDICATORS

	2019	2020	2021
<b>Scope 2</b>			
g CO <sub>2</sub> eq/kWh Market based	446	254	233
g CO <sub>2</sub> eq/kWh Location based	370	354	346
kg CO <sub>2</sub> eq/sqm Market based	49	29	30
kg CO <sub>2</sub> eq/sqm Location based	41	40	45

8. When data for areas (sqm) were unavailable, estimates based on country-Brand specific means were made. Intensities sqm-based were weighed with a coefficient accounting for the number of months over a year when the store was opened.

9. In 2019 data about renewable energy from certified green energy were not available.

10. The calculation of the CO<sub>2</sub>eq (which includes CH<sub>4</sub>, NO<sub>2</sub>, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub> emissions when present), was conducted following the GHG Protocol. The calculation of CO<sub>2</sub>eq emissions was carried out using the emission factors derived by: AIB (Association of Issuing Bodies), Tema, UK Department for Environment Food & Rural Affairs and Department for Business, Energy & Industrial Strategy, Eurostat database, Curb database, Pcaf database, Ecoinvent database, International Life Cycle Assessment (LCA) studies and papers, Environmental product declarations (EPD).

Carbon footprint measurements include both direct and indirect emissions quantification. As soon as the emissions monitoring process began in 2019, the Group also had Scope 3 emissions in its carbon inventory. Considering the Group's business and peculiarities, relevant Scope 3 categories were identified, in line with the GHG Protocol, to quantify the CO<sub>2</sub> impact of OTB's upstream and downstream activities.

In 2021, the Group's Scope 3 emissions accounted for approximately 96% of total emissions, highlighting the relevance of the impact of the value chain and the need to implement decarbonisation activities. The categories 3 (Fuel and energy related activities), 8 (Upstream leased assets), 10 (Processing of sold products), 13 (Downstream leased assets), and 15 (Investments) were not included in the calculations, because not relevant for the Group. Logistics data (Upstream and Downstream) were taken into account in the calculation of the categories 4 (Upstream transportations and distribution) and 9 (Downstream transportations and distribution).

The main impact derives from Category 1 "Purchased goods and services", which gathers emissions from purchasing raw materials, finished products and packaging.

The second most impactful category within the Group's Scope 3 inventory is "Use of Sold Products", where emissions from indirect use of products are considered along their whole lifecycle. In particular, the impact deriving from the regular care of products (washing, ironing, drying) was calculated, considering various applicable use case scenarios<sup>11</sup>.

Scope 3 calculation completed the entire GHG inventory of the Group and served as the 2019 Baseline for OTB's Climate Plan definition.

#### SCOPE 3<sup>12</sup> CATEGORIES ARE SHOWN BELOW: SCOPE 3 (Tonnes of CO<sub>2</sub>e)

	2019	2020	2021
1. Purchased goods and services	218,024	177,019	205,933
2. Capital Goods	7,217	15,963	8,789
4. Upstream Transportation and Distribution & 9. Downstream Transportation and Distribution	14,712	14,915	16,910
5. Waste generated in operations	436	465	611
6. Business Travel	1,822	395	390
7. Employee Commuting	16,865	12,063	12,345
11. Use of Sold Products	31,479	51,158	58,409
12. End-of-life Treatment of sold products	5,299	7,262	8,065
14. Franchises	2,419	2,419	2,374
<b>Total</b>	<b>298,273</b>	<b>281,659</b>	<b>313,826</b>

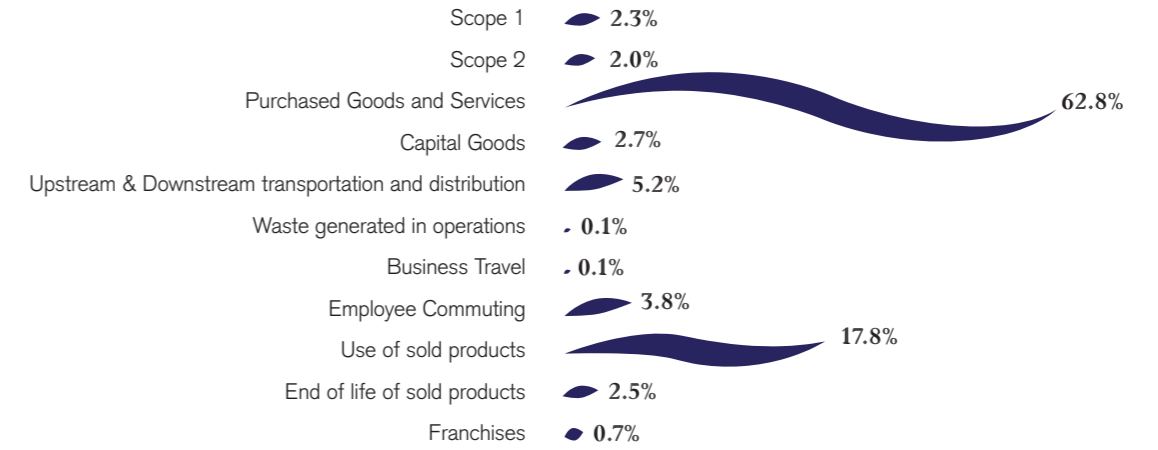
11. Shoes and bags were excluded from the calculation, assuming they did not undergo such treatments.

12. When data were not available, estimates shared and validated with the responsible functions were used.





### OVERVIEW OF CARBON FOOTPRINT 2021 RESULTS



To strengthen its Climate Strategy, OTB Group has responded to the **Science Based Targets initiative (SBTi)**'s call for Corporate climate action and, in June 2021, committed to setting science-based targets to reduce emissions across all scopes, in line with the 1.5°C scenario. The temperature goal of 1.5°C of global warming has been defined by the United Nations, through the IPCC, as a critical threshold, which should not be overshoot to avoid irreversible effects on Earth's ecosystems and human life. The SBTi defines and promotes best practices in emissions reduction targets in line with climate science, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

The Group has already started implementing several initiatives to achieve the strategic goals linked to its Climate Strategy. In fact, in 2021, OTB planned the implementation of electric bollards and installed charging stations for electric cars. Moreover, the turning-on schedule system and the temperature set points for winter and summer were updated in line with more innovative technologies in the company's most energy-consuming locations.

The Group is also planning other activities to reduce its impact and drive a more regenerative business. More specifically, OTB is committed to conducting energy diagnoses regularly, as it is classified as a large enterprise according to the local Italian legislation. In addition, OTB has planned investments to renovate the lighting systems installed at all sites, replace them with LED light bulbs, and expand its photovoltaic installations.

## THE GREEN MOBILITY & FOOD WEEK

The Net Zero goal is a shared objective for the Group and can only be achieved through a common vision and by acting together. For this reason, the Group has put in place specific initiatives to achieve its strategic goals but, most of all, to continuously engage its main Stakeholders, starting from its employees.

In 2021, OTB organised the first **Green Mobility & Food Week**, an initiative aimed at promoting sustainable mobility, healthy nutrition and well-being within the workplace, raising employees' awareness of the importance of making sustainable and conscious lifestyle choices, especially when speaking of everyday mobility and food.

One of this week's main themes was the Group's journey toward reaching Net Zero by 2030. To support this goal, some selected car-eligible employees experienced drive tests of electric cars and tested the new charging stations for electric vehicles in the parking areas of the OTB Headquarters. As a pilot project, the Group partnered with Jojob Real Time, a Carpooling App that the employees of the Italian offices are encouraged to use, as a more sustainable mobility solution for commuting. Thanks to this app, employees can share the journey to and from the office with other colleagues, splitting travel expenses and reducing their environmental impact.

Moreover, during the week, employees could participate in informative talks with Cortilia and Planet Farms, organisations that rely on sustainable business models and promote innovative or organic cultivation methods. While the week lasted, the Group's canteens offered special organic km0 menu.



## OTB LOGISTICS SYSTEM

Due to the diversity of its business worlds and their different sourcing strategies, OTB has a complex logistics flow. The various markets supplied and sales channels should also be considered. OTB's Production system consists of two main sub-systems: one for the *Full Production Package* (FPP) manufacturing model, comprising finished product logistics, and the other for the *Cut, Make and Trim* (CMT) manufacturing model, including both raw materials and finished products transportation. In the first case, the finished products flow directly from the labs to the destination hubs. In the second one, the warehouse in Breganze receives the majority of raw materials and accessories from the suppliers to check their quality and manage production orders to send them to the manufacturers for the first production stage.

Next, OTB manages the flows of the semi-finished products in the following phases. OTB has better visibility of all intermediate processing stages in this case. In other cases, raw materials are directly sent to manufacturers. Moreover, depending on specific agreements, transport can be handled by intermediate suppliers or directly by the Group.

OTB's distribution logistics system is handled by the Corporate logistics hubs, which mainly deal with receiving and loading incoming finished products, shelf positioning & picking, packing and shipping. These hubs also cover reverse logistics, such as returns of goods, exchanges or end-of-season returns.



The main flows concern the transfer of goods from suppliers to a Primary (or Central) hub and from the Primary (or Central) hub to a Secondary (or Regional) hub. These hubs are set up at the distribution level to handle business-to-business and business-to-consumer channels.

A direct shipment from supplier to Secondary (or Regional) hubs is arranged when possible, considering the mix of volumes, sourcing area and distribution area.

OTB Group is working to improve the role of automation in its warehouses. This path started with the Brave Kid warehouse, which will be finalized by the second half of 2022. OTB is also planning to include two automation initiatives in its hub in Isola Vicentina in terms of distribution and reverse logistics. This way, all returns received from across Europe will be stocked automatically.

Both the in-sourcing process of the e-commerce management for each Brand, along with the integration of the last acquisitions of the Group, are leading OTB to rethink its logistics systems to better respond to changing external conditions and internal needs while reducing its environmental impact.

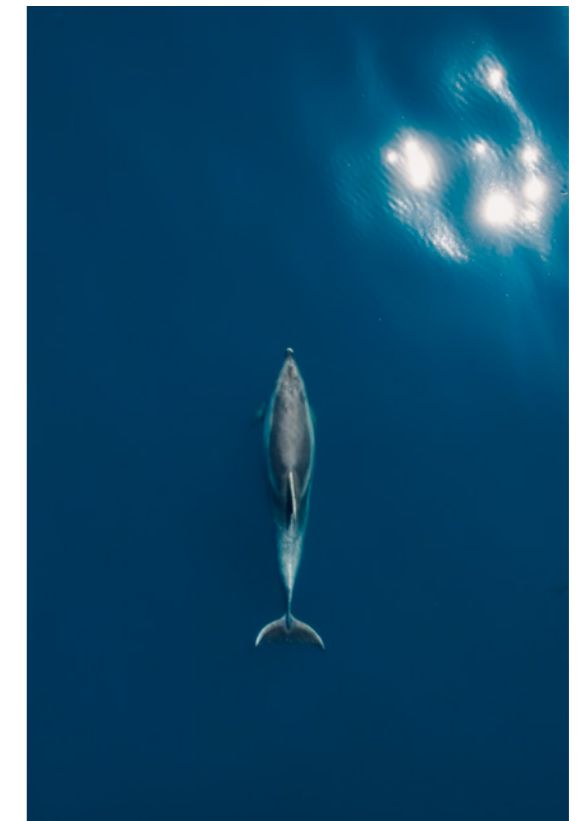
In addition, the logistics function is responsible for carrying forward some of the OTB Group Sustainability Strategy goals. In line with the shared Climate Strategy, this function is committed to reducing emissions as much as possible via efficiency and process improvements, mainly by investing in projects to rationalise transportation and reduce packaging.

In line with the goals set in the Sustainability Strategy, the Group is redesigning its distribution process to meet ocean protection targets, specifically to eliminate all single-use plastic packaging, reduce plastic waste and reach a target of 100% responsibly-sourced packaging. In this context, the Group is working toward replacing all bags and single-use elements made of virgin plastic with paper or recycled alternatives.

The logistics commitment extends its actions even further toward sustainable design. Following this direction, OTB is verifying the feasibility requirements for obtaining the LEED certification for one of its logistics hubs.

## PROTECTING OCEANS

OTB and its Brands are committed to minimising plastic waste and avoiding single-use and unnecessary plastic packaging, in line with The Fashion Pact targets. Moreover, the Group is willing to partner with other organisations to clean oceans and waterways and preserve marine species. Protecting oceans and aquatic species is fundamental for planetary health, as water basins capture CO<sub>2</sub>, produce oxygen through phytoplankton and provide seafood-based protein for the world's population.



Oceans protection will be ensured by gradually replacing plastic packaging with sustainable alternative materials and creating innovative designs. To support the cause, the Group has identified and incorporated specific objectives into its Sustainability Strategy, which applies to all OTB Brands. These include eliminating all single-use plastic packaging and transitioning to recyclable, recycled or sustainably sourced packaging materials in wholesale and retail, aligning with The Fashion Pact's goals. The Group has also pledged to participate in crucial industry coalitions and policy initiatives to support infrastructures needed for circularity in packaging and supporting ocean conservation.

Since packaging is one of the many ways the fashion industry affects oceans, OTB is committed to removing any unnecessary plastics (e.g. PVC Polyvinyl chloride, microplastic fibres) from key products and reducing plastic waste from its operations, buildings, and facilities over the next few years.



Each Brand and Production Hub is undertaking initiatives to reduce OTB's impact on oceans. In 2019, OTB Group launched the project "Remove plastic from water by removing water from plastic" to reduce single-use plastic at the office level, in collaboration with 24Bottles. When joining the company, all OTB employees receive the OTB Clima Bottle and are encouraged to use the available water fountains that have replaced single-use plastic bottles in vending machines at the headquarters and offices in Italy.

Packaging used at OTB derives from e-commerce, retail market, logistic, internal use and hangers. It consists of 90% paper and cardboard from responsibly managed forests and 5% by plastic, while the remaining percentage includes cotton and metal. OTB is focusing on using a greater percentage of more environmentally sustainable materials for its packaging, starting from the product design phase.

**PACKAGING - MATERIAL TYPE** (Tonnes)

	2020	2021
Cotton	11.1	27.2
Metal	93.4	72.5
Paper and cardboard	2,416.2	2,488.1
Plastic	150.4	148.6
<i>of which recycled</i>	0.2	0.3
<b>Total</b>	<b>2,671.1</b>	<b>2,736.4</b>

Brands are engaged in engineering and developing packaging design, product labelling and recycling systems which minimise the use of resources and emissions generated by transportation.

Some OTB Brands have replaced traditional polybags with alternatives made with pre-consumer recycled materials or responsibly-sourced paper materials. In particular, as mentioned earlier, Diesel in 2020 has become a member of FSC® and has begun sourcing paper packaging (both in B2C and B2B) almost exclusively from responsibly managed forests and FSC®-certified suppliers. Most of the Brands whose production is overseen by Staff International and Brave Kid are also moving towards the choice of responsibly sourced packaging materials. Moreover, some Brands are also adopting hangers made from recycled sources by recovering and recycling plastic waste.

In 2021, Diesel started a study to replace virgin polyethene with 100% recycled polyethene for its polybags for transporting garments and is currently switching all its B2B plastic packaging to 100% recycled polyethene.

Given the smaller dimension of Viktor&Rolf, the Brand was able to focus its purchases on one single supplier who can ensure the quality and development of sustainable, certified packaging.

**MARNI: A NEW GENERATION OF PACKAGING**

Driven by the commitment toward an increasingly responsible practice and in line with creative director Francesco Risso's willingness to inject the vivid spirit of Marni collections into the Brand's visual identity, Marni has introduced a new generation of packaging, taking a further step into the Brand's path towards more responsible production.

The new generation of boxes draws inspiration from Bauhaus wooden building games, revisited through Marni's always-unique perspective, mismatching colours in two and three-tone combinations. Marni's new packaging is composed of materials -sourced in line with standards of responsible forest management, promoting biodiversity protection and benefiting the lives of local workers while ensuring economic viability. Designed to be treasured and collected, boxes and shopping bags comprise 50% recycled paper and 100% recycled cardboard, of which 60% is generated from pre-consumer waste and 40% from post-consumer waste.

Marni has designed new packaging for retail and online channels, including shopping bags, product packaging and gift boxes. In particular, the Brand is reducing the number of packages for online sales by shipping some products, such as shoes, in their packaging without any additional boxes.

Marni is also exploring the possibility of reusing the boxes used by logistics for shipping to shops for end-of-season merchandise returns.



## MAISON MARGIELA: A PACKAGING THAT LASTS OVER TIME

Maison Margiela's iconic shopping bags are totes made of white cotton, enabling long-lasting use for customers and reducing waste.

Maison Margiela has a forthcoming new luxury packaging programme enhancing sustainability by developing a paper carrier bag that is as environmentally conscious as possible, using a material combination that makes recycling easier, with no unnecessary elements used or wasted. A QR code inside the bag directs customers to a web page with all information on the sustainable process for Margiela's packaging.

### Waste management

Waste reduction has been embedded in the Group's Sustainability Strategy through various interventions following two directions: *Protecting our Planet* and *The New Fashion System* pillars. In light of the Group's focus on decreasing waste and making better use of resources, OTB has agreed that none of its facilities will send any waste to landfills by 2025.

Due to the diverse activities<sup>13</sup> carried out by OTB Group's subsidiaries, reducing and reusing discarded goods and waste poses a challenge. All the activities inevitably generate waste, such as packaging and processed textile fibre, and rubbish from everyday business operations. To address these concerns, OTB Group has been actively pushing a low-impact business style for several years by implementing various waste management projects and encouraging greater resource utilisation across all subsidiaries.

OTB has also pledged to recover and reuse waste, minimise plastic and non-recyclable materials, and build a sustainable waste management culture throughout its supply chain to achieve its ambitious goal. Campaigns to promote a plastic-free lifestyle, second-hand initiatives and the recovery and recycling of prototype rubbish are just a few of the most recent projects. Finally, to reduce the environmental impact of goods after use, the Group is introducing a new culture that encourages all its customers to engage in responsible behaviour during the product's life.

13. Activities include direct and indirect production and trade, import-export of clothing, leather goods, footwear, furniture, and accessories, design and creation of prototypes, fashion and industrial design activities, logistics, production management services, and office activities.

The Group Safety & Facility Department, which oversees waste management, strives to coordinate and integrate environmental legislation, environmental protection and improvement and reasonable, rational use of natural resources, while promoting the quality of life for employees, clients and Stakeholders. The function keeps track of solid waste management and disposal, as well as water discharge and emissions into the atmosphere.

Regarding waste management, the Group uses authorised transporters who follow current legislation, ensuring correct recovery operations, and minimising impacts. The monitoring and data collection processes comply with the relevant regulations, providing manufacturers with traceability and waste segregation. Moreover, OTB adopts the appropriate waste disposal procedures in compliance with applicable law, specifically focusing on dangerous waste. Following the Global Compliance Programme, the Group focuses on avoiding risks related to possible environmental crimes.

In 2021, OTB Group's headquarters and subsidiaries retrieved almost all the waste created in Italy.

### TYPE OF WASTE GENERATED<sup>14</sup>

	2020 (TONS)	2021 (TONS)
<b>Not Hazardous waste</b>	<b>548.1</b>	<b>824.3</b>
Construction and demolition	25.8	5.0
Packaging mixed	190.9	287.9
Paper and cardboard	153.4	323.7
Plastic	16.6	25.3
Textile fibres	45.9	57.5
Other waste <sup>15</sup>	115.5	124.9
<b>Hazardous waste</b>	<b>2.6</b>	<b>9.1</b>
<b>Total waste generated</b>	<b>550.7</b>	<b>833.4</b>

The 2021 waste increase is due to the resumption of activities after the 2020 lockdown and the boundary expansion, as Jil Sander and logistic plants were added to the estimate.

14. The reporting boundary was limited to Italy as accurate data from other countries was unavailable. Furthermore, the waste estimate excluded the entire retail segment.

15. Other waste includes waste paint and varnish containing organic solvents or other dangerous substances, printing toner, batteries and accumulators, organic wastes containing hazardous substances, adhesives, bulky waste, facilities paper and cardboard, fluorescent tubes and other mercury-containing waste.

## WATER STEWARDSHIP AND CHEMICAL MANAGEMENT

Water is key to many of OTB's manufacturing processes representing an essential and valuable resource for the Group. The Group is intentionally working on using water more efficiently in its supply chain production processes and eliminating possible chemical contamination from wastewater. Water stewardship and chemical management are one of the main areas of action of the "Be Responsible. Be Brave." Strategy.

OTB aims to responsibly steward water resources to ensure adequate water quantity and quality for communities and watershed health. With this, OTB Brands started working closely with their suppliers to create innovative processes and use materials which reduce water consumption.

On Earth Day 2020, Diesel launched "A Respectful Denim with Diesel DNA" collection created using innovative techniques that significantly reduced the use of water and chemicals during the production process. The same approach was later enhanced and expanded in the Diesel Library, a denim line that accounts for almost 40% of the overall denim offer and that, within its holistic approach towards sustainability, focuses explicitly on more responsible and lower-impact treatments. In this regard, Diesel directed its efforts to achieve essential improvements in treatments and finishing processes, such as certified water-based prints and an innovative treatment allowing complete discolouration and a bleached effect using less than a cup of water for a pair of jeans. Other innovative treatments include alternative pumice stones and abrasive drums, which reduce the need for traditional ones; laser finishing technology, nebulisation and ozone treatments which allow for an overall reduction in the use of water and chemicals.

In 2021, thanks to the increasing synergies of the companies within the Group and the inspiration taken from the Diesel adult line, Brave Kid started to design some of its products in line with the Diesel approach, using fabrics and innovative treatments to ensure the same product design quality and sustainability standards.

### STAFF INTERNATIONAL STEAM WASHING TREATMENT

In one of its central laundries, Staff International has adopted a washing treatment for finished products since 2020 that uses nebulised saturated water vapour. This treatment, which replaces the traditional washing process with warm water and conditioner, makes it possible to save 90% of water compared with the traditional one and to use electricity more efficiently. Thanks to this technology that does not involve the use of additional substances, washing treatments can produce up to zero impurified water, sludges and harmful chemical substances.





The OTB Group's ambition is to phase out harmful chemicals from its supply chains and the product life cycle to protect end consumers, factory workers and, above all, the environment. In this context, OTB pays close attention to complying with international regulations, voluntary requirements and environmental guidelines defined by the Group, striving to deliver a unified strategy among all Brands. In line with this ambition, in August 2021, OTB joined the "ZDHC Foundation's Roadmap to Zero Programme" at the Group level. This critical step helped develop a water stewardship and chemical management strategy based on the sector's most widely recognised standards. In particular, as a ZDHC Contributor, OTB Group is committed to phasing out the use of hazardous chemicals from its production processes and onboarding all wet-process suppliers by 2030.

In November 2021, in partnership with the Roadmap to Zero Programme, OTB hosted ZDHC's Southern Europe Regional Conference at its Headquarters in Breganze, Italy. At the event, best practices of sustainable chemical management in the apparel, leather and footwear industry were shared. It was open to all brands, suppliers, service providers and associations. The adherence to ZDHC Guidelines substantially impacts the Group's value chain as all of its key wet-processes suppliers have started implementing actions to align with the Group's compliance code. Each Brand is responsible for monitoring the progress and adherence to their suppliers' protocol. Based on this, OTB Group suppliers must register to the ZDHC Gateway, the world's largest global database for "safer" chemical alternatives for the textile and footwear value chain.



Different PRSL (Product Restricted Substances List) and MRSL (Manufacturing Restricted Substances List) were used by OTB Brands and operating companies before 2021, while at the beginning of 2022, the first Restricted Substances List (RSL) and Product Safety requirements were approved at Group level. The Group's new chemical management policy contains all the restrictions on chemical substances used in raw materials and finished products and those outlined by the most recently applicable ZDHC MRSL for chemicals used in production and further Product Safety requirements. All suppliers must adopt and subscribe to the Group's chemical management policy during the supplier's onboarding process. The document will be subject to annual reviews.

## S.O.S. PROJECT (SUSTAINABILITY OPERATIONAL SUPPORT PROJECT)

In September 2016, Staff International initiated a project involving its main wet process suppliers, five laundries and five printing houses, with the primary goal of minimising chemical risks related to finished products, wastewater and process emissions. The programme envisages for suppliers to sign, in addition to the Group's Code of Conduct and RSL, also the "RTX - Chemical Sustainability Management System®" Guidelines and Protocol, drawn up in collaboration with Ritex (Textile research and analysis laboratory), to set specific procedures and rules for the correct management of environmental and chemical issues. The project also involves dedicated training for suppliers and third-party audits to verify textile materials, chemical substances, wastewater and air quality in the workplace in compliance with the programme guidelines.

Physical and chemical compliance is handled according to the business model of OTB Brands. In Diesel and Brave Kid, before a purchase order is issued, the Production department requires its suppliers to assess and meet the product's physical and mechanical requirements, measurement standards, and other required compliance aspects. Tests are carried out at different checkpoints along the production processes depending on the process involved and are conducted either on raw materials or finished products.

Moreover, suppliers must provide a test report for specific finished products, fabrics or treatment types. Independent, world-leading, certified laboratories perform all tests for chemical compliance, physical performance and safety. A particular policy requires suppliers to perform a chemical compliance test at an accredited laboratory for each style, defined as each combination of fabric pattern and wash/treatment (or on the fabric only if no treatment is involved).

This policy applies to all ready-to-wear garments, except for a minimal number of items like those used during fashion shows. Considering these few exceptions, the application of this procedure enables Diesel and Brave Kid to achieve a test coverage of 97% of styles.

Staff International has also established a specific policy for both Ready To Wear and Shoes & Bags divisions to guarantee chemical and safety product compliance by testing raw materials, treatments, and finished products, covering most of the items sold. For example, for the Ready To Wear division, in 2021, Staff International performed chemical tests on styles able to cover 73% of finished products.

From 2021 the Group has increased tests on new suppliers and materials and further testing guidelines will be implemented by 2022 to increase the percentage of tested product.



### BRAVE KID: SAFER PRODUCTS FOR LITTLE CUSTOMERS

For Brave Kid, the market requires compliance with stricter standards and regulations to guarantee kids' safety. For this reason, safety is key to Brave Kid's philosophy, especially when it comes to products for babies designed and made to ensure that no removable parts are ingestible. The company tests its products following the regulation for cords, drawstrings, and anti-flammable features, as well as sharpened and cutting parts leaning on specialised laboratories.

Safety for Brave Kid means responsible management of chemicals as well. Aware of the risks of exposure to hazardous chemicals for human health, especially for the youngest ones, Brave Kid has a PRSL far stricter than the current regulations prescribe. Every production material is therefore tested against Brave Kid's PRSL. Further tests are conducted according to the complexity of the final product and its applications, allowing Brave Kid to maximise the coverage and ensure product safety and compliance on a broader level. This PRSL will be replaced in 2022 by the OTB Group RSL, a unified document for all Brands that includes some specific chapters on kidswear.

On average, every Brave Kid product is tested on multiple risk factors: in 2021, Brave Kid executed more than 2,000 tests over around 900 types of final collection items, as proof of the high attention given to this aspect. The goal for Brave Kid in the following years is to keep improving its product test coverage, building on the increasing trend of the previous years.







THE NEW FASHION  
SYSTEM

The New Fashion System is the second pillar of OTB's Sustainability Strategy. With this bold ambition, the Group aims to transform the conventional fashion business model into a more conscious and responsible way of designing its products, services and operations. There are three major fundamentals to this New Fashion System: *Sustainable Product Design* focuses on adopting innovative design approaches to reduce products' environmental impact; *Circularity* encourages the use of sustainable and recycled materials; *Responsible Sourcing & Traceability* aims at developing new transparent and traceable procurement and sourcing practices.

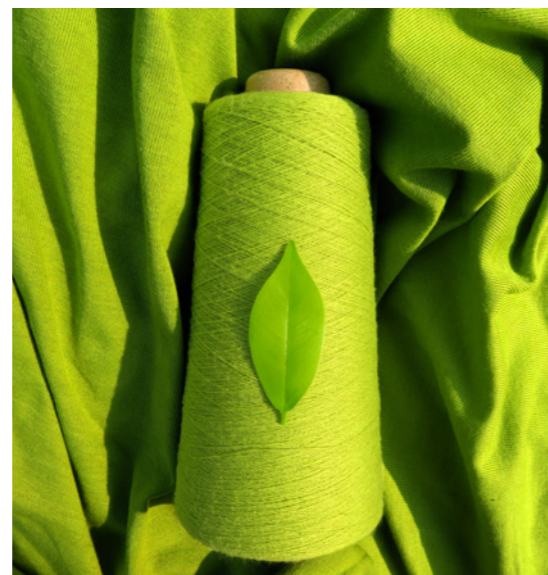
### SUSTAINABLE PRODUCT DESIGN

OTB Brands rely on innovation, audacity and quality to make their products last over time. Brands are responsible for helping reduce the Group's environmental impact and creating a sustainable vision of fashion based on innovative, high-quality, responsible product designs. The Group's goal of sustainable product design guarantees that professionals involved in production processes receive updated training on circular and sustainable design and innovative practices. In support of this, OTB identifies tools and procedures to follow while creating any product among the entire Group.

Regarding sustainable product design, Diesel created internal product sustainability guidelines to guide its R&D, product development, style, merchandising and production teams in making decisions and developing responsible products. To help them identify and choose from responsible fabrics, treatments and trims, the Brand has developed matrixes for preferred materials, treatments/finishes and trims, with specific directions and criteria to "validate" products that meet these internal standards and can therefore be labelled as "For Responsible Living" Products. These guidelines aim to educate internal teams on the main themes of product sustainability and circular design, and to integrate more responsible materials and processes into Diesel's collections season by season and across all product categories.

In addition to the above, when focusing on developing products and new collections, Diesel's Sustainability Team is directly involved in the brief executive meeting, setting sustainability targets for future collections.

Also, to foster the Brand's sustainability beyond the production cycle, OTB is extending its commitment to its product distribution channels and the placement and communication channels (e.g. stores, visual merchandising, fashion shows and press campaigns). Accordingly, OTB is committed to complying with the highest environmental sustainability standards, including the most relevant energy efficiency and materials certifications for buildings, also in the context of boutique design.



### BE CIRCULAR

OTB vision is embedded with circularity. The fashion industry is affected by crucial challenges such as material waste, resource exploitation and premature disposal that need to be addressed primarily by the Brands and their customers to shift towards a circular economy system. To do so, companies need to work on creating innovative and sustainable products from the designing phase to the disposal phase. Brands should also educate consumers on how to contribute to this circular transition effectively.

A circular transformation can be achieved through product innovation, which is at the heart of *The New Fashion System* pillar. The Group pledged to play an active role in the global transition movement from linear to circular fashion and to pilot solutions to impact the planet in a more positive way within the fashion industry. In particular, OTB Sustainability Strategy focuses on zero product destruction, reducing and eliminating non-renewable materials, enhancing the use of up-cycled materials and setting targets for buy-back, using post-consumer materials and exploring new design models with all OTB Brands and licenses.



Each Brand helps the Group achieve long-term sustainable development by developing new designs and using alternative materials to give customers a more conscious and responsible choice. Thinking circular from the design stage makes it possible to prioritise durability and recyclability according to the product's use and the environmental impact.

In particular, within OTB's Brands, the research for sustainable materials is continuously active. Brands are introducing more responsible options for materials, such as organic cotton, and other alternatives with a lower environmental impact, such as recycled cashmere, recycled nylon, recycled polyester and other responsibly sourced fibres. While finding more responsible alternatives to basic fabrics such as conventional nylon, polyester and cotton is easier, finding valid options for more sophisticated materials used in high fashion like foils or sequins is more challenging.

In addition to introducing more sustainable and responsible garments and accessories into their collections, between 2020 and 2021 all OTB's Brands launched dedicated initiatives to reuse vintage, leftovers or second-hand clothes, accessories and textiles.

## BE THE ALTERNATIVE: DIESEL'S COMMITMENT TO CIRCULARITY AND LOWER IMPACT MATERIALS AND PROCESSES

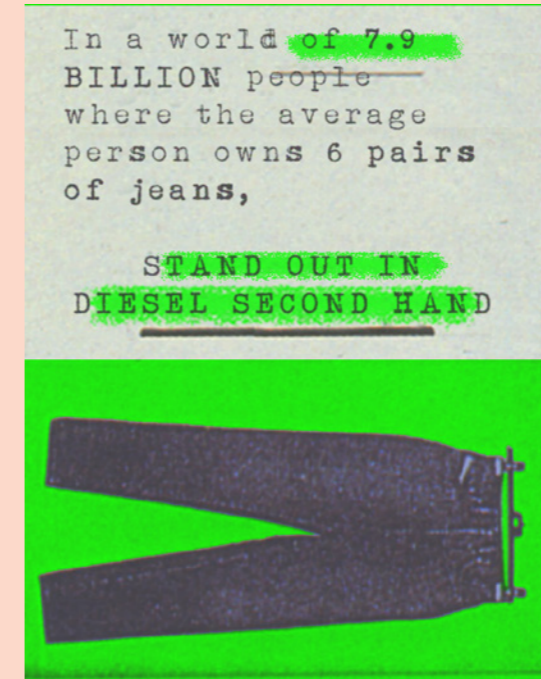
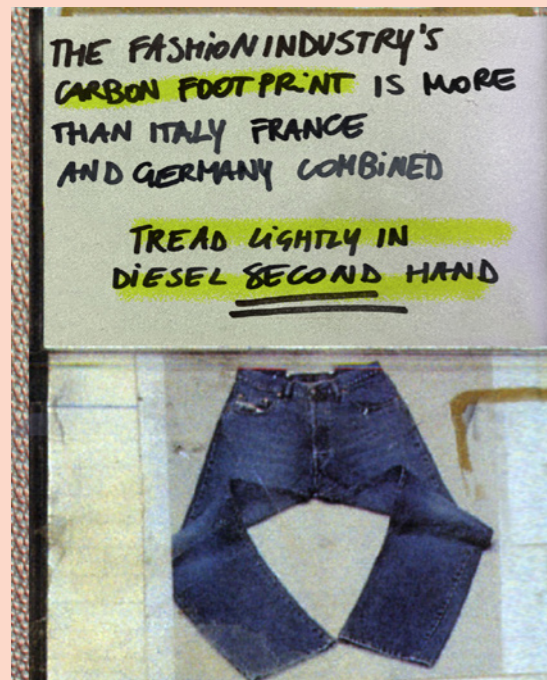
Be the Alternative is one of the pillars of the Diesel "For Responsible Living" Strategy. Diesel is committed to creating alternative and responsible products, looking for low-impact materials and innovative techniques, investing in research and development and discovering more sustainable solutions throughout its value chain.

In 2020, Diesel launched its first upcycling collection beginning with a limited-edition collection of 5055 pieces combining Diesel and 55DSL deadstock pieces and prototypes. The Diesel upcycling project resulted from a meticulous process of research and development, which demonstrated how it is possible to value previously existing garments through creativity while sticking to the Brand's DNA.

In 2020, the launch of this upcycling initiative represented the first key milestone in Diesel's journey towards circularity.

In 2021 Diesel launched its **Diesel Second Hand** pilot project to extend the Diesel denim lifecycle and the use of Diesel products. With this one-of-a-kind buy-back and resale model, Diesel denim garments that are still in good condition can be put back into the market and repurchased by clients that are nostalgic for older styles, interested in sustainability & pre-loved garments, as well as the younger generations looking for more affordable Diesel products. The pilot project has been launched in two phases: a) a buy-back phase that started in July 2021, only active in Italy, which encourages consumers to bring back their old, unused garments to 9 stores location in exchange for a Diesel gift card; b) a reselling phase launched in November 2021, active both online - throughout Europe - and physically - in 3 Italian flagship stores.

What sets the Diesel Second-Hand project apart from similar initiatives and makes it so unique is that it is traceable and vertically managed by Diesel in all its phases. These include in-store buyback and reconditioning – which takes place locally, less than 200 km from the Diesel headquarters thanks to long-lasting partnerships with suppliers – and the reselling phase, in 3 of its Italian flagship stores, but also through a vertically integrated platform on Diesel's e-commerce site.



Diesel also takes pride in making "Diesel Second Hand" stand out through a special makeup process applied to all Diesel second-hand items (e.g. dedicated internal print of "Diesel Second Hand") and the fact that traceability is ensured for all Diesel second-hand garments through a QR Code and an RFID system.

The power of internal and external collaboration with a key focus on value chain partnerships with suppliers was vital for the success of this project and of a fundamental value for Diesel's journey toward circularity.

More recently, emphasis was given to denim through the launch of **Diesel Library**. Following a three-dimensional approach to sustainability, all fabrics, treatments and trims used have a lower environmental impact than traditional alternatives. This project led Diesel to include a much higher percentage of recycled, organic, lower impact materials and more responsible cotton in the Denim collection. Furthermore, the Brand implemented innovative treatments that allowed for conspicuous water and chemical reductions along with less impactful alternatives to traditional washing and finishing procedures (e.g. alternative pumice stone, abrasive drum, nebulisation, ozone, laser, etc.). Finally, the selection of trims applied to Diesel Library includes chrome-free tanned leather patches, inner labels made with recycled materials, metal buttons with no-galvanized treatments and cellulosic trims, including hangtags and patches, made of FSC® certified materials.





**BRAVE KID**

Brave Kid is constantly seeking innovation to ensure durability and quality for kids' products. In this regard, Brave Kid has worked on developing a meaningful project in terms of durability and upcycling, creating a new responsible line for MYAR, Andrea Rosso's Brand, designed to enhance the theme of environmental protection. MYAR is made exclusively from upcycled fabrics, reducing the need for new raw material creation thanks to a circular-design philosophy and an inclusive fashion approach. This product line uses fabrics and materials already present on the market in stock in some cases from OTB companies' warehouse leftovers that find a new, second life by reducing, reusing, and upcycling children's garments. MYAR aims to zero raw materials production and to upgrade materials left behind.

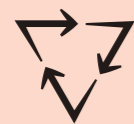


In 2020, Maison Margiela introduced Recicla. The Maison expands on the existing concept of the Replica line used to brand reproductions of vintage finds within the house's collections. Items carrying the new white Recicla label are genuine, authentic pieces, handpicked by the creative director John Galiano, restored and re-appropriated as limited-edition garments or accessories intended for sale.

**MM6 Maison Margiela Upcycled Patchwork capsule**

As part of the Spring/Summer 2021 collection, MM6 proposed a limited-edition range of one-off patchwork versions of iconic pieces made from dead-stock materials. Created during the 2020 lockdown, when access to the wealth of usually available materials was dramatically curtailed, the collection is a meditation on unexpected creativity in ostensibly everyday life. The pieces that reflect this concept most faithfully are in a capsule of up-cycled patchwork MM6 icons, including the distinctive Japanese bag and the cylinder-heeled 6 boot. Developing a technique that is sustainable by default, patches of surplus fabrics from previous seasons that would otherwise be destroyed are preserved, trimmed and reassembled.

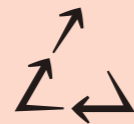
At the end of 2021, Maison Margiela released its signature 5AC Bag in biodegradable rubber. The 5AC is a subverted modern classic which employs the technique of anonymity of the lining to reveal its internal structure: an extension of the lining, which transforms the bag's shape to expose a larger pocket adorned with the four stitches. The lining exposed in the Rubber 5AC is recycled cotton with a "torchon" print. This reflects the notion of inverted snobbery, encouraging a dialogue between fine and humble fabrics.



RE\_USE



RE\_DUCE



UP\_CYCLE



CIRCULAR

**MAISON MARGIELA**

Maison Margiela has introduced a creative expression that synthesises the Maison's DNA with strong creative power. The Maison has elevated the concept of upcycling by reusing material (e.g. shirting fabric) that is returned to a different form or strips of silk fabric that are then woven to create new clothes. The Maison also modifies vintage garments and unique pieces, taking on new volumes or different uses following its styling concept.

Thanks to the use of materials intended for different purposes than clothing, the creativity and genius of the Maison go beyond the traditional concept of recycling. Some examples are jackets created from coffee sacks and cabanas made from used military blankets or items of everyday use (e.g. shirts made from kitchen towels or vintage scarves).

### JIL SANDER+

Complementing the Brand's main collection, Jil Sander+ adds to the Jil Sander world a series of products made for life outside of the city: trips in the mountains, to the sea, to the countryside, for both women and men. Jil Sander+ is also rooted in the biography of Lucie and Luke Meier: they both grew up feeling at home in the mountains, skiing, snowboarding, hiking, climbing, and exploring the countryside. They both appreciate equally practical, sensitive, and beautiful garments, capable of enduring adverse weather conditions yet comfortable after a day spent in nature.

Jil Sander+ blends Jil Sander's sense of luxury, comfort, and design with authentic items. The consideration of all products is as detailed and thorough as for Jil Sander but adjusted for this concept. This emphasises the Brand's propensity towards function, innovation, and research. In Jil Sander+, the mood is authentic, utilitarian, relaxed, and cosy, and most garments are unisex.



The + added to the logo signifies completing and expanding the world of Jil Sander; it means technical performance and exploring organic, sustainable fabrics and specialised partnerships. It means a true completion of the Jil Sander way of life.

### x Melissa

Starting in 2020, Viktor&Rolf began their collaboration with the Brazilian Brand Melissa to produce a limited-edition line of recycled shoes and bags. The entire collection comprises Meflex, Melissa's proprietary patent material that is vegan, 100% recyclable and easy to disassemble. The collection blends the couturier's feminine extravagance and the shoe Brand's inventive material experimentation.



**Viktor&Rolf Tulle collection** features a variety of playful and outspoken tulle pieces inspired by the Viktor&Rolf Haute Couture collection. Within the range, 'Lost & Found' is a limited-edition capsule collection featuring mindfully upcycled vintage based on Viktor&Rolf's notion of conscious design. The carefully curated and unique vintage pieces are transformed into Viktor&Rolf's extravagant, high-end Tulle icons, adorned with elaborate appliqués and branded detailing that complement the long-lasting imperfections of each garment.

Viktor&Rolf continues to experiment with "conscious design" by including eco-friendly fabrics into the collection, such as sweatshirt jerseys and upcycled vintage men's shirts.

### VIKTOR&ROLF

#### xCalida

In 2020, Swiss lingerie Brand Calida and avant-garde luxury house Viktor&Rolf presented a joint truly green capsule collection entitled "We want a better world". Colourful, contemporary, and intricate details are featured on pieces made from 100% compostable and sustainable materials that carry the Cradle to Cradle Certified™ label. The entire collection also featured the MADE IN GREEN by Oeko-Tex® label, awarded according to the strictest social and ecological criteria and committed to transparency.





### THE MARNIFESTO BY MARNI

*"Not models but human beings, not catwalks but life, not places but the world, not fashion shows but an experiment."*

Guided by a strong interest in an inclusive, conscious fashion, Marni has been running several upcycling projects, starting by producing shop uniforms with fabrics stocks and Marni Market Bags using printed fabrics stock.

Not how but why. In 2020, if someone asks how to put on a fashion show for each season, Marni replies: "why do it in the first place?" The answer is a manifesto, or a "Marnifesto", where fashion sense inevitably meets the real world. The Marnifesto season included upcycled materials: Marni's iconic Trunk bag was elevated from existing stock as a literal blank canvas and painted with expressions of love and positivity. The leather jackets, also from Marni's archives, were painted and elevated.

### Marniphernalia Project

In an act that challenged convention, defied expectation and referenced a certain necessity, Marni invited 400 guests to their show in September 2021. Whilst models wore the spring collection, the staff, the production teams, editors, celebrities, friends and more wore upcycled, hand-painted looks and themselves became the Brand's main expression. Each person was styled and fitted uniquely. Everyone received the same attention to detail and hyperbole as others. Famous or not, influential or essential, this act was about coming together in a post-pandemic world through the act of dressing, all using upcycled cotton hand-painted with colourful stripes and pieces from Marni's previous seasons.

Everyone that entered the final presentation space was wearing at least two pieces of Marni, meaning that the Brand successfully re-purposed or upcycled over 800 pieces from Marni's archives, ensuring renewed utility and introducing uniformity to Marni lovers. Each piece was hand-finished with a large patch that read "Marniphernalia: Miscellaneous Hand Painted Treasures": this project was about coming together and belonging as much as a statement about sustainability and conscious decision-making for better choices. The process was just as important as the result, as it was about "going back to the practice of what we do, which is making clothes for people, one to one."

*"Getting dressed together. An act of trying on, fitting in, and fitting out. One that connects the observers and the observed. Everything and everyone as one."*

Francesco Risso, Creative Director of Marni



## RESPONSIBLE SOURCING AND TRACEABILITY

Traceability is a critical first step towards environmental and social responsibility. OTB Group is committed to identifying the best materials that meet responsible sourcing standards. Therefore, the Group's Strategy is to develop a holistic approach that considers social and environmental impacts across the value chain and makes continuous improvements in supply chain engagement, visibility and traceability in data management. This objective also covers animal welfare in terms of freedom from disease, pain, distress and fear.

OTB Group has outlined several detailed goals and guidelines to improve its sourcing strategy for all key materials (e.g., cotton, key synthetics, cellulosic, animal-derived, etc.). It started by defining the meaning of "sustainable sourcing", mapping the available sustainable alternatives and sources and conducting continuous research on sustainable materials, including textiles, treatments and dyes, trims, and packaging. In this context, increasing traceability in the supply chains and prioritising potential risks is vital. To complement the tracking system, OTB is integrating its sourcing policy consistently across the OTB Group, developing supplier empowerment programmes, tracking adherence to key policies, and selecting champion suppliers by 2030.

In 2021, OTB carefully selected a partner to improve traceability along its supply chain and launched in early 2021 the *Trace2Transparency* Project. The selected partner has developed a collaborative platform to collect data on materials (e.g. composition, origin, test reports, certifications), products (e.g. chemical compliance, product characteristics) and suppliers (e.g. audit assessment, ESG performance) for all Group Brands, helping the Group achieve strategic digitalisation objectives. The adoption of this platform allows the Group to have a centralised mapping of materials and increased visibility at a macro-level, also enabling synergies and savings between Brands. With this system, the Group will also manage information on all product categories and suppliers' data in a more consistent and coordinated way. Information about materials and product sustainability attributes (e.g. certifications, characteristics of raw materials) will be more easily extracted, analysed and shared with relevant Stakeholders through different channels, such as websites, internal reports and labels. Finally, the platform will also enable OTB to identify and manage possible risks concerning material sourcing, products and supply chain risks in general.

In addition to the QR Code guaranteeing the authenticity of its products, Diesel is also applying a radio-frequency identification (RFID) tag to all its product care labels. This allows for increased traceability of product manufacturing processes through two unique serials (one on QR Code and one on RFID) applied together on the same label.

## Animal Welfare

OTB recognises the importance of good animal farming practices and supports high animal welfare standards, which encompass animals' good health, and physical and mental conditions. OTB Group Code of Conduct provides specific animal welfare provisions that all OTB Brands' suppliers must meet. OTB requires its suppliers to respect animals and ensures the highest standards of animal welfare provided by laws and conventions applicable in the supplier's country and the countries where manufacturing facilities are located and in all business processes. In any case, any technique to obtain plumes and feathers from live animals is prohibited. OTB is also part of the Responsible Luxury Initiative (ReLI), delivered by Business for Social Responsibility (BSR), where the Group has been a member since 2015. ReLI has defined the Animal Sourcing Principles that OTB refers to and communicates to suppliers.

Moreover, each Brand sets restrictions on certain materials and specific requirements, such as mulesing-free wool. Whenever possible, materials certified to guarantee animal welfare are preferred, especially when it comes to wool and feathers. Brave Kid and Viktor&Rolf are committed to reducing the use of animal fibres, substituting them with man-made materials. Brave Kid, specifically, has entirely replaced feather padding with polyester.

## DIESEL ANIMAL WELFARE COMMITMENT

Since 2010, Diesel has gone "Fur Free". This means that any product and accessory sold by the Brand shall not contain fur – intended as any animal skin or part thereof with hair or fur fibres attached to it, either in its raw or processed state or the pelt of any animal killed for its fur.

Diesel also requests suppliers to sign a specific declaration on animal welfare, which requires them to ensure and comply with the following:

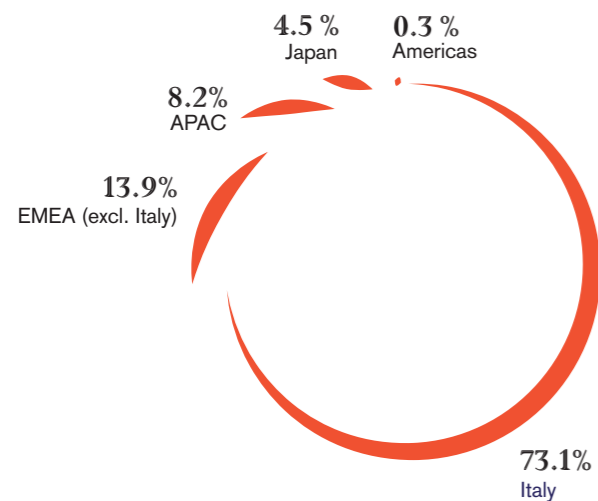
- Leather and skins must derive from food industry by-products;
- Down and/or feathers derived from force-fed animals or live-plucking aren't allowed;
- Suppliers should also guarantee that no materials are derived from vulnerable, endangered, or protected species as listed in the Convention of International Trade of Endangered Species of wild fauna and flora (CITES) and respect all the applicable laws. Moreover, Diesel does not accept products, materials and accessories containing horn, bone, or shell listed in the CITES Convention and International Union for Conservation of Nature's Red List of Threatened Species (IUCN) RED LIST;
- Cashmere and Merino wool are only accepted by farmers who do not practice mulesing, and Diesel does not accept any Karakul sheep wool.

## SUPPLY CHAIN PROFILE

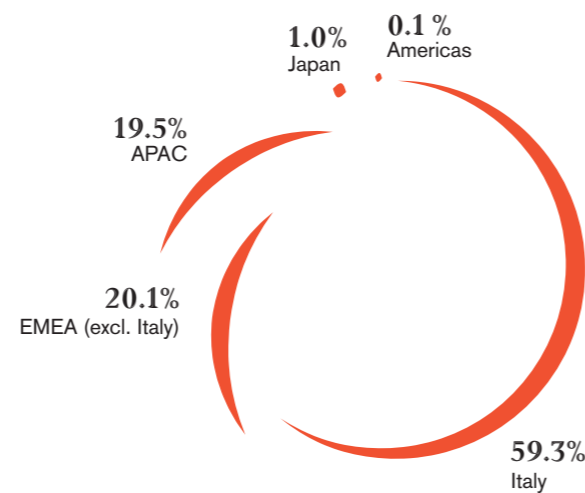
The OTB supply chain reflects the Group's close partnerships with its suppliers based on cooperation, trust, and respect. Each Brand constantly works to nurture a relationship that strengthens the Group's values. The supply chain is essential to OTB Group's ability to manufacture its products and achieve its mission, while striving to minimise environmental and social impacts.

OTB works with approximately 1,670<sup>16</sup> suppliers in 39 countries. In 2021, roughly 80% of orders placed by all productive Brands were made in EMEA countries, accounting for almost 60% of the total purchases in Italy. One distinguishing feature of the OTB supply chain is that many vendors from whom commodities are sourced are in marketplaces near the Breganze Headquarters, with 73% of suppliers based in Italy<sup>17</sup>. This number increases to 80% for the luxury supply processes.

### SUPPLIERS BY GEOGRAPHICAL AREA



### PURCHASE VALUE BY GEOGRAPHICAL AREA



16. Excluding suppliers with sales orders of less than 1,000 Euros per year.

17. Percentages are calculated on the total number of OTB Group suppliers regardless of production volumes. For manufacturers and finished product suppliers, the geographic location is where the product was made, while for service and raw material suppliers, it is the country where the supplier is registered.

Regarding risk management in the supply chain, the Group distributes procurement expenditure to avoid dependence on just a few manufacturers. 58% of suppliers are near OTB Brands' main sites creating employment opportunities and distributing economic value in the communities where the Group operates.

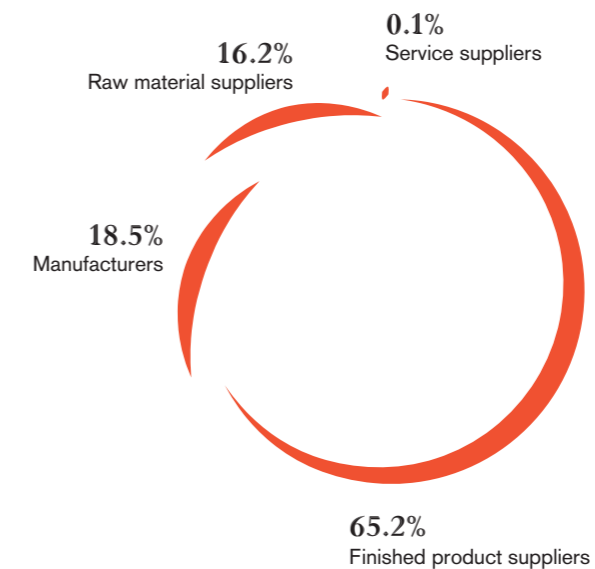
There are four main categories of OTB's suppliers – finished product suppliers, manufacturers, raw material suppliers and service suppliers – engaging in two different models of production, the *Cut, Make and Trim* (CMT) and the *Full Production Package* (FPP) models.

In the *Cut, Make and Trim* production scenario, raw material suppliers provide textiles, threads and accessories, including buttons and zips. Most fabrics are primarily sourced from Italy, but also Spain and Turkey. Then, manufacturers appointed by the OTB Group utilise the raw materials sourced in the previous stage. These are high-expertise providers to whom the Group outsources the manufacturing of finished products or intermediate stages of production. These vendors meet periodically with OTB Group production departments over the year to check product quality and proper manufacturing. For any concern a supplier raises, the Brand responds quickly by offering on-site support. Manufacturers are primarily located in Italy, Eastern Europe and the Mediterranean Basin, and in most cases have long-time partnerships with OTB Group's Brands.

Concerning the *Full Production Package* scenario, the suppliers provide finished products to OTB's Brands. In this case, the suppliers directly manage the manufacturing and raw material sourcing phases. Suppliers, Group designers, R&D and production specialists work closely to ensure high quality and safety requirements and make sure the products meet all OTB Brand requirements.

Service suppliers assist OTB's Brands with pattern making, prototyping, and quality and safety control processes in both cases.

### SUPPLIERS BY TYPE







As an international fashion Group, OTB is responsible for managing supply chain impacts, ensuring regulatory compliance, and guaranteeing product quality and safety. However, the Group's ambition is to collaborate with suppliers and go beyond compliance to continuously improve environmental and social performances.

OTB's Brands now consider compliance with the Group's Code of Conduct and RSL requirements for doing business with their suppliers. These documents are exchanged during contractual negotiation and attached to the contracts. Still, continuous interactions with suppliers are essential to learning more about Group policies and procedures (e.g. Code of Conduct). In the case of Diesel, signing its Animal Welfare Policy and providing accurate social audits reports or certifications is also required. If serious non-compliances are identified, commercial relations with the supplier are reconsidered, possibly escalating to its ban. Suppliers are also invited to share other additional documentation that could benefit their ESG evaluation, such as environmental audit reports or other sustainability-related certifications.

In addition, suppliers must provide OTB with any sustainability certification of products, materials and processes, required whenever a supplier claims to sell items with sustainable features or certified according to a specific certification scheme (e.g. GOTS, GRS, etc.).

The Corporate Sustainability Function is working closely with the other Brands and departments to create a shared vision of supply chain sustainability management and establish consistent requirements, creating synergies and avoiding double efforts. Due to the complexity of products and the required quality standards, suppliers' onboarding is a crucial investment in terms of time and resources for OTB Brands.

The OTB Group recognises the importance of having a strong and trusted relationship with its partners as an essential part of its business. Throughout the Covid-19 pandemic emergency, the OTB Group resolved to maintain supply chain continuity by not lowering or cancelling orders and avoiding payment delays.



## FAIR WAGES AND WELL-BEING ALONG THE VALUE CHAIN

The OTB Group believes respecting human rights is crucial to its business management. In addition to safeguarding natural resources, OTB promotes respect for human rights across the value chain, improving workers' well-being and promoting fair wages. In line with the *Brave Together* strategic pillar, OTB has pledged to partner with suppliers, peers and sector organisations to promote a fair wage for workers in its supply chain. The Group is also committed to ensuring high worker health and safety standards, including improving building safety, increasing workers' awareness of health and sanitation issues, and identifying specific grievance mechanisms in various forms enabling

With this in mind, OTB is evaluating suppliers' social compliance and ESG performance on third-party social audits conducted by internationally-recognised providers and on industry-recognised social certifications. Additionally, before establishing a new commercial relationship with a vendor, OTB requires gathering key information such as compliance with local minimum wages and workers' wellbeing. Not meeting the requirements would result in breaking the commercial relationship. In 2020, Diesel conducted an updated supply chain risk assessment to identify which of its sourcing countries and suppliers were likely to be at a higher risk in terms of workers' rights and labour conditions, discrimination, and

On top of this, Diesel also started engaging in direct social auditing on first-tier and second-tier suppliers to get an ongoing and more precise assessment of its supply chain and to check that all audit information is representative of current conditions. Moreover, this activity allowed Diesel to start collecting information on the country's living wage, in line with Group's vision and commitments to fair wage standards. As of 2021, while continuing direct audits on its suppliers, Diesel planned direct social audits on key sub-suppliers.

In 2021, Brave Kid conducted the first mapping of its supply chain to gather information about its direct suppliers and the sub-contractors involved in the manufacturing processes.

A first mapping has been necessary to gain more visibility of the supply chain and assess the potential risks. In this process, Brave Kid required its suppliers to share any audit report they might have from a selected list of Standard. The analysis conducted on the received audits shows that over 80% of direct suppliers were already subject to at least one audit process<sup>18</sup>. In the following years, the Brand will commit to auditing 100% of its suppliers and creating a process to steadily increase the sustainability performance of its strategic partners with solid attention to social performance.

Concerning Staff International, in 2021, suppliers were involved in an ESG rating process. The evaluation identified the key sustainable strengths of each supplier and triggered discussions about the need for various forms of certifications and audits. Additionally, during the process, it was possible to present to suppliers the Group's sustainability vision and strategy and to engage those who were not yet in possession of all the new requirements.



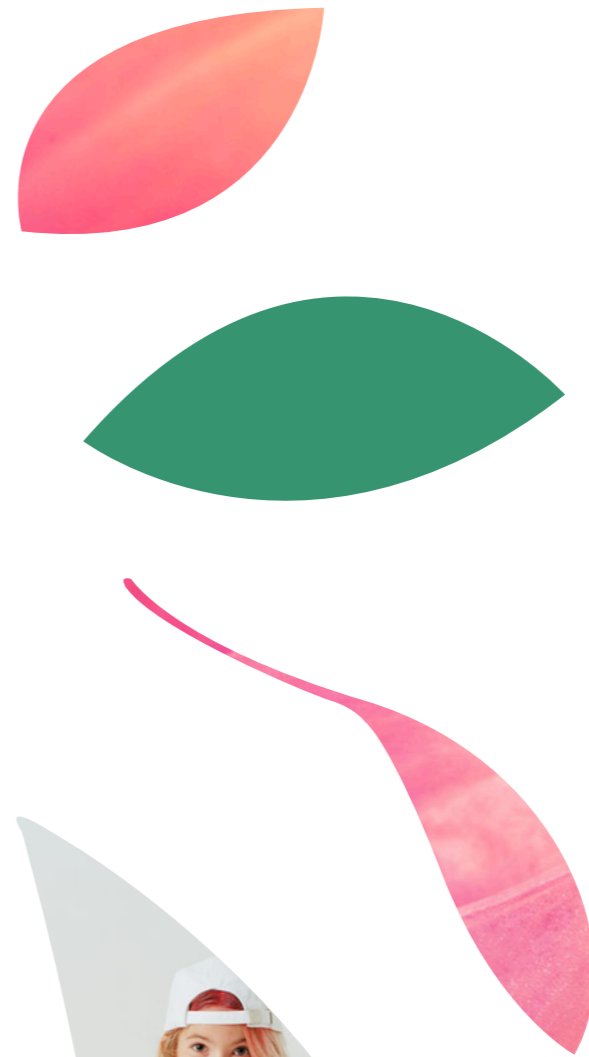
18. All the audits conducted more than three years earlier have not been considered.



the organisation to spot unfair behaviours and misconduct along the value chain.

As mentioned earlier, through its Strategy, the Group is working to create shared practices across Brands to track and monitor suppliers' social performance consistently.

equal opportunities, also in light of the changing geopolitical situation. As a mandatory prerequisite to starting a business relationship with the Brand, Diesel requires all its direct suppliers to share a valid third-party social audit report, following three main international standards or a valid SA8000 certification.



**BRAVE TOGETHER**

People are at the heart of the OTB Group Strategy. Every employee is considered unique and part of the “Only The Brave” family. The Group is committed to **fostering diversity, ensuring equal opportunities, attracting the best talents and strengthening its reputation** for the pursuit of excellence and professionalism among its people. In line with this vision, OTB empowers individuals to express their full potential by providing a wide range of development opportunities and training programmes in an inclusive and innovative workplace.



Since 2020, OTB Group has focused on implementing a new Corporate Strategy to develop an efficient and uniform organisational approach across all the countries where it operates. The “*People and Organisation*” Strategy, part of OTB Group’s Strategic Plan, has a long-term horizon and is characterised by specific objectives and metrics. This Strategy relies on three key pillars – “Culture & Change Management”, “Organisation Capabilities”, and “Individual Talent” – and is injected with an avant-garde Corporate culture founded on six principles, promoting empowerment, talent development, meritocracy and collaboration within the workplace.

**OTB PEOPLE AND ORGANISATION STRATEGY**



The Culture & Change Management pillar is the starting point of the whole Strategy: it aims at gaining a competitive advantage and focuses on an engaging, everchanging Corporate culture inspired by a growing organisational involvement and a ground-breaking mindset. The second pillar portrays OTB’s key organisational skills. Indeed, OTB has been working on a new leadership model based on strategic business goals which guarantee the Top Management commitment. The last pillar addresses the personal and professional growth of the personnel by improving talent attraction to ensure the Group’s attractiveness and, therefore, its future success.

Work at OTB is currently characterised by a new network of teams with a multi-functional approach and a cross generations-oriented perspective. Developing a community of practice promotes internal communication tools, facilitating employee engagement. The Human Resources function oversees employee management at a global level and operates as a Professional Family, horizontally following Corporate management systems while vertically relying on each Brand’s local teams. Moreover, the HR Corporate Department outlines guidelines and procedures, monitors employees’ composition, accelerates equality and diversity, manages and tracks training and promotes projects and activities that support employee well-being.



Adopting Power “Business Intelligence” (BI) as part of the OTB Strategy will help OTB gain consumer insights, thereby establishing a data culture and driving performance. Furthermore, adopting a comprehensive and integrated software that monitors employees’ working life represents a significant innovation in terms of employee management for the Group. At the beginning of 2022, the HR Department also launched a Group intranet called “People Hub”, which represents a unique point of access to the principal technical applications and processes, improving the overall employee experience. Combining the Strategy with the HR integrated management systems aims to maximise synergies and efficiencies at a structural level and avoid organisational discontinuity.

## DIVERSITY, EQUITY AND INCLUSION

One of the key advantages of the OTB Group is that it has always put much attention to fostering inclusivity and equality in its diverse organisation by developing several projects at both Corporate and Brand levels.

In 2020 a global task force with cross-Brand, cross-region and cross-function members was set up to work on the definition of a more structured strategy in terms of **Diversity, Equity and Inclusion (DEI)**. Since then, the Task Force has met every two weeks to spread awareness on Diversity, Equity and Inclusion topics at a Group level and identify related opportunities and issues within OTB's multicultural workplace.



Furthermore, in 2021 the OTB Group, with the support of a leading advisory firm for Diversity, Equity and Inclusion, has implemented an assessment to measure the employees' perception of the Group's ability and level of maturity when managing Diversity, Equity and Inclusion. The evaluation, aligned with a stakeholder engagement approach, began with an internal mapping and awareness-raising campaign, which included individual and group-focused interviews with key leaders such as CMOs, Human Resources directors and the DEI Task Force members. The main outcome of the assessment was an employees' perception survey, which aimed at identifying priority matters related to Diversity, Equity and Inclusion and understanding the employees' expectations towards these themes. The project led to high-level strategic guidelines to further refine and develop a long-term Diversity, Equity and Inclusion approach.

By setting up a dedicated Task Force and implementing the assessment, OTB has developed a Diversity, Equity and Inclusion Strategy and spread a Corporate culture that enhances diversity, boosts equity and inclusivity and supports the business in implementing Diversity, Equity and Inclusion policies.

With its Diversity, Equity and Inclusion Strategy, the Group aims to achieve a balanced workforce and compensation by 2030 progressively. They started by creating awareness about Diversity, Equity and Inclusion among employees through dedicated training and by providing transparent reporting on diversity data, including pay ratios, recruitment and employees' representation across all levels.

As one example of OTB Brands' ongoing commitment to inclusivity, Maison Margiela has been creating Co-Ed collections. Co-Ed is an expression used by Maison Margiela to signify its all-gender approach to design and dressing. It is derived from "co-educational": the belief in not separating students of different sexes. The Co-Ed approach is reflected in the Haute Couture and the ready-to-wear collections and is further represented on the digital flagship maisonmargiela.com; as a reflection of the genderless approach to garments, models on the website wear face veils innate to the grammar of Maison Margiela.

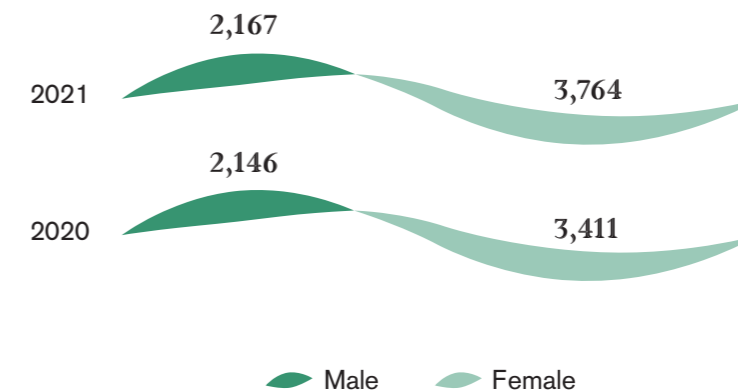


Moreover, both in 2020 and 2021 Diesel, in addition to including several genderless styles and garments within its collections, has launched several impactful campaigns on gender diversity to promote the freedom of being oneself and in 2021 it has been recognized as one of the most inclusive Brands at the Italian Diversity Brand Summit for its "When together" campaign, demonstrating the Group's commitment to creating a more inclusive environment.

### Gender equality at OTB

In 2021, thanks to the Jil Sander acquisition and new talent hires, the OTB Group experienced a 7% increase in its workforce, reaching a total number of 5,931 employees. In addition, in line with OTB's long-term strategic vision, the Group has brought in many key managerial and executive roles over the last two years.

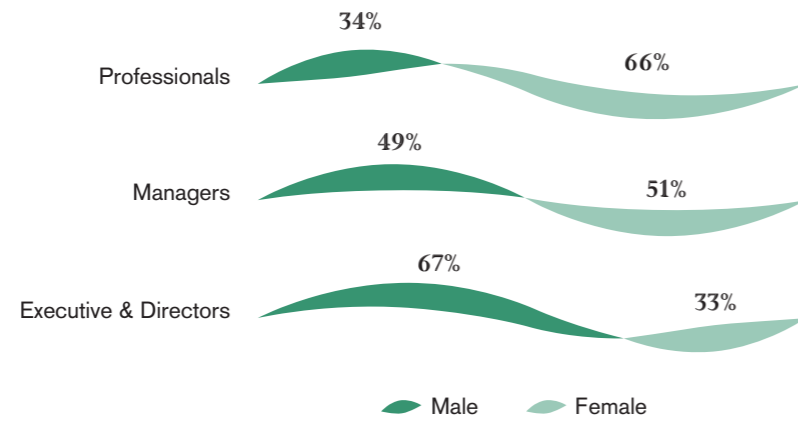
#### NUMBER OF EMPLOYEES BY GENDER



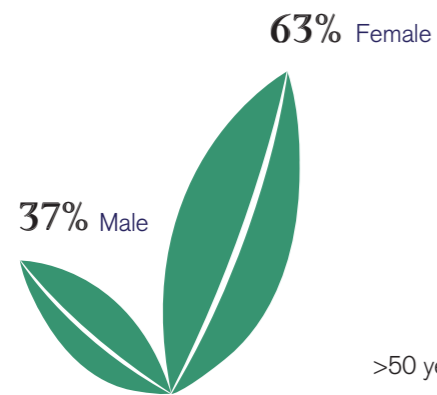
The graph in the previous page displays the total number of OTB workers in 2020 and 2021, divided by gender. The proportion of female employees exceeded 60% in 2021. During this period of growth, the Group demonstrated its commitment to retaining personnel which it pursued by providing permanent contracts to 93% of its employees.

Moreover, as a flexible approach to meeting business needs during the reporting period, the Group also relied on almost 200 people among agency workers and apprentices. Women held 51% of management positions and accounted for 33% of executives and directors<sup>19</sup>, demonstrating the Group's engagement in pursuing female talent and promoting women to leadership roles.

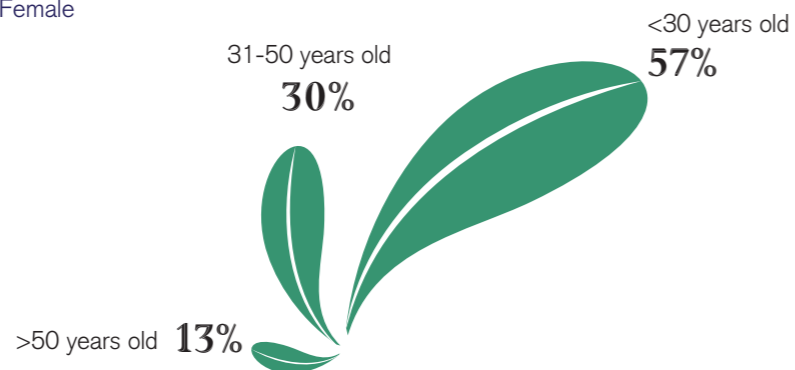
**EMPLOYEES PER GENDER AND CATEGORY**



**GENDER**



**AGE COMPOSITION**

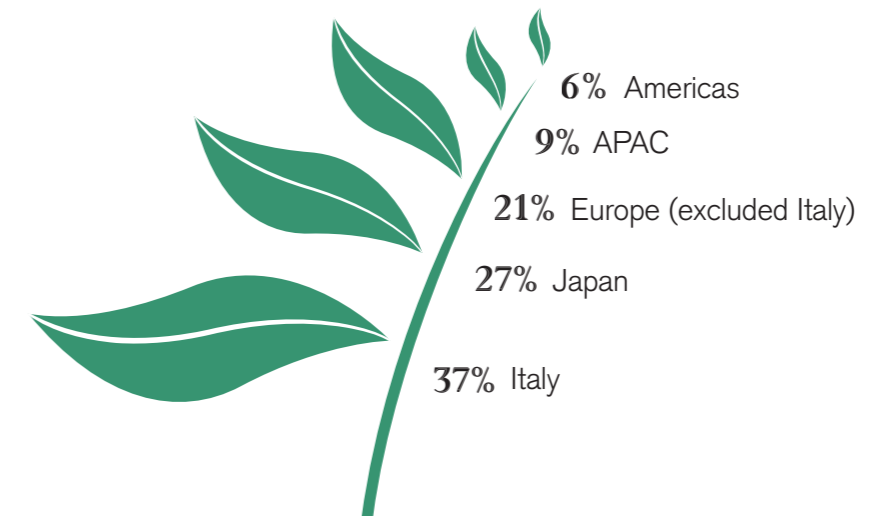


19. OTB's employees are classified based on the internal job grading system, which adopts the International Position Evaluation (IPE) system developed by Mercer. Employees are divided into three categories: Executives & Directors, Managers and Professionals. Executives & Directors include all the Executive and Senior employees. Managers incorporate all Masters and Experts collaborators. Professionals are tasked with specific operational responsibilities and/or duties assigned by Managers

In addition, OTB strives to strike a balance between different generations. The Group gives voice to young people while making the most of the knowledge from senior staff. A breakdown of the workforce by age reveals that in 2021, 87% of OTB employees were under 50 years old.

The business and its Brands have an evenly distributed geographical presence, even though most of the Group's headquarters – such as Diesel, Staff International and Brave Kid – are in Italy. Japan is the second most relevant area after Italy, with 27% of the Group's employees, followed by Europe (excluded Italy) with 21%. In addition to ensuring cultural and linguistic inclusion, OTB guarantees that disability barriers do not affect access to the company. The Group manages diversity by complying with the applicable laws to ensure the presence of people with disabilities among its employees. In 2021, the Group counted 27 disabled employees, in line with 2020.

**EMPLOYEES PER GEOGRAPHICAL AREA**



**Turnover**

In 2021, the OTB Group recruited 2,033 employees. The increase in the number of employees is mainly due to the opening of new branches. Altogether, the workforce includes 732 men and 1,301 women, accounting for 64% of total hires.

**PEOPLE HIRED AND TERMINATION BY AGE IN 2021**

	HIRED	TERMINATION
≤ 30 years old	1,223	1,066
31-49 years old	728	842
≥ 50 years old	82	109
<b>Total</b>	<b>2,033</b>	<b>2,017</b>

## TALENT ATTRACTION AND RETENTION



The recruitment for professional positions is managed at a local level. At the same time, the Corporate central team selects and discusses specific managerial and executive profiles to ensure they align with the corporate values and OTB's corporate identity. Additionally, due to the Group's recent expansion in the number of employees and geographical presence, the potential candidates are monitored and regularly discussed with their respective professional families.

The Job vacancies are accessible to internal resources through the centralized job posting system to promote internal growth and invest in the potential of OTB employees.

As a final stage of the recruitment process, onboarding new talent represents an opportunity to communicate the Group's values, approach and mission by introducing policies, procedures, and other information.

OTB values relationships with educational institutions, for instance, universities and vocational schools. The Group organises events and internal visits to the headquarter for students' classes and participates in several job fairs. Communication with universities enables OTB to strengthen its Brand positioning in the employment market and create a bond between the Company and its contexts, such as local communities and the academic world (e.g. the Ca' Foscari University in Venice, the Bocconi University in Milan). In addition, OTB partners with several fashion institutes to attract and promote technical and specialised profiles.

The way the OTB Group attracts and retains talents is crucial for the pursuit of its "People and Organisation" Global Strategy. Because it aspired to strive for excellence, OTB has always sought individuals with distinctive qualities and strong technical skills such as Critical Thinking, Customer Centricity, Experimentation, Collaboration, Entrepreneurship, and Execution.

To effectively manage the hiring process at the global level, the Group follows an advanced dedicated internal policy that outlines the main stages of the recruiting process, with the support of a global Digital Recruiting Platform since October 2020. The recruiting procedure consists of six steps: from the vacancy notification to new talent onboarding.

In 2021, to increase the recruitment opportunities for future talents and improve the development of their competencies, OTB increased the number of young talent in the workforce located in the Headquarters in Breganze by offering over 60 internships.

The Group is also carrying out initiatives that foster the creativity of future generations of talents and designers worldwide.

In this regard, OTB supports the ANDAM Award, an international contest whose aim is to provide financial and logistical support to young and emerging fashion designers and start-ups, and the Yu Prize contest, a dedicated fashion prize established by Wendy Yu in 2020

in association with the Shanghai Fashion Week and the Fédération de la Haute Couture et de la Mode (FHCM), which declares the most promising and pioneering talent in the Chinese fashion system. In particular, in the last editions, OTB offered mentoring programmes, coaching and hands-on workshops to the shortlisted talents. At the same time, some representatives of the Group were part of the Jury, Mr Renzo Rosso included.

Moreover, in 2021, for 19 years in a row, OTB was among the main sponsors of the International Talent Support (ITS), assigning the OTB Award. The winner was granted a cash prize and a coaching experience.

## CREATING A FEEDBACK CULTURE

The OTB Group strongly believes that sharing feedback generates a higher human capital value and enhances transparency in every day relationships and activities. Consequently, in 2021, OTB reviewed its Talent Management and Performance Process by launching a Continuous Feedback Process across all Brands and regions.

The Continuous Feedback Process follows a holistic approach based on four principles: simplification, engagement, observation and caring. The system consists of a platform that ensures structured sessions to exchange feedback and opinions between employees and managers, recommended on a quarterly base. In 2021, OTB also promoted specific coaching programmes to support the cultural change of key agents and their personal development.

### THE NEW LEARNING SYSTEM

OTB believes employee training and development are crucial to achieving the Group's strategic goals and continuously adapting to the industry's ever-changing environment. Recurring and well-organised training gives employees an opportunity for personal and professional growth and keeps the relationships within the workplace valuable and durable. For this reason, over the last two years, the Group has increased its investments in employees' education to create a more efficient learning system that provides innovative courses and communication and leadership tools to everybody.

This innovative Learning Managing System was first implemented at the end of 2020 and adopted globally in 2021. Based on machine learning, this formula provides a wide choice in terms of training, granting the same learning opportunities to all employees and continuous monitoring of mandatory courses and certifications. Training sessions are mainly online courses that can be joined from the office and remotely, organised more interactively and divided into different categories of interest, making the learning system more user-friendly.

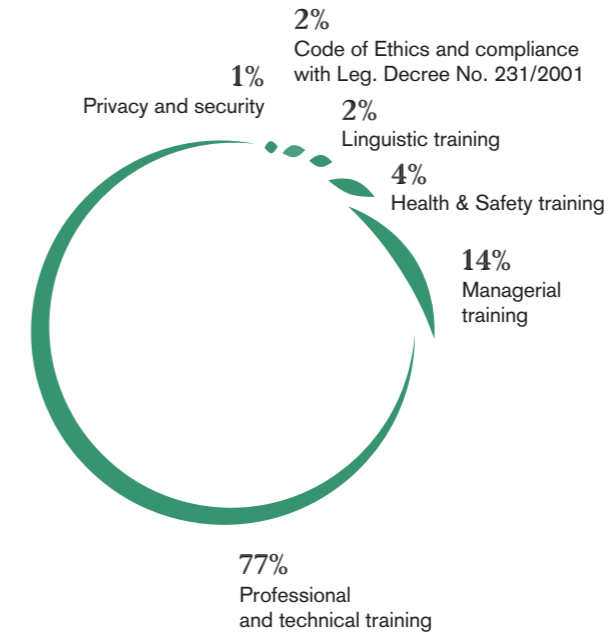
The Group's training approach is therefore well structured, flexible and inclusive. It includes classes required by national regulations (e.g. Health & Safety and compliance training) and additional courses that provide essential tools and digital competencies (e.g. excel programmes and language lessons). The over 9,000 courses offered through the Learning Management System focus on several themes such as project management, leadership, e-skills, Agile training, language learning, sustainability and communication skills. In addition, employees can access online workouts and lectures about mental and physical well-being, such as nutrition courses, mindfulness, yoga, postural education and breathing exercises.

At OTB's Headquarters, the Group offers the Brave Academy school, with dedicated spaces and classrooms to teach fundamental notions and hold seminars and workshops for the different functions and teams, even if in the last few years, most of the training has been digital to comply with Covid-19 measures and government restrictions.



The following image shows the training hours for each theme mentioned above.

### PERCENTAGE OF TRAINING HOURS BY TRAINING AREA



The HR Corporate Department manages the training progress for OTB's employees and defines must-have transversal competencies. OTB plays a coordination role among the other Brands, by sharing and providing the proper training equipment, while each Brand organises focused sessions customised to their specific needs.

### SCUOLA DEI MESTIERI - STAFF ACADEMY

In 2021 Staff International launched the "Scuola Dei Mestieri" pilot programme as part of the Staff Academy Project for the first time. This hands-on learning school offers a group of talented, selected students a traineeship programme giving them the possibility to become Fashion Makers 4.0. The programme consists of theoretical and practical lectures from Staff International experts. The main goal of the project is to preserve and pass down to future generations more than 40 years of savoir-faire culture and tradition with an innovative approach that takes account of the new skills in industry 4.0 and organisational models based on the agile method. The "Scuola dei Mestieri" reflects OTB Group's vision that considers the ability to transfer the tradition and innovation of craftsmanship to younger generations a key factor for the development and sustainability of the Italian Fashion sector. At the end of the 2021 edition, 90% of the talent were hired by the Group.





Marni and Maison Margiela have also created a programme of courses to improve their management skills.

## THE GLOBAL PROGRAMME

In 2020, the OTB Group launched the Global Programme as an innovative initiative for the digital evolution of its functional activities and tools. This Programme works as an incubator of ideas for all projects in progress. In 2021 The Global Programme was enriched with an innovative strategy to follow the digital strands conceived, incubated, and then absorbed by the various Brands in their daily work. The project triggered a series of training initiatives focused on each ongoing project, such as courses on agile working and others aimed at fostering digitalisation and creating an innovative mindset. The Global Programme helped the Group to strengthen its platforms and Corporate intranet. For example, implementing a digital recruiting platform stemmed from the digitisation of business processes as a trigger for seizing new opportunities.



### Vertical Training: Diesel “For Responsible Living” & “Celebrate Individuality”

As part of its “Celebrate Individuality” Pillar activities, and in addition to the “For Responsible Living in Action” educational programme that has involved many different departments with a horizontal approach, Diesel also developed and implemented a vertical training programme in 2020 and 2021. The aim is to spread sustainability foundations and competencies and raise awareness of the topic at all levels, rankings, and areas of the Brand. That programme was implemented with the help of external partners, specialising in various subjects and selected audiences, and with internal resources, aiming to share sustainability knowledge consistently within different roles and responsibilities. In particular, Diesel organised several workshops and sessions concerning general sustainability issues, the “For Responsible Living” Strategy, and other technical topics such as responsibly sourced materials & products, certifications, biodiversity and fashion industry impacts, communication and greenwashing. Specific training and tools have been developed concerning the Diesel Library and its overall approach towards responsible fabrics, treatments and trims. These were shared in person, at the European Store Manager Meeting held at Diesel Headquarters, and online with dedicated sessions for colleagues in other Regions who could not travel due to COVID-19 restrictions.

## PEOPLE CARE

Within the OTB Group, the well-being of its people is a fundamental asset to creating a pleasant workplace atmosphere and helps increase motivation and productivity.

To ensure high-quality services and benefits for its employees, OTB has appointed a People Care & Hospitality Manager and created a dedicated team that plays a crucial role in ensuring all employees’ needs are fulfilled. Besides providing organisational support to the Top Management, the team manages several essential internal services that contribute to a positive atmosphere in the workplace. For example, it coordinates reception and hospitality services (for internal and external Stakeholders), the travel office, and the building’s areas in cooperation with the Facility team, including the Corporate restaurant, the company gym & wellness centre, the nursery and the kindergarten. Depending on the country, different benefits and welfare programmes are promoted and offered to local teams.



In the main offices located in Italy, OTB’s employees can benefit from the following services:



### Brave Gym and Beauty Centre

In 2011, the Brave Gym was opened at the OTB Headquarters in partnership with “Essere-Benessere Health Management”, a leading company in gym services for businesses. The Gym offers a training room with fitness equipment provided by Technogym, indoor basketball, volleyball and squash courts and outdoor tennis and five-a-side football courts. In 2012, the space was expanded by opening a beauty area.

### OTB Corporate Restaurants

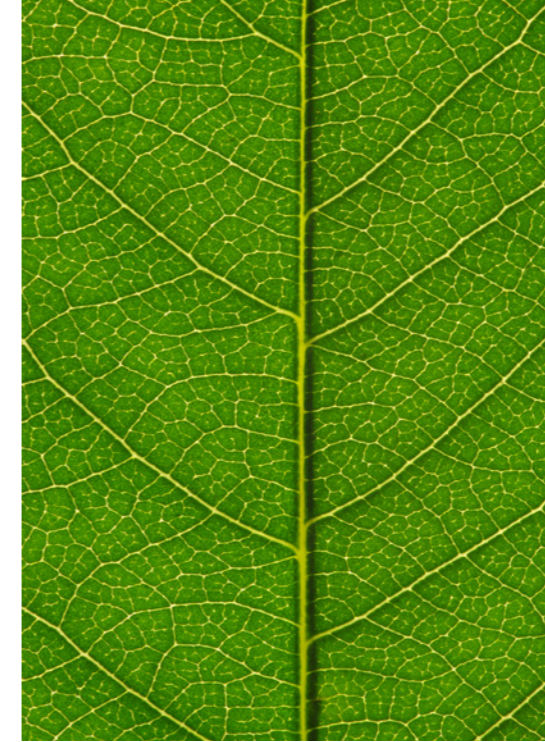
In addition to the Breganze Headquarters, Staff International’s two offices in Colceresa and Noventa Vicentina offer a Corporate restaurant service. The one in Noventa Vicentina opened in 2021. The Corporate restaurants are managed by Sodexo, a leading company in the food services and facilities management sector, which offers a wide variety of food and services for employees, including the possibility to book a lunch box or takeaway service for evening meals.



Since 2016 OTB has carried out the "Food Recovery Programme" to redistribute food surpluses from Corporate restaurants and help reduce food waste. Thanks to a close collaboration with a network of local associations, excess food from corporate restaurants is distributed and donated daily to people in need.

### Brave Garden

In partnership with Coopselios, in 2010, a corporate kindergarten, the Brave Garden, was opened in Breganze to support employees' families with their working schedules, welcoming around 50 kids from 0 to 5 years old. It was designed and built following an innovative architectural project to meet children's growth and social needs. The Brave Garden premises include a park and a vegetable garden created in collaboration with Slow Food, where children can experience immersive walks and experiment with the surrounding environment. New technologies are largely used in this kindergarten to enhance children's knowledge of digital and multimedia tools. The Brave Garden also gives families several meeting opportunities to support parenting.



### WORKERS HEALTH AND SAFETY

OTB Group cares about its employees and their health and safety, guaranteeing a secure environment that supports their well-being and best meets their needs. OTB also pays constant attention to safeguarding the health and safety of all who work in its facilities and offices but are not Group employees. The OTB Group's approach is based on the monitoring and continuous improvement of the health and safety conditions of its employees and all stakeholders.

The HSE function manages health and safety at the corporate level, continuously monitors compliance with standards and defines health and work safety policies and procedures within the Group and its subsidiaries. The Group's commitment to overseeing workplace health and safety issues reflects its effort in structuring its governance.

Over the last few years, OTB has embarked on a development process aimed at improving the health and safety of each subsidiary of the Group and expanding the control and procedures worldwide. From 2020, OTB worked to select and appoint a person responsible for each legal entity to manage health, safety and environmental aspects and carry out Group activities horizontally within the relevant country's perimeter. These people are selected according to their technical and professional knowledge and experience and are supported by external local specialists to ensure full compliance with local laws.

The OTB Group's commitment translates into proper risk identification and assessment processes, including several steps to outline dedicated action plans to manage health and safety risks.



The HSE function encourages constructive workplace dialogue and the timely report of alerts and non-conformities, providing all employees with a network ready to take charge and handle proactively any alert or possible threat. The Group works to prevent occupational accidents and diseases by improving working conditions and well-being. Workers are timely informed about activities and initiatives launched by the Group to improve health and safety standards through their representatives.

Since 2016 OTB has launched a Group Health and Safety Policy, which defines principles to protect the Group employees from potential exposure to workplace hazards and to avoid possible personal injuries. OTB has defined Group commitments and put in place efforts to achieve these objectives, also thanks to the recent Global Compliance Programme, which outlines some key standards and behaviours to respect to avoid possible health and safety issues. According to this document, all Group legal entities consider workers' safety in every process and adopt all necessary measures to protect workers' physical and moral integrity.

To ensure the highest health and safety standards for its people and define its Management and Control System, OTB has drawn inspiration from the UNI ISO 45001:2018 standard. The purpose was to control all processes, ensure that its activities comply with health and safety provisions, standards and regulations, and organise the structure as a whole. The management system is also finetuned and integrated to adapt and fulfil the local requirements of each country. In line with the restructuring process undertaken by the Group, in 2022, OTB will continue to refine the engagement process undertaken to have its management system certified by a third party.

Since 2014, the HSE function has been using software created to manage the HSE business aspects related to protecting workers' health and safety and environmental protection. In 2021, the scope of the software was extended to cover the European perimeter. Each semester, the Group Safety & Facility Department reports on the status of the controls and health and safety through a statement shared with the Board of Directors and the Supervisory Body. The Group transparently highlights short-comings and undesirable or adverse trends, promptly identifying their causes and initiating appropriate and adequate corrective or preventive action.

In 2021, 62%<sup>20</sup> of the Group workers were included in a structured and centralized occupational health and safety management system, and for 66% of those workers, that occupational health and safety management system was also audited in-house. Each company identifies or appoints workers' Health and Safety representatives depending on the country where it operates and following local regulations. In most cases, these representatives are employees of the respective organisations.

OTB pursues the goal of guaranteeing Health and Safety at work by providing training, involvement and empowerment of workers, which is one of the cornerstones of its actions.

As part of the Group's approach, a wide range of activities are regularly conducted:

- risk assessments and periodic audits for each site in Europe, including specific plans for implementation, monitoring and continuous improvement processes;
- planning of mandatory training in line with local laws and regulations;
- on-site visits with local facility teams, where action plans, procedures and best practices are shared;
- periodical medical checks in line with sanitary protocols;
- support to local teams in new openings, emergencies (e.g. Covid-19 virus pandemic), on-site audits and ISO 45001 management system implementation.



<sup>20</sup> The coordination and cooperation between the Employer and the Contractor are carried out using health and safety charges in compliance with regulation requirements. The following workers category are therefore taken into account: Group employees, interns and workers with on-calls contracts.

Each Group Company promotes a strong culture of workplace safety protection, increasing awareness regarding the risks and responsibilities of individual behaviours. A way to achieve this is to disseminate information regarding workplace health and safety, ensuring that workers are adequately trained and updated. The Group has included health and safety courses and training in its Group training plan. The programme considers training for senior management in every situation and awareness of procedures and risks. The training programme offers specific training for handling risks related to workers' tasks (e.g. use of work equipment, training on risks in the workplace, etc.) and emergency management (e.g. fire prevention and first aid).

In addition, OTB frequently undertakes activities involving all workers (including external personnel) and ensures their well-being. The initiatives proposed are related to physical wellness and also mental well-being.



Among these initiatives, the Group offers information on work-life balance, intelligent work tools and methods, sports activity campaigns, the importance of a correct and healthy diet, mindfulness classes, information for managing work-related stress etc.

Lastly, OTB Group provides all its employees with life insurance and coverage in case of disease and permanent invalidity. Depending on the job category, the Group also facilitates access to health services, such as medical agreements, check-ups, life insurance and accident policies.

#### Covid-19 – the OTB response

Over the last two years, the Group handled the Covid-19 emergency with the priority of safeguarding employees' and workers' health and safety while providing practical support and advice to all functions. Following the local regulations in force, the Group has activated procedures and various initiatives to combat and prevent the spread of the Covid-19 virus inside company facilities.



OTB immediately instituted an anti-Covid-19 committee to monitor and contain the pandemic and suggest measures in response to the health emergency. This included enhanced health and safety guidelines and routines, training for all employees on prevention and protection measures related to Covid-19 and regular communication with all employees to inform them about local regulations and internal procedures.

In 2020, the Group introduced remote working to reduce the contact between employees and a rotational work schedule for employees working in the office. For those who could not work from home, the company provided personal protective equipment and temperature control devices when entering the workplace. To ensure employee safety, the Group scheduled sanitisation of environments and extraordinary workstation cleaning should any staff members test positive. Thanks to regular meetings with the function in charge, the Group has been continuously updated on regulations and requirements, such as the green pass check or quarantine duration.

#### Industrial relations

The OTB Group recognises the importance of having workers' rights represented by trade union organisations and maintains close relationships with their representatives. The Group bases its industrial relations policy on a constructive dialogue, especially with workers' representatives.

Thanks to the cooperative environment established over the years, in 2021, there were no company strikes or union protests by workers joined directly by the Group employees. Moreover, freedom of association and collective bargaining were never violated or put at risk.

Over the past two years, OTB has attended periodic meetings and debates with trade union representatives to handle the Covid-19 pandemic and manage health procedures and training measures. The Group is aware of the importance of informing and consulting its workers about any substantial changes at the organisational level and strategic decisions that could affect its employees.

In Italy 100% of employees are covered by collective bargaining agreements, while in the rest of the world it depends on local standards and regulations. These agreements also deal with remuneration aspects and minimum notice periods for significant operational changes following local regulations.





OTB  
SUSTAINABILITY  
MESSAGE

For the OTB Group, quality lies not only in creating uniqueness and excellence but also in ensuring a satisfying customer experience. In keeping up with the OTB Group's overall long-term growth strategy, a more conscientious, environmentally and socially responsible approach has been promoted on the various retail channels. To serve as role models, the Group's Brands have developed policies and procedures to provide more accurate and personalised customer service. They are also paying closer attention to the values they transferred and communicated to their Stakeholders.

## CUSTOMER EXPERIENCE

OTB Brands offer personalised high-standing customer experiences to align with a client-centric vision that makes it possible to anticipate customer demands, increase customer satisfaction and create long-term value. The Group focuses on both direct (retail, outlet, and online) and indirect (wholesale accounts, distributors, and travel retail) channels. Moreover, customers are offered various services based on store location and channel possibilities.

Services such as *Buy Online and Pick Up In Store*, *Click and Reserve*, *Click From Store*, *Return In Store*, *Book an Appointment and Ship from the store* are provided to retail and online customers. Brands like Jil Sander and Marni also offer a *Try at Home* service, where shop assistants combine outfits reserved for a Group of selected customers, who can try them on at home. In Marni, consumers may also plan a Private Shopping Experience in boutiques. Additionally, after-sales services like Repairs may further boost customer satisfaction and loyalty.

In an effort for digital acceleration in 2020, OTB launched "Hyperroom", a 360-degree digital sales platform and exhibition space designed to create "immersive and emotional engagement" with fashion buyers and vendors browsing collections online. Diesel, Marni and Staff International first adopted this platform for Spring Summer 2021 selling campaigns and then it was extended to Maison Margiela, Brave Kid and Jil Sander.

The experience starts with a digital window, which creates an emotional connection with the viewer while simultaneously showing the mood and the most iconic pieces offered. Within this hyper real dimension, buyers can take a sensory journey through virtual spaces and are guided through remote buying sessions by vendors connected live, in addition to receiving catalogues, prices, lookbooks, and showroom footage.

OTB also applies fair and high-quality customer care policies to indirect clients to ensure superior support from the Brands. OTB's Brands interact with wholesale customers using digital platforms and in-person initiatives. "Virtual walkthrough" is one of the examples of how the Group uses technologies based on virtual reality. This innovation allows for shifting in-person experiences to remote ones by keeping the same level of client engagement and satisfaction. Wholesale clients can schedule "virtual appointments" with the supervision and guidance of shop assistants and watch live streaming shows and digital presentations of new collections, making digital experiences closer to reality.

Besides, dedicated customer service and sales operations teams are available to support product selection and orders.

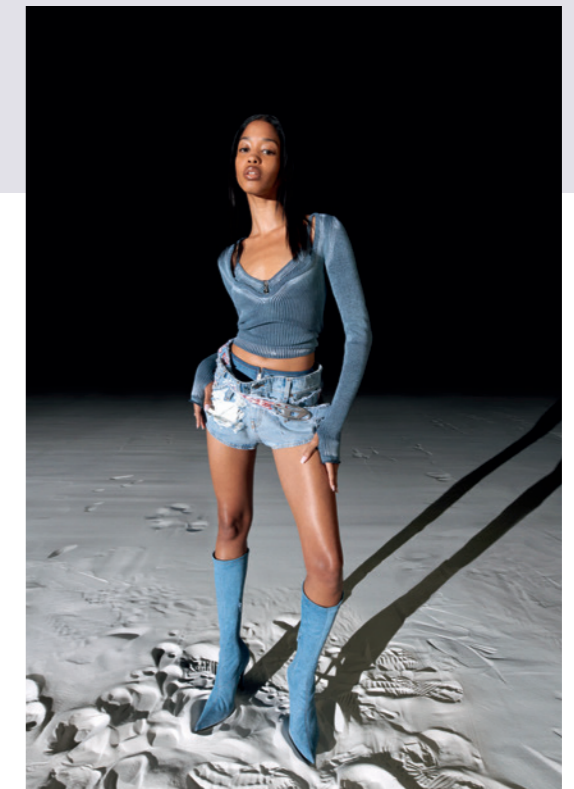
All OTB Brands developed an omnichannel customer management strategy tailored to all sales channels and customer profiles. Some businesses, like Maison Margiela and Marni, have also developed "Customer Journeys"

based on personal and behavioural factors, as well as local business and commercial attributes to increase customer loyalty and Brand awareness.

## DIESEL CUSTOMERS EXPERIENCE

In 2018, Diesel introduced an integrated omnichannel CRM ecosystem enabling a unified view of customers across online and offline channels, as well as CRM management automation like data analysis and customer segmentation. In 2020, Diesel deployed an Omnichannel Operating Model that connects online & retail stocks and operations and creates an omnichannel Client Service. This platform, called "Moon", was developed in-house by the OTB ICT Department and supports the Group's Brands. The latter ensures higher quality service and a seamless customer experience regardless of their location. To monitor and measure customer satisfaction and experience, Diesel manages a programme called Voice of the Customers (VoC), which emphasizes customer satisfaction linked to the in-store experience, digital experience, and e-commerce post-purchase experience. The critical feedback and insights received through the VoC programme are then used to optimise customers' overall experience. All consumer insights collected via the CRM are integrated into the standard reporting and analysed to ensure customer-centric decisions.

In 2022, Diesel is rolling out a Brand-new Service Vision Model in store and an integrated clienteling strategy.





## MARNI: ELEVATE CLIENT EXPERIENCE

Marni aims to create the perfect Brand experience for every client during their journey with the Brand, whether in a Marni boutique or its digital environments. Marni refers to this ambition as “1,000 1:1 interactions”. A considered luxury approach throughout all our touchpoints provides customers with a unique and memorable experience while adapting to each need or cultural nuance.

Marni’s Clienteling Strategy is therefore based on three pillars:

- A structured, global Retail Excellence Programme providing service values through all moments of contact with its clients, embodying Marni’s individual luxury;
- An omnichannel recognition of its clients, to personalise our treatment and offer to each customer wherever they are in the world – or online;
- A dialogue, not a monologue: inviting clients into Marni’s world throughout their journey, encouraging them to experience 1:1 tailored and real-time engagement wherever possible.

This strategy led to the development of the community championing activity *#MarniOnMe*, presenting fashion shows as experiences, and the creation of campaign shoots that explicitly feature real people rather than fashion models. The *#MarniOnMe* initiative consists of reposting Marni’s IG stories communities’ posts, celebrating Marni fans and audience and promoting dialogue and interactions throughout Marni’s community.



### Customer relationship

Customers can directly contact Brands through different digital channels, from social media and websites to customer service systems that answer customer requests. OTB Brands retain relationships with customers through both direct and indirect forms of interaction, the first via salespeople and store assistants, while the second through digital emails, newsletters, and social media platforms. Especially at Jil Sander, physical and digital projects attempt to develop synergies between these two dimensions through cross-pollination, providing clients with a tangible experience, such as distributing unique booklets about the Brand’s history and collections.

Moreover, stores and customer service can reach out to customers who have agreed to receive information about new arrivals and promotions.

OTB has always pursued innovative methods to engage with customers, leveraging the vast opportunities given by digital platforms. The advent of new technologies and the pandemic restrictions have been an opportunity for the Group to provide engaging experiences by adopting innovative digital technologies.

### WEARWEARE: THE MARNI DIGITAL EXPERIENCE

Marni welcomes users into a dreamlike world where integrated functions allow for an enthralling discovery, wrapped in psychedelic colour and lysergic nature. While the 3D lookbook provides a complete view of the collection, augmented reality blurs the lines between real and virtual, allowing users to capture custom content and enjoy a uniquely personalised experience.

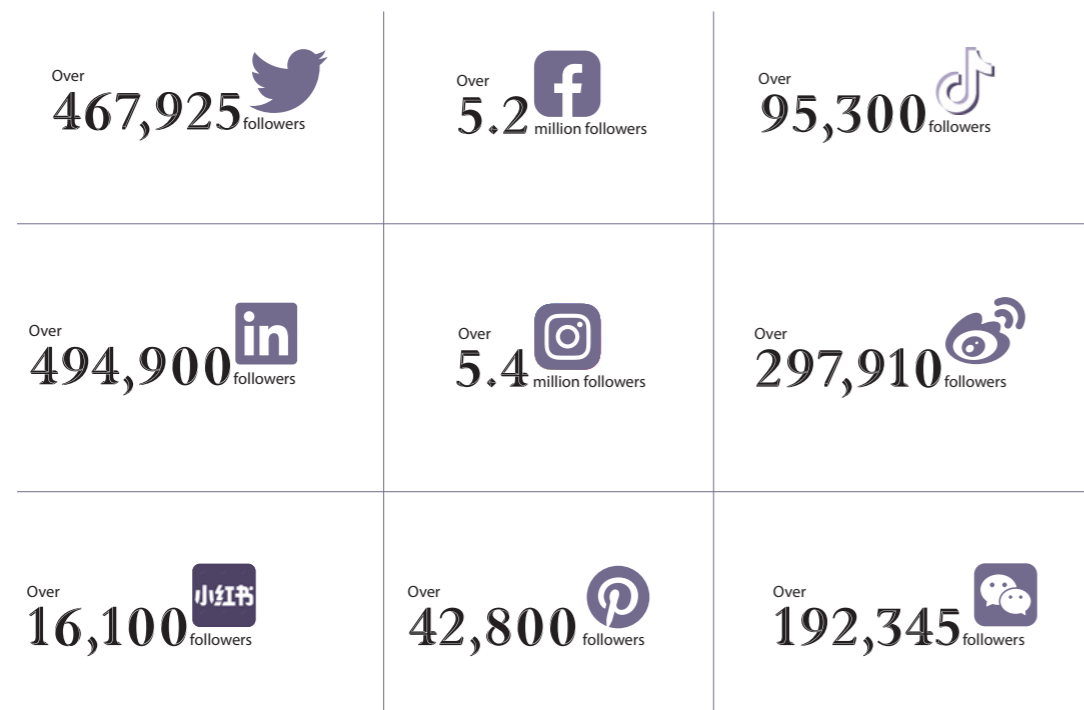


OTB's Brands are also active on social media. Social media are crucial assets for Brands, as the Brand can use these channels to interact with the community and promote campaigns based on different topics, such as sustainability messages.

Instagram, Facebook, Twitter, and Pinterest are, in this order, the four major platforms used by Brands today for social media campaigns. Brands with most Asian clients rely on local social media platforms, such as WeChat and Red. Social activities are not designed to impact follower growth but serve as a loyalty campaign based on regular user interactions. Despite this, OTB's primary Brands' social networks had a 10% rise in followers compared to 2020. Each Brand has its own social media strategy for engaging with communities and customers, considering customers' countries of origin and behaviours. In 2021, some Brands, like Diesel, began to leverage User Generated Content from platforms such as TikTok and Instagram, relying on many influencer projects from a chosen cast of talents and live streaming key events like fashion shows.

Maison Margiela's approach to social media is selective and carefully curated, the opposite of a generic "always-on" strategy. Instagram is at the very top of Maison's Communications pyramid and reflects the brand's Visual Storytelling. Instagram for Maison Margiela is image-driven rather than transactional, and it is more informative than interactive. The community at Maison Margiela grows organically, steadily and genuinely; thanks to the brand's renowned Creative Director, John Galliano, Maison Margiela is acquiring many young customers and has substantial awareness among followers.

### OTB AND OTB BRANDS PRESENCE ON SOCIAL MEDIA – NUMBER OF FOLLOWERS<sup>21</sup>



21. Please, consider that social media data includes OTB and designer Brands. These data do not include Viktor&Rolf.





## RESPONSIBLE COMMUNICATION

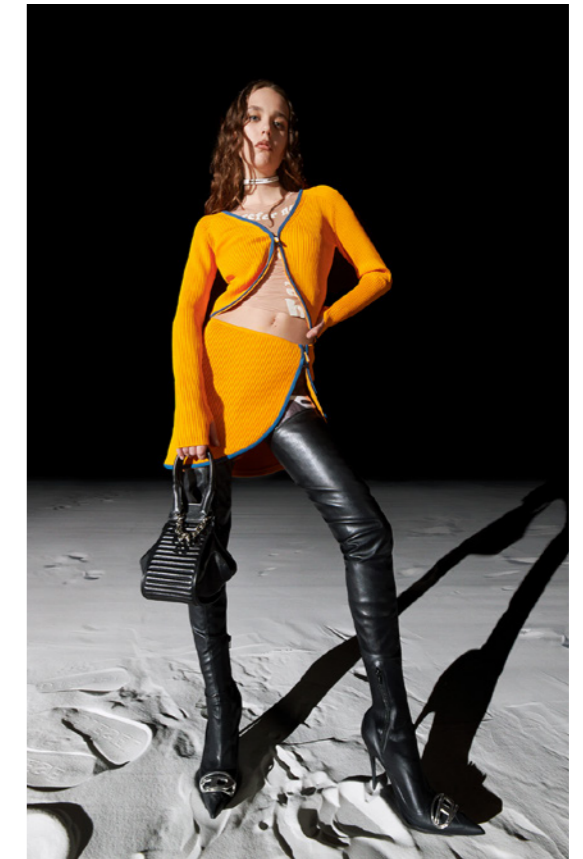
One of OTB's main pillars focuses on responsible and transparent communication. Each Brand is committed to carefully designing information consistent with the company's identity, ethics and values. To keep the communication strategy inclusive and authentic, OTB's Brands work on an internal and cohesive marketing plan and deliver key-value pillars.

Moreover, through communication, OTB works worldwide to promote cultural change and raise awareness about the product's lifecycle. The Group focuses on consumers' behaviours and cultural knowledge by leveraging Brands communication on product maintenance and durability. Each Brand shares information on these themes through product labelling. For instance, Viktor&Rolf includes the slogan "Be nice and wash less" in its care label.

One of the aims of the OTB Group in sustainability communication is to ensure transparent and factual sustainability communication. From the beginning of 2022, OTB Group is also redesigning its Official Website, which will include information about the company's future environmental goals.

## EVERYONE IS INVITED: A DIESEL MESSAGE

Diesel has always been synonymous with inclusivity and sociability as one of its key messages and campaigns: *Everyone is invited*, one of Diesel's core values that reflects the Brand's ideals. Over decades of award-winning advertising campaigns made by famous photographers and creatives, the Brand was ahead of its time with a unique tone of voice, functioning as an antidote to the status quo. They managed to illustrate the company and to make people smile, think, ask and act. Similarly, Diesel used this to normalise taboos and flip the script on stories of social injustices, minorities, and absurdity in society and politics, all in a celebration of inclusivity, which has always been a part of Diesel's DNA from its very beginning. The iconic *LaChapelle* (1994), *Go with the flaw* (2017), *Francesca* (2020), and the most recent *When Together* (2021), campaign for which the Brand received a Diversity Award, are all examples of how, within all the controversies generated by Diesel's communications, the power of inclusion outweighed the risks of exclusion, building a better world.



Regarding transparent communication towards customers, Diesel introduced a new hangtag for its clothes with the following statement: THIS GARMENT IS MADE FOR RESPONSIBLE LIVING to identify all products whose features are already aligned with Diesel's sustainability product criteria and the Brand Sustainability Strategy.

The hangtag mentioned above helps customers discover the responsible features of Diesel garments, inviting them to scan the QR Code on the product to land directly on a digital "ID" platform. This provides information about the sustainability of fabrics, specific innovative and less impactful treatments and washes and trims applied to the garment.



OTB  
FOUNDATION

In 2008 Renzo Rosso founded **Only The Brave Foundation**, the OTB Group's independent non-profit organisation aiming to develop projects with a high social impact.

The Foundation's mission is to fight social inequalities and actively contribute to sustainable development versus disadvantaged people and areas in Italy and across the world. The OTB Foundation is a philanthropic body that selects and sustains projects according to three criteria: degree of innovation, direct social impact and sustainability.

One of the pillars of the Foundation is to guarantee and ensure that all funds raised through initiatives directly go to the final beneficiaries of the supported projects, without wasting any resources. The Foundation achieves efficient cost management with a lean structure that, when necessary, uses the Group's internal expertise.

In particular, the Foundation supports initiatives in the following three main segments:

- Support of organisations working to assist **children and young people**. Guided by the awareness that new generations represent the future of our community, the Foundation has supported and helped, for several years, associations and organisations which assist young people in need;
- Assistance initiatives in support of **women in difficulty**. These include the creation of prevention campaigns to combat gender-based violence, both at the international and local levels;
- Development of **integration projects** at the global, national and local levels to protect those who do not have the opportunity to have a safe place to live, grow and study, and respect their fundamental rights.

**CHILDREN AND YOUNG PEOPLE**

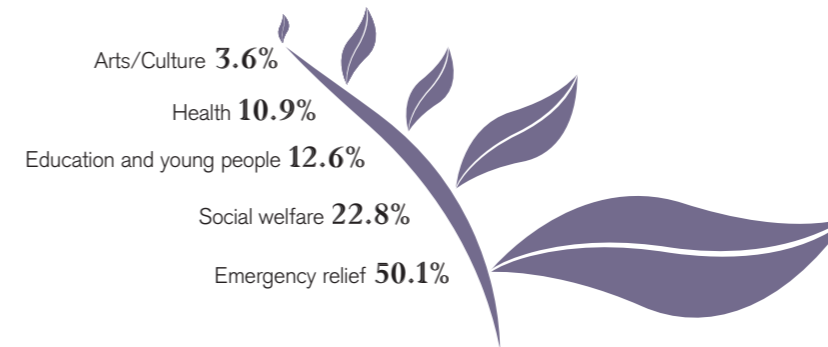


**WOMEN EMPOWERMENT**

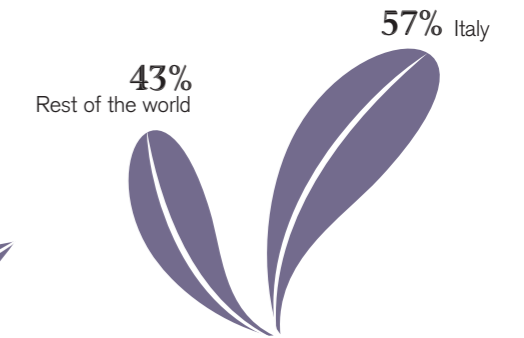
**INTEGRATION**



**FIELDS OF INTERVENTION**



**CONTRIBUTION BY AREA**



Many of these initiatives often arise from emergencies, with concrete objectives and actions within a tight and specific timeline.

Each social development initiative is monitored at every stage: from creating the project to its implementation, paying attention to accountability, both in terms of financial KPIs and its social impact, including the number of beneficiaries helped thanks to the initiative. The Foundation works to ensure that the projects financed can then be developed independently by local organisations, ensuring continuity and ongoing support for its social impact.

Since its inception, OTB Foundation has invested in over 300 social development projects worldwide, directly impacting the lives of approximately 300,000 people. In 2021, the Foundation financed several projects, doubling the resources allocated to local communities in 2020.

The Foundation operates through donations; almost 98% of its contributions to the organisations and initiatives it supports are financial.

In 2017 Arianna Alessi joins OTB Foundation as Vice President.



### Children and Young People

For years, the OTB Foundation has supported and focused its solidarity initiatives on projects which protect young people in difficult situations and encourage them to seek expert help to overcome tough times and episodes, such as bullying, gender-based violence or addiction. One of the most notable and engaging projects is *We Free*: the addiction prevention campaign created by San Patrignano and supported by the Foundation throughout Italy. The project results from a long-standing collaboration with San Patrignano, the largest community in Italy that helps young people suffering from addiction. Thanks to the project, around 50,000 students can attend shows each year where former guests of the San Patrignano community, who have completed their rehabilitation and are now socially reintegrated, talk about their life experiences and backgrounds.

During the Covid emergency, with social distance preventing events in big theatres, a new tool was created to reach students all over Italy and give continuity to the *We Free* prevention project. In fact, *#Chiaroscuro, un reportage sulla fatica di crescere* (*#Chiaroscuro, a reportage on the effort of growing up*) is a documentary created for the project, in which three young people, former guests of the community, tell their stories, their mistakes, the challenge of getting back up and the joy of a new life.

For years, the OTB Foundation has also been helping the young guests of the Piccolo Principe homes, an association that takes in young people aged 0 to 21 who have been removed from their families of origin or are experiencing hardships. The Foundation supports minors in their daily lives through actions that combat dropping out of school and adoption failure. It has also contributed to creating the *Casa Sull'Albero*, a semi-residential clinic within a therapeutic context. This national pilot project was set up to meet the growing demand for support during the foster care and adoption process. Over the years, 46 minors have been aided in finding a new home, and 6 Piccolo Principe facilities have been set.

The Foundation supports young people in precarious situations and helps them defend themselves against psychological violence, revenge porn, and bullying. About this, the Foundation, in cooperation with FARE X BENE Onlus, has developed the project *Bye Bully* and organised a series of campaigns and meetings to prevent bullying, cyberbullying and gender-based violence. The seminars aim to raise awareness among the public, young people and adults to recognise the signs and understand how to take action in bullying situations. Webinars with experts in the field were held even during the pandemic, highlighting the experiences of victims of this sad phenomenon.



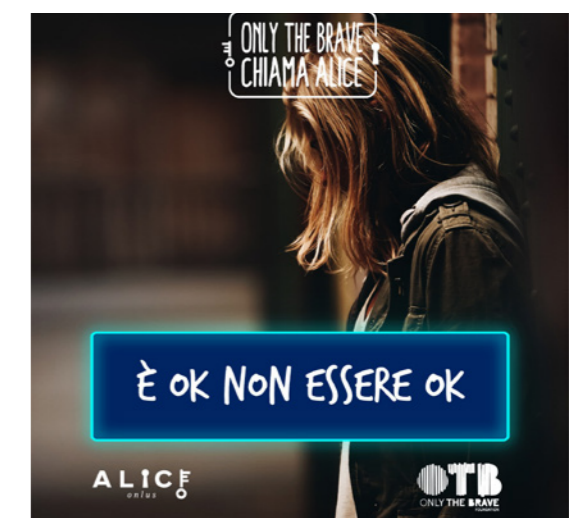
As confirmed by several studies conducted on an international scale, social distancing and isolation caused by the pandemic have impacted and damaged young people's mental health, causing conditions such as anxiety, loss of interest and concentration, increased fatigue, aggression and frequent crying. The Foundation has set up the "Only the Brave Chiama Alice" project to counter these worrying figures: a free listening space for children aged 12 to 25, created in 2021 and expanded in 2022.

### Women Empowerment

OTB Foundation believes in women and gender equality, which is why it is committed to fighting violence and supporting women's emancipation. Over the years, the Foundation has launched several important projects in Italy and the rest of the world.

In 2018, *Mai Più* was created in Italy, a listening and support service for female victims of violence designed to respond to emergency and difficult situations.

The project was made possible thanks to the collaboration with the Slichem Onlus community home. In addition to calling and listening services, free legal and psychological support is offered to women who seek comfort and wish to know their rights or ask for protection. The project has been strengthened by setting up training placements to make the project's beneficiaries financially independent and help them find their way back to work.





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The Foundation has also launched concrete initiatives in other countries worldwide in recent years. One of the supported projects is **Fearless Girls**. Through the not-for-profit association Ciai, this project has provided legal and psychological support and organised educational activities for Afghan girls in juvenile prisons accused of committing “crimes against morals”, such as escaping forced marriages or other forms of violence. In Afghanistan, the **Pink Shuttle project** has also been set up with the Onlus Nove. The Pink Shuttle is the first and only all-female transport service created in Kabul to enable women to travel independently to work and study and solve one of the main obstacles to emancipation: free mobility.

The project was interrupted following the Taliban invasion and the situation in the country. However, the programme drivers and their families were able to leave Kabul and arrive in Italy, where they are refugees supported by the OTB Foundation.

**Brave Women Awards** is the latest project Foundation launched in collaboration with Bocconi University to train future female managers. The Foundation will sponsor master's degrees for deserving women, encouraging women's presence in high-profile roles and promoting intragenerational mentoring. Each beneficiary will sponsor a scholarship for another young woman.

### Integration

One of the Foundation's main objectives and principles is contributing to the integration process of marginalised people, immigrants and political refugees. To this end, the commitment to strengthen the collaboration with UNHCR and Nove Onlus is renewed every year to implement new projects involving the integration and support of people living in situations of need.



Many integration projects were set up to provide a concrete contribution to emergencies in recent years. The need to help refugees and asylum seekers integrate into their country of arrival has stimulated the creation of a new project connecting labour supply and demand:

### Job Clinic Online

This project stemmed from a collaboration between Italiahello and Joel Nufama Refugee and promotes the social and economic integration of immigrants between 18 and 45 years of age. The project provided a structured application with different sections and contents: advice and examples to help write a CV, specific training courses in other languages, and finally, a meeting point to find job opportunities.

### Emergency Management

The OTB Foundation intervenes when an **emergency** arises with **targeted and concrete actions** that respond to the urgent needs of the beneficiaries. In 2012, the Foundation launched a microfinance project to support the people affected by the earthquake in Emilia; after the 2016 earthquake, the Foundation also helped rebuild the middle school of Macerata, donating the new structure to the city.

In the last two years, the Foundation has supported three significant emergencies: Covid-19, the crisis in Afghanistan in August 2021 and support for Ukraine war victims in 2022.

### Emergency Covid-19



The Foundation used a large part of its 2020 and 2021 initiatives to help the population counter the spread of the Covid-19 disease.

During the pandemic, the OTB Foundation offered concrete help to medical and paramedical staff on the front line of the fight against Covid-19. It supported hospitals with donations of around one million personal protective equipment and specialised items and financed the conversion of hospital wards into Covid areas. The Foundation contributed to setting up one of the largest Covid vaccination centres in the Veneto region and supported vaccination campaign-related activities.

Initiatives were also launched to help hundreds of families get through the lockdown by providing food and medicines and supporting the expenses of asymptomatic positive cases during fiduciary isolation away from their homes. The Foundation financed **Terre des Hommes' Spesa Sospesa** project, which helped more than 1,000 people by providing necessities and food. Another important project is the **empori solidali**: multifunctional spaces distributing food and essentials organised like a real supermarket, where beneficiaries can get food and other basic needs free of charge. Within these structures, a reception area has been set up where it is possible to request the support of professionals and to be directed to the various competent offices in the area, according to need, to facilitate reintegration into society. The OTB Foundation aims to sponsor the opening of different realities, contributing to create a support network to empower people in need after the pandemic.

Finally, multimedia devices were donated to several Italian institutions to support Distance Learning activities.

### Afghanistan emergency

The Foundation has been in Afghanistan for several years through various local partners. After the Taliban's return to power in 2021, the OTB Foundation has continued to support organisations and projects that help the country's population inside and outside its borders. In Afghanistan, over the years, the Foundation has focused mainly on helping local women and has contributed to assisting refugees.

The OTB Foundation was the first Italian foundation to take up the appeal of UNHCR, the United Nations refugee agency that launched a worldwide fundraising campaign. The Foundation's significant donations to the UNHCR financed the purchase and distribution of over 300 tents for families forced to leave their homes in search of shelter and protection. Considering households of 5 people on average, around 1,500 people have been offered a place to sleep and be with their loved ones.

In assistance of the Afghan population, the Foundation supported the non-profit organisation Nove, contributing to the new **Lifeline Emergency Programme**, an initiative to provide immediate assistance to 1,400 'vulnerable' people in Kabul in the form of food and protection against the cold Afghan winter.



The Foundation provided help to the victims of the Taliban siege, supporting the organisations that took in Afghan refugees who had arrived in our country and donating food, clothing and computer equipment. It has also made it possible to obtain three scholarships from the University of Padua for three young Afghans. The foundation also helped create a full welcome for refugees thanks to the offers of hospitality from private individuals and public facilities, liaising with the relevant authorities, and finding companies willing to offer work opportunities to refugees. The OTB Group hired one refugee in 2021, who fled Afghanistan with his family in August of the same year.

By 2022, the Foundation is committed to strengthening the *Lifeline Emergency* programme to monitor and support the Afghan population on the ground with actions to protect women and children and expand the *SaveAfghanLives* network to help the Afghan people now living in our country.

### Ukraine Emergency

OTB Foundation is carrying out a series of initiatives to cope with the emergency and provide concrete help to the Ukrainian population.

OTB Foundation was the first to respond to UNHCR's urgent appeal to support people and families fleeing within its borders and neighbouring countries. With the help of the OTB Foundation, UNHCR ensured initial financial support to families to meet their most urgent needs.

From the first days after the start of the war, the OTB Foundation worked to organise buses to bring as many Ukrainian refugees as possible, mostly women and children, to Italy, safely transporting 442 Ukrainians.

Refugees in need of safe accommodation were housed in facilities in the territory; some property accommodations were made available, providing food, toys, beds and Wi-Fi to communicate with family members who remained in Ukraine. A pick-up point for clothing and toys to be donated to refugees was also opened.

The Foundation also tried to help in conflict and border areas by sending medicines and medical supplies and helping those stuck there: around 1,000 families in Odesa, Dnipro, Kramatorsk and Kyiv, have already received assistance thanks to the collaboration between OTB Foundation and Zegna Foundation who have teamed up with Cesvi to help people in Ukraine.



The Foundation supported people hosted in the province of Vicenza to complete the bureaucratic procedures necessary to finalise a proper reception and guaranteed initial health assistance, including managing Covid-19 procedures (antigenic swabs, vaccines, check-ups).

This was also possible thanks to the Bassano del Grappa vaccination hub set up by the Foundation and support activities by several experts (mediators, psychologists, and social workers).

OTB Foundation and OTB Group are currently committed to a long-term job placement project for Ukrainian refugees: it is the first project of this kind in Italy's fashion industry. After a complete mapping of the professional profiles of the people welcomed, the first 20 women will be employed by the OTB Group and its network of companies.



*"The Rialto Bridge is a heritage that has belonged to the Venetians for centuries and represents the best of our country to the world. With this intervention, we wanted to share with the city - and with others - a part of the success that OTB has achieved in recent years but also because of a sense of belonging to a territory that continues to give a lot to our companies"*

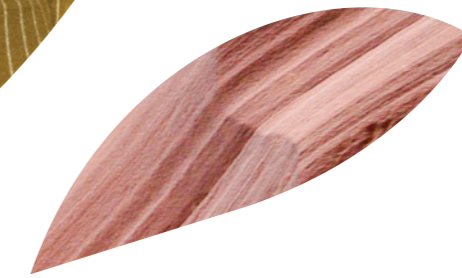
RENZO ROSSO

### Collaboration with the OTB Group and local communities

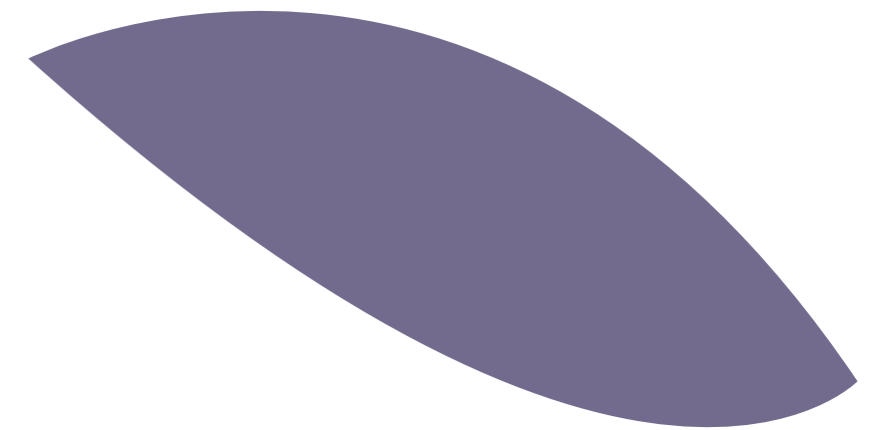
The OTB Foundation promotes and implements a series of social sustainability initiatives in synergy with the OTB Group companies and Brands and in line with its strategies. OTB encourages its employees to start or join Corporate volunteering activities.

Initiatives range from the recovery of unused clothing to the redistribution of surplus food from corporate restaurants, from supporting schools and associations that protect minors by donating IT equipment from companies to the distribution of textile waste and surplus materials to organisations committed to the integration of people in difficulty. Recently, the Foundation supported the Group's local community by donating shopping parcels distributed to needy families and recruiting volunteers to support the ASL vaccination campaign.

In addition to emergencies and the objectives set by the Foundation, the OTB Group and its founder Renzo Rosso have developed a deep bond with the region where they operate, contributing to Venice's beauty and the protection of the lagoon's immense artistic and cultural heritage. An opening ceremony after the restoration of the Rialto Bridge, the emblem of Venice and one of the most important and famous monuments in Italy and the world, was held in September 2021. Restoration works for the Rialto Bridge began in 2014 after the OTB Group won a contract in 2012 from the City of Venice to finance the first restoration in the bridge's history with a 5 million Euro contribution. The operations involved more than 130 people, including restorers, workers and engineers who have restored a total area of 5,000 square metres to its former glory, including bas-reliefs, plaques and masks that decorate the famous bridge, in about 80,000 hours of work and with 5,500 square metres of scaffolding.



APPENDIX





## METHODOLOGICAL NOTE

### Reporting standards and reporting scope

This document represents the first edition of OTB Group's Sustainability Report. It depicts the main initiatives and projects of the fiscal year 2021, from 1 January 2021 to 31 December 2021, and, where present, performance trends for the three years 2019-2020-2021. In addition, initiatives and significant events for the fiscal year 2022, already known at the closing date of this document, have been included.

This first sustainability report is voluntary and not assured by an external third-party organisation. OTB will evaluate to include the audit process from the second edition of its Sustainability Report, to be published in 2023.

The issues dealt with in the first Sustainability Report reflect the results of the materiality analysis, i.e., approved by the OTB Board of Directors on May 24th 2022, identifying and assessing sustainability aspects relevant to the OTB Group and its Stakeholders. This report was prepared in compliance with the Sustainability Reporting Standards published by the Global Reporting Initiative GRI (Core Option), one of the most widely used and internationally recognised standards for reporting non-financial information.

The reporting scope includes OTB S.p.A. and Group's subsidiaries consolidated on a line-by-line basis. The companies consolidated in OTB S.p.A.'s financial statements using the equity method are not included. It should be noted that the OTB Group acquired Jil Sander. This company joined the scope of consolidation with effect from March 2021, so their data has been gradually integrated into the financial statements. Any limitations to the boundaries of this perimeter are adequately shown in the document.



The identification of the contents and the reporting of the Sustainability report took into account the following principles: relevance, inclusiveness, completeness, comparability, accuracy, timeliness, reliability and clarity have been adopted in its preparation. The process of collecting, verifying, and aggregating qualitative information and data was structured to make the document's contents comparable, complete, and understandable to all Stakeholders.

### Reporting Process

The preparation of the OTB Group's first Sustainability Report was based on a structured process, which involved all Corporate functions responsible for relevant issues and thus the information in this document. The reporting process has been issued by the Corporate Sustainability Function in cooperation with external consultants.

Once the areas of reference and the issues dealt with in the above document were identified, data owners and approvers were determined for each reference function. Each representative Brand was responsible for the data and information published in the Sustainability Report of the Group. The data and information were collected through quantitative and qualitative sheets explicitly prepared for this report, bearing in mind the demands and requirements of the GRI Standards.

The Sustainability Report was finally approved by the Group's Board of Directors in September 2022 and published on the OTB Group's Corporate website.

## DATA AND PERFORMANCE INDICATORS

### NUMBER OF EMPLOYEES BY RETAIL AND HEAD OFFICE (no.)

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Retail	1,178	1,948	3,126	1,177	2,093	3,270
HO	955	1,476	2,431	990	1,671	2,661
<b>Total</b>	<b>2,133</b>	<b>3,424</b>	<b>5,557</b>	<b>2,167</b>	<b>3,764</b>	<b>5,931</b>

### EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER (no.)

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Italy	728	1,278	2,006	761	1,444	2,205
Europe (excl. Italy)	490	681	1,171	470	740	1,210
Americas	183	179	362	179	184	363
APAC (excl. Japan)	127	323	450	145	396	541
Japan	618	950	1,568	612	1,000	1,612
<b>Total</b>	<b>2,146</b>	<b>3,411</b>	<b>5,557</b>	<b>2,167</b>	<b>3,764</b>	<b>5,931</b>

**EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER (no.)**

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Permanent contract	2,044	3,213	5,257	2,028	3,459	5,487
Temporary contract	102	198	300	139	305	444
<b>Total</b>	<b>2,146</b>	<b>3,411</b>	<b>5,557</b>	<b>2,167</b>	<b>3,764</b>	<b>5,931</b>

**EMPLOYEES BY EMPLOYMENT TYPE AND GENDER (no.)**

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Full time	1,759	2,669	4,428	1,909	3,196	5,105
Part time	387	742	1,129	265	561	826
<b>Total</b>	<b>2,146</b>	<b>3,411</b>	<b>5,557</b>	<b>2,174</b>	<b>3,757</b>	<b>5,931</b>

**EMPLOYEES (HC) BY CATEGORY AND GENDER**

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
<b>Executive &amp; Directors</b>	<b>60</b>	<b>15</b>	<b>75</b>	<b>52</b>	<b>26</b>	<b>78</b>
<30 years old	0	0	0	0	0	0
31-50 years old	25	9	34	22	14	36
>50 years old	35	6	41	30	12	42
<b>Managers</b>	<b>394</b>	<b>348</b>	<b>742</b>	<b>440</b>	<b>465</b>	<b>905</b>
<30 years old	4	12	16	4	17	21
31-50 years old	271	250	521	298	332	630
>50 years old	119	86	205	138	116	254
<b>Professionals</b>	<b>1,688</b>	<b>3,052</b>	<b>4,740</b>	<b>1,675</b>	<b>3,273</b>	<b>4,948</b>
<30 years old	609	963	1,572	642	1,127	1,769
31-50 years old	920	1,812	2,732	874	1,843	2,717
>50 years old	159	277	436	159	303	462
<b>Total</b>	<b>2,142</b>	<b>3,415</b>	<b>5,557</b>	<b>2,167</b>	<b>3,764</b>	<b>5,931</b>
<30 years old	613	975	1,588	646	1,144	1,790
31-50 years old	1,216	2,071	3,287	1,194	2,189	3,383
>50 years old	313	369	682	327	431	758

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**PEOPLE HIRED BY GEOGRAPHICAL AREA AND GENDER (no.)**

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Italy	106	255	361	133	347	480
Europe (excl. Italy)	263	272	535	288	422	710
Americas	89	61	150	108	109	217
APAC (excl. Japan)	38	96	134	124	277	401
Japan	82	114	196	79	146	225
<b>Total</b>	<b>578</b>	<b>798</b>	<b>1,376</b>	<b>732</b>	<b>1,301</b>	<b>2,033</b>

**PEOPLE TERMINATED BY GEOGRAPHICAL AREA AND GENDER (no.)**

	2020			2021		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Italy	145	384	529	145	316	461
Europe (excl. Italy)	371	440	811	326	412	738
Americas	148	112	260	114	110	224
APAC (excl. Japan)	67	174	241	110	209	319
Japan	99	151	250	113	162	275
<b>Total</b>	<b>830</b>	<b>1,261</b>	<b>2,091</b>	<b>808</b>	<b>1,209</b>	<b>2,017</b>

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**TURNOVER BY GENDER (%)**

	2021		
	MALE	FEMALE	TOTAL
Hiring rate	34%	35%	34%
Termination rate	37%	32%	34%

**TURNOVER BY AGE (%)**

	2021		
	≤30	31-50	>50
Hiring rate	68%	22%	11%
Termination rate	60%	25%	14%

**TURNOVER BY GEOGRAPHICAL AREA (%)**

	2021				
	ITALY	EUROPE (EXCL. ITALY)	AMERICAS	APAC (EXCL. JAPAN)	JAPAN
Hiring rate	22%	59%	60%	74%	14%
Termination rate	21%	61%	62%	59%	17%

EXCEPT FROM THE COUNTRY-BY-COUNTRY REPORT 2020 (in thousands of Euro)

	COUNTRIES INCLUDED IN THE RANGE	REVENUES FROM THIRD PARTIES <sup>22</sup>	PROFIT/LOSS BEFORE TAXES	TANGIBLE ASSETS AND CASH EQUIVALENTS	TAXES PAID	TAXES ACCRUED <sup>23</sup>	EMPLOYEES (FTE)
<b>Europe</b>	Austria	1,422,583	50,832	119,031	3,191	27,433	3,028
	Belgium						
	Denmark						
	Finland						
	France						
	Germany						
	Greece						
	Ireland						
	Italy						
	Luxembourg						
	Marocco						
	Monaco						
	Netherlands						
	Norway						
	Spain						
	Sweden						
Switzerland							
United Kingdom							
<b>Americas</b>	Canada	86,178	-14,005	6,691	-	161	337
	USA						
<b>APAC</b>	China	405,974	-3,704	26,643	7,321	4,380	1,912
	Hong Kong						
	India						
	Taiwan						
	Japan						
<b>Total</b>		<b>1,914,735</b>	<b>33,123</b>	<b>152,366</b>	<b>10,512</b>	<b>31,651</b>	<b>5,277</b>

Relations with organisations, institutions and associations

OTB fosters beneficial relations with key actors and leading institutions to strengthen the Group's and the Brands' positioning and competitive advantage. The Group is part of different local and international organisations and working Groups. It takes an active role in industrial coalitions, addressing the sustainable growth of the fashion business and protecting the Italian know-how. Specifically, OTB collaborates as a key member within the following associations and entities:

ITALY

- ASCOM Vicenza– Confcommercio
- Camera Nazionale della Moda
- Confindustria Vicenza
- Federazione Moda Italia Confcommercio
- Montenapoleone District
- Nuova Associazione Babuino
- Sistema Moda Italia Confindustria

CHINA

- China-Italy Chamber of Commerce (CICC)
- Shanghai Foreign Invested Company

JAPAN

- Ginza dori shoten-kai
- ITA Chamber of Commerce ICCJ
- Japan Sales Professionals Association

FRANCE

- Comité Montaigne
- Fédération de la Haute Couture

SPAIN

- Asociacion Distrito 41

UNITED STATES

- Fashion Group International
- VoW for girls
- Glaad
- Women Empowerment Principles (WEPIs)

INTERNATIONAL

- Business for Social Responsibility – BSR
- ReLI – Responsible Luxury Initiative
- ZDHC Foundation's Roadmap to Zero Programme
- Science Based Targets initiative (SBTi)

22. Reported values include net revenues, total other revenues, other interest income, other financial income, bank accounts interest income  
23. Taxes accrued does not consider deferred Corporate income taxes and reserves for uncertain tax composition

## GRI CONTENT INDEX

The following table of contents guides readers through the document and helps them find content related to specific GRI indicators.

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
<b>General standard disclosures (2016)</b>			
<b>ORGANISATIONAL PROFILE (2016)</b>			
102-1	Name of the organisation	14, 160 – 161	
102-2	Activities, brands, products, and services	14 – 17	
102-3	Location of headquarters	77	
102-4	Location of operations	22 – 24	
102-5	Ownership and legal form	14 – 19	
102-6	Markets served	22	
102-7	Scale of the organisation	22 – 25, 121, 161 - 163	
102-8	Information on employees and other workers	121 - 123, 161 - 163	
102-9	Supply chain	26 – 27, 110 - 112	
102-10	Significant changes to the organisation and its supply chain	19, 160 - 161	
102-11	Precautionary principle or approach	68 – 71, 74, 108, 114-115	
102-12	External initiatives	The Group does not adopt any codes and principles that are external to the organisation. However, the Group follows the International Labour Standards set out in the fundamental conventions of the International Labour Organisation (ILO)	
102-13	Membership of associations	40 – 43, 165	
<b>STRATEGY (2016)</b>			
102-14	Statement from senior decision-maker	4 – 9	
102-15	Key impacts, risks, and opportunities	68 – 71, 74, 108, 114-115, 172	
<b>ETHICS AND INTEGRITY (2016)</b>			
102-16	Values, principles, standards, and norms of behaviour	20 – 21, 57 – 66	

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
<b>GOVERNANCE (2016)</b>			
102-18	Governance structure	56 – 57	
102-20	Executive-level responsibility for economic, environmental, and social topics	44 – 45, 56 – 57	
102-22	Composition of the highest governance body and its committees	56 – 57	
102-23	Chair of the highest governance body	56	
<b>STAKEHOLDER ENGAGEMENT (2016)</b>			
102-40	List of Stakeholder Groups	46 – 47	
102-41	Collective bargaining agreements	135	
102-42	Identifying and selecting Stakeholders	46 – 47	
102-43	Approach to Stakeholder engagement	46 – 47	
102-44	Key topics and concerns raised	46 – 47, 50	
<b>REPORTING PRACTICE (2016)</b>			
102-45	Entities included in the consolidated financial statements	160	
102-46	Defining report content and topic Boundaries	48 – 50, 161	
102-47	List of material topics	50 – 53	
102-48	Restatements of information	160 – 161	
102-49	Changes in reporting	160 – 161	
102-50	Reporting period	160	
102-51	Date of most recent report	160	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	176	
102-54	Claims of reporting in accordance with the GRI Standards	160 – 161	
102-55	GRI content index	166 – 171	
102-56	External assurance	160	
<b>MATERIAL TOPIC: FINANCIAL PERFORMANCE</b>			
103-1 103-2 103-3	Management approach	23 – 26, 50 – 53	

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
201-1	Direct economic value generated and distributed	25	
207-1	Approach to tax	28 – 29	
207-2	Tax governance, control, and risk management	28 – 29	
207-3	Stakeholder engagement and management of concerns related to tax	28-29, 47	
207-4	Country-by-country reporting	164	

**MATERIAL TOPIC: RESPONSIBLE GOVERNANCE AND ETHICAL BUSINESS**

103-1 103-2 103-3	Management approach	50 – 53, 56 – 67	
205-3	Confirmed incidents of corruption and actions taken	In 2021, there were no corruption-related complaints reported within the Group	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2021, no legal action relating to unfair competition, antitrust and monopolistic practices was reported	
307-1	Non-compliance with environmental laws and regulations	In 2021, OTB did not receive any fines due to non-compliance with environmental laws and regulations	
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	66	
419-1	Non-compliance with laws and regulations in the social and economic area	In 2021, OTB did not receive any fines due to non-compliance with laws and/or regulations in the social and economic area	

**MATERIAL TOPIC: BIODIVERSITY**

103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 74	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	OTB Group does not own or manage facilities or operating sites located in, or adjacent to, protected areas or areas of high biodiversity value outside protected	

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
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**MATERIAL TOPIC: CLIMATE STRATEGY**

103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 75 – 82	
302-1	Energy consumption within the organization	77 – 78	
305-1	Direct (Scope 1) GHG emissions	77 – 78, 81	
305-2	Energy indirect (Scope 2) GHG emissions	77 – 78, 81	
305-3	Other indirect (Scope 3) GHG emissions	79 – 81	
305-4	GHG emissions intensity	78	

**MATERIAL TOPIC: PROTECTING OCEANS**

103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 85 – 89	
301-1	Materials used by weight or volume (packaging-related information)	86 All data reported refers only to packaging materials	
301-2	Recycled input materials used (packaging-related information)	86 All data reported refers only to packaging materials	
306-1	Waste generation and significant waste-related impacts	88 – 89	
306-2	Management of significant waste related impacts	88 – 89	
306-3	Waste generated	89	

**MATERIAL TOPIC: WATER STEWARDSHIP AND CHEMICAL MANAGEMENT**

103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 91 – 95	
416-1	Assessment of the health and safety impacts of product and service categories	93, 95	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2021, there were no incidents of non-compliance concerning the health and safety impacts of products	

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
<b>MATERIAL TOPIC: SUSTAINABLE PRODUCT DESIGN</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 88-89, 99 – 107	
<b>MATERIAL TOPIC: CIRCULARITY</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 88-89, 99 – 107	
301-1	Materials used by weight or volume (raw materials-related information)	99	The information provided in the document related to raw materials is mainly qualitative
301-2	Recycled input materials used (raw materials-related information)	99	The information provided in the document related to raw materials is mainly qualitative
<b>MATERIAL TOPIC: RESPONSIBLE SOURCING &amp; TRACEABILITY</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 108 – 109	
204-1	Proportion of spending on local suppliers	110	
<b>MATERIAL TOPIC: FAIR WAGES &amp; WELL-BEING ALONG THE VALUE CHAIN</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 114 – 115	
<b>MATERIAL TOPIC: EMPLOYEE WELL-BEING, HEALTH AND SAFETY</b>			
103-1 103-2 103-3	Management approach	50 – 53, 118 – 119	
403-1	Occupational health and safety management system	131 – 135	
403-2	Hazard identification, risk assessment, and incident investigation	131 – 133	
403-3	Occupational health services	132	
403-4	Worker participation, consultation, and communication on occupational health and safety	134	
403-5	Worker training on occupational health and safety	127, 134	
403-6	Promotion of worker health	134 – 135	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	131 – 133	

GRI ID	DISCLOSURE	PAGE NUMBER OR DISCLOSURE	OMISSIONS
403-8	Workers covered by an occupational health and safety management system	133	
<b>MATERIAL TOPIC: DIVERSITY, EQUITY &amp; INCLUSION</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 63, 120 – 123	
405-1	Diversity of governance bodies and employees	56, 122 – 123	
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period	
<b>MATERIAL TOPIC: TALENT ATTRACTION AND RETENTION</b>			
103-1 103-2 103-3	Management approach	50 – 53, 124 – 130	
401-1	New employee hires and employee turnover	123, 163 Data about new hires and terminations are not comparable for 2021 and 2020 due to Jil Sander acquisition, the opening of new branches and the implementation of a new reporting system for all legal entities	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	129 – 130, 134	The information provided in the document is mainly qualitative
404-2	Programs for upgrading employee skills and transition assistance programs	129 – 130, 134	
<b>MATERIAL TOPIC: CUSTOMER EXPERIENCE, BRAND AWARENESS AND REPUTATION</b>			
103-1 103-2 103-3	Management approach	50 – 53, 138 – 145	
417-1	Requirements for product and service information and labelling	145	
417-2	Incidents of non-compliance concerning product and service information and labelling	In 2021, there were no incidents of non-compliance with regulations and voluntary codes related to product and service information and labelling	
<b>MATERIAL TOPIC: SOCIAL IMPACT</b>			
103-1 103-2 103-3	Management approach	32 – 34, 50 – 53, 148 – 157	
413-1	Operations with local community engagement, impact assessments, and development programs	148 – 157	

**Table linking material topics and GRI content index**

The following table shows the analysis of the reporting of material issues according to the scheme defined by GRI Standards. In this section, internal and external impacts are also reported to describe where these occur for a material topic and highlight the organisation's involvement with those impacts.

MATERIAL TOPICS	LINKS TO GRI ASPECTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Financial Performance</b>	201: Economic Performance (2016) 207: Tax (2019)	•	
<b>Responsible Governance and Ethical Business</b>	205: Anti-corruption (2016) 206: Anti-competitive Behaviour (2016) 307: Environmental compliance (2016) 418: Customer Privacy (2016) 419: Socioeconomic Compliance (2016)	•	
<b>Biodiversity</b>	304: Biodiversity (2016)	•	
<b>Climate Strategy</b>	302: Energy (2016) 305: Emissions (2016)	•	
<b>Protecting Oceans</b>	301: Materials (2016) <i>(packaging-related information)</i> 306: Waste (2020)	•	
<b>Water Stewardship &amp; Chemical Management</b>	416: Customer Health and Safety (2016)	•	Suppliers
<b>Sustainable Product Design</b>	<sup>24</sup>	•	
<b>Circularity</b>	301: Materials (2016) <i>(raw materials-related information)</i>	•	
<b>Responsible Sourcing &amp; Traceability</b>	204: Procurement Practices (2016)	•	Suppliers
<b>Fair wages &amp; Well-being along the Value Chain</b>	<sup>24</sup>	•	Suppliers
<b>Employee Well-being, Health and Safety</b>	403: Occupational Health and Safety (2018)	•	Collaborators
<b>Diversity, Equity &amp; Inclusion</b>	405: Diversity and Equal Opportunity (2016) 406: Non-discrimination (2016)	•	
<b>Talent Attraction and Retention</b>	401: Employment (2016) 404: Training and Education (2016)	•	
<b>Customer Experience, Brand Awareness and Reputation</b>	417: Marketing and Labeling (2016)	•	Customers
<b>Social Impact</b>	413: Local Communities (2016)	•	

<sup>24</sup> Regarding the topic in question (not directly linked to an aspect covered by GRI Standards), OTB reports the management approach adopted in the document.







Capitale Sociale: Euro 25.000.000  
interamente versato  
Iscritta al Registro delle Imprese  
di Vicenza al n. 01242510269  
Iscritta al R.E.A. di Vicenza al n. 170.761  
Codice Fiscale 01242510269  
P.IVA 01571110244

Progetto grafico e impaginazione  
Frame by Frame

Finito di stampare nel mese di

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