

SUSTAINABILITY REPORT

2020



OVS S.P.A.
SUSTAINABILITY
REPORT 2020

Consolidated non-financial statement
(pursuant to Legislative Decree 254/2016)

OVS

I N D E X

Vision	4
· Letter to the Stakeholder	6
· About us	10
· Rethinking Fashion	14
· Sustainability Key Figures in 2020	18
Product and Materials	20
Supply Chain	40
Customers	58
People	74
Stores	86
Details	96
· OVS Group Profile	98
· Responsible governance	99
· Sustainability strategy	106
· ESG Highlight 2020	108
· Stakeholder and materiality	116
· Ethical and sustainable business management	124
· Methodological note and reading guide	134
· Appendix: Indicators tables	136
· Perimeter of the material aspects of OVS	172
· GRI Content Index	176
· External assurance	188
· Notes	190

W I I O

S N



LETTER TO THE STAKEHOLDERS



The pandemic, an historic event that has had an indelible and tragic impact on the year just gone, has necessarily provoked major changes in lifestyles and triggered a process of reflection on the priorities that humanity has before it. The planet can no longer be treated as a mere resource to be exploited without discrimination, but rather as a place that welcomes us and that we must take better care of if we want to leave future generations a hope for a better life.

We are convinced that even after the world has returned to normality, although this is not likely to happen in the very short term, and despite a natural propensity to enjoy the fact that danger has passed, and to find ourselves in the streets again, resuming our social and relational habits, the awareness that humanity must evolve in a fair and sustainable manner will accompany many of us forever.

The sector in which our company operates is one of those that most need to be aware of the heavy environmental impacts arising from a careless and unconscious approach to production. The fashion industry has many negative impacts on the environment, from the spillage of polluted water to the eutrophication of soil and the release of chemicals into the air. It is therefore imperative that all companies in the sector adopt policies to minimise these effects.

The year that has just ended has also had a major impact on the very survival of many companies in the fashion and clothing sector, which is one of the most affected by the measures to contain the spread of the virus. We worked with around 30% fewer shop opening days and the resulting loss of turnover was around 26%. Our company rose to the challenge. Our employees, whom we thank for their strong spirit of belonging, accepted financial sacrifices and worked under pressure, enabling us to contain the losses. Our suppliers accepted payment delays and in some cases, such as real estate and many utility activities, even downsizing in their competencies. All in a spirit of cooperation, thanks to the seriousness and credibility that our company has gained over many years and the fact that everyone counts on our resilience and considers us as a market consolidator. Thanks to this, we have been able to continue, albeit on a reduced scale, to invest in our activities, including research and development, including supply chain technology innovation, aimed at continuously improving our company's environmental footprint.

The fact that consumers are paying more and more attention to the sustainability and circular economy issues, looking for durable garments and therefore less characterised by 'fast' fashion, as in the past, found us prepared. Our marketplace vocation, both physical and digital, the only platform in Italy dedicated primarily to families, together with our role as market leader, with an 8.4% market share in clothing in Italy and with more than 20% market share in the children's segment alone, required us for years not only to make business choices that cannot disregard the issues of environmental sustainability, but also to take on an increasingly guiding role towards conscious purchasing choices.

We, therefore, feel that we must guarantee maximum transparency in our approach to customers and this firm conviction has led us to launch during the year, a set of Eco Valore indicators that, for each garment, clearly explain the environmental impact of the entire life cycle of our products. We are among the first companies in the world to provide such indicators. Transparency is an important value for us, a value that will increasingly guide our choices and will enable an informed decision process for our customers and for all stakeholders.

Applying a scientific approach that comprehensively considers the impacts associated with the entire life cycle of a product, we have prioritised the use of more sustainable materials over the years. To date, over 85% of cotton, our primary material, is organic or produced through the Better Cotton Initiative and we plan to reach 100% during 2021. Overall, our constant work in research and innovation has led us to obtain over 65% of the assortment of the 2020 collections made with materials from certified low impact supply chains and we will exceed 90% by 2025.

We have long pursued process innovations that enable us to improve our overall sustainability profile. For example, we work to eliminate chemicals that are not fully safe for people and the environment, such as potassium permanganate in the treatment of denim garments, which we no longer use since 2019. We are also progressively applying innovative technologies in the processing of denim that allow significant savings in water consumption, an increasingly precious resource that denim production historically needs an abundance of.

Circularity is key value that has inspired us over time and that is becoming increasingly important for the fashion world. Our industry alone is responsible for 10% of global CO2 emissions and for the release of half a million tons of microfibres into the marine environment every year. For these reasons, it is necessary to promote a transition towards a circular economy not only to reduce impacts, but also for the need to recover value, as we are aware of the limited resources available to us. On this topic, we believe that it is necessary for the various players in the supply chain to collaborate with a transparent approach in order to accelerate implementation of those solutions that would otherwise remain available to a only few. This is why during 2020, among other activities, we joined the Circular Fashion Partnership for the purpose of advancing the transition to a circular fashion system and to concretely promote the diffusion of practices in the supply chain associated with a better environmental and economic impact.

We believe that true system change can only be brought about with the collaboration of all the players involved in our supply chain, creating a shared approach through alliances and collaborations. A key focus of our efforts is to ensure respect for human rights and compliance to the principles of the Code of Conduct in our supply chain, as well as to monitor environmental and social performance. We are gradually replacing the internal audit process with an audited supplier evaluation system based on the Higg platform, shared by the other players in the supply chain: in 2020, 80% of OVS production volume comes from suppliers engaged in improvement programs through the Higg platform, we will reach 100% in 2022.

We believe that the digital innovation push imposed by the pandemic represents an important opportunity to regain productivity, make the company more agile and resilient, and at the same time more efficient and sustainable. In particular, in 2020 we launched the proximity e-commerce project, "The whole collection assortment in one click", which allows us to optimise the impacts related to last-mile transport, by far the highest contribution of the product distribution phase. The project, tested at the end of 2020 and gradually being extended to the entire network, allows Franchisee stores to sell, in store, via i-pads, products not present in their assortment, but available on the OVS e-commerce site. As far as the company's digitalisation front, 2020 saw us engaged in the radical innovation of sourcing processes through a digital collaboration platform, based on cameras and interactive whiteboards, which allows remote connection between our headquarters offices, foreign offices and the suppliers. This enables remote negotiation and quality control of samples and will lead to a drastic reduction in travel to the benefit, yet again, of the environment.

We are also convinced that our business model, which is truly multi-channel because unlike pure digital players we have a widespread network of physical shops as well as an online channel, is also more sustainable than distribution models based solely on home delivery. Around 50% of the products purchased via e-commerce are picked up from our shops, which often are located in nearby areas. This leads to an efficient use of transport of goods, minimising the negative environmental impact of individual home deliveries.

Many projects for further improvement are in the pipeline. From the dematerialisation of transport documents in the delivery of goods to the shop with the elimination of paper, to the total recycling of hangers, to the elimination of plastic from packaging, on which we have already made a lot of improvements. We would like to ensure our shareholders and stakeholders that our short- and long-term strategy will continue to focus on making our company increasingly capable of an integrative approach to sustainability issues.

Stefano Beraldo
CEO

ABOUT US

OVS S.p.A. ("OVS") is the leading group in Italy in the clothing market for the woman, men and children segments. The OVS brand was established within the Coin Group in 1972 and, gradually expanding its network, it has been able to develop a bond of trust with its customers over time, achieving brand awareness on the Italian market of 94% in 2020. OVS also owns the UPI brand, which is positioned in the value segment of women's, men's and children's apparel market in Italy and it is primarily a family store. UPI, present in Italy since 1928, was acquired in January 2010, and the brand has enjoyed significant growth in recent years.

The Company operates according to a business model typical of vertically integrated retailers, offering products created in-house, but also acting as a platform that can accommodate a selection of third-party brands, more or less known, always synergistic with its internal proposal. In particular, product development is entrusted to a team of product managers, designers and merchandisers who, relying on an organisational structure highly specialised in sourcing with a strong presence in key geographical areas, conceive, develop and produce the merchandise mix with

external suppliers, under the artistic guidance of creative director and the organisational guidance of the category managers.

OVS operates through its own sales network and digital channels throughout Italy and in some foreign countries with stores that are characterised by different sizes in terms of surface area and different management methods (direct sales or franchising), proprietary websites integrated with the physical network, and market places with which it collaborates, especially abroad.

OVS is also the leader in the clothing market in Italy, with a share of 8.4% and in the children's market with a share of over 20%.

The Group consists of OVS S.p.A. and its subsidiary companies operating abroad, in the management of the network of stores (mainly in franchising) and in the control of product development and manufacturing operations.



GROUP BRANDS



OVS - Leading Italian brand in the women's, men's and children's clothing market. It offers a selection of contemporary and essential Italian style, with excellent value for money and great attention to sustainability in the choice of materials and production processes.



OVS KIDS - Leading brand in the Italian children's clothing market. Its target audience are children, 0 to 14 years old, with a competitive, high-quality offer that pays great attention to the selection of raw materials and the creation of garments that are both stylish and practical.

STEFANEL

STEFANEL - Historic Italian brand of recent acquisition known in Italy and worldwide in particular for its women's knitwear.



PIOMBO - Men's clothing brand present in over 500 OVS stores in Italy with dedicated display areas. Expression of the flair of the renowned designer Massimo Piombo: selected fabrics, attention to detail and affordable prices are the hallmarks of PIOMBO garments, designed for daily wear and to satisfy the most diverse needs.

upim

UPIM - It is the Italian family store, a benchmark for a shopping service that is convenient, accessible and targeting the actual needs of families. It offers a service that is close to the community, with a wide and varied offer ranging from clothing for the whole family, to beauty and home.



BLUKIDS - Upim's clothing brand for children. A benchmark for convenient, accessible shopping, directed at the daily needs of mothers and children, dressing kids throughout their childhood years, from day-wear, to school wear to special occasions.



CROFF - Historic brand for home decoration dedicated to those who love easy, informal contemporary design, to be experienced and lived in every day. CROFF collections express the different rooms and settings in the house: from textiles to the table and the kitchen, from accessories to furnishing accessories, with an offer of basic products, always with an excellent quality/price ratio

KEY NUMBERS

STORES
WORLDWIDE

1,822

EMPLOYEES
WORLDWIDE

7,399

REVENUE
(€ MILLION)

1,018.5

GROUP MARKET
SHARE

8.4⁽¹⁾%

OVS BRAND GLOBAL
AWARENESS

94⁽²⁾%



RETHINKING FASHION

10% ^{CO2 EMISSION} 20% ^{WASTEWATER}

SCENARIO: THE TRUE FOOTPRINT OF FASHION

The footprint of the fashion industry is huge. It is estimated to produce 10% of total CO2 emissions and 20% of global wastewater (3) as well as a significant portion of microplastics scattered in the oceans.

These are not just environmental problems, but also people-related risks in a supply chain that is still

very much based on manual labour and located in countries where working conditions are at times still be barely regulated. However, for these same reasons, our business has the potential to have a major positive impact by contributing significantly to improving the environmental, economic and welfare conditions of people along the supply chain.



OV S STRATEGY FOR CHANGE

We want sustainable fashion to become the new normal. For this to happen, we need to make fashion accessible to everyone. We are committed to communicating our sustainability choices so that everyone can understand them and make informed decisions on their purchases. We do our part to address global challenges such as the climate crisis, because we believe that it requires everyone's contribution. We work as a priority to reduce the impact of the materials we use. We promote a circular economy system by making targeted investments throughout our value chain. We promote the continuous improvement of all our suppliers, leveraging transparency as a key to change. We put people at the centre: we want to be a benchmark for inclusiveness and the enhancement of diversity.

The sustainability strategy is based on 5 key pillars: Products and Materials, Supply Chain, Customers, People, Stores.



For each pillar, specific targets have been formulated as well as functional plans to achieve them. In the following chapters, we describe how the strategy of the different pillars contributes to achieving results, the goals we set our sights on and thus to the pursuit of Sustainable Development Goals (SDGs).

INTERVIEW WITH SIMONE COLOMBO

INFORMATION AND INTERDEPENDENCE



Simone Colombo, Head of Corporate Sustainability at OVS, tells us what it takes to rethink fashion.

The fashion industry is said to be one of the most polluting industries in the world, what are your thoughts on this?

It's difficult to rank the different sectors, but without a doubt the footprints of our industry on water consumption, chemical use, waste

production and CO2 emissions are significant and this is an important incentive to constantly improve the way we operate. Furthermore, production processes that are still largely based on manual labour require constant monitoring of the basic needs of the people who work there.

So what are your biggest challenges?

We have long been guided by the principles of sustainability and circularity in all the choices we make.

Probably one of our biggest challenges is getting our customers to understand the value of our specific choices. The difficulty lies in synchronising the emotional level, which is the primary purchase driver, with the operations level, which determines the technical choices of sustainability that we apply; it means being able to overcome our awareness and language barriers to create a synergy that leads to favour increasingly

sustainable products. Let me give you a practical example. For a few years now, all of our fleece sweatshirts have been made of polyester recycled from reclaimed plastic bottles. The advantage is avoiding oil extraction to produce new material and avoiding the scattering of new plastic, which is instead used again. The product requires a different language to be valued in the eyes of consumers because they are not familiar with the technological innovation process behind our recycled fleece. Although the product remains the same, now our customers may wear a "cleaner" and technologically advanced garment produced from the reclaimed plastic instead of petroleum. We, therefore, need to find a new language that can guide customers' behaviour so that they can make informed and conscious choices. Another basic challenge is the need to accelerate the transition to a circular fashion system that allows new garments production from discarded garments. This should

be implemented by designing products that are compatible with existing recycling processes from the outset, and by contributing to create an industrial system that fosters efficient mechanisms for collecting and recycling materials.

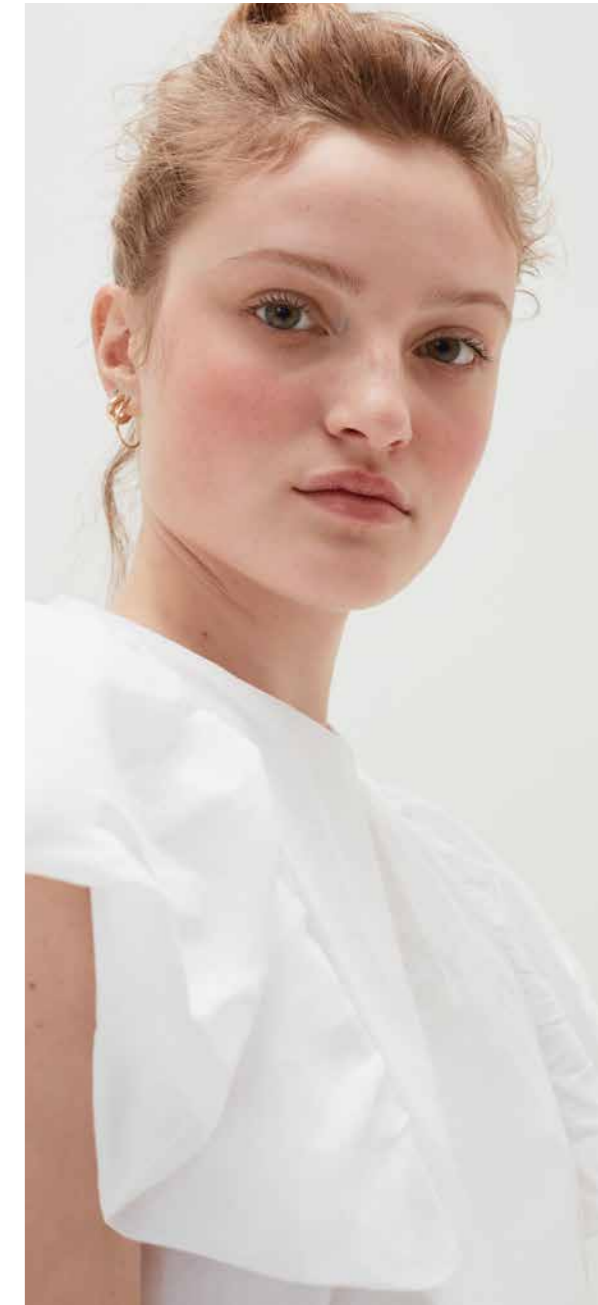
So how are you moving in the direction of transparency and customer information?

A big step forward that we took in this direction was the launch of Eco Valore, a set of indicators that accompanies each garment to indicate in a transparent way the respective footprint and circularity. Circularity, in particular, is of great value when accompanied by concrete steps that the customer must take for seamless integration of the circularity conceived in the design of our garments. For example, it is important that the customer returns the garment to us at the end of its life. Or caring and washing the garment following particular guidelines so as to reduce energy and water consumption at this stage, and extend the life of each garment.

What role does OVS play, in your opinion, in driving the transformation of the fashion world?

We have the opportunity and the responsibility to provide a sort of pseudo-training to foster cultural change. With our products we

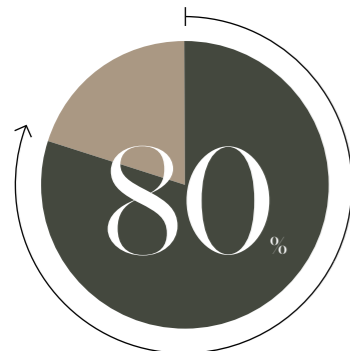
reach over 15 million customers, one in four Italians, and we are in a unique position to increase public awareness of sustainability issues. But another key function we are implementing is to provide an incentive for our suppliers. We pursue a constant search for solutions on the circularity front to improve sustainability performance, which necessarily requires the full involvement of our supply chain. Only an active collaboration and motivation on the part of our suppliers, within the scope of interdependence, can make a difference. We have wholeheartedly embraced the value of Equal Partnership to offer solutions that improve sustainability as well as the bottom line throughout our value chain. In order to boost transformation initiatives in one of our main manufacturing countries, we are one of the promoters of the Circular Fashion Partnership in Bangladesh, also contributing to the steering committee, whose goal is to create concrete solutions for the transformation of manufacturing waste into new materials, with a positive impact on circularity and financial performance of the entire supply chain.



SUSTAINABILITY KEY FIGURES IN 2020



100% of OVS garments have Eco Valore indicators



80% of production from suppliers engaged in improvement programs through the Higg platform



More than
65%
of available selection items in the 2020 collections is made with materials from certified supply chains with minimal footprint

-22%
-22% indirect emissions compared to 2019

44%
of BoD members are women

and
55%
are independent members



100% of electrical energy purchased in Italy comes from renewable sources (4)

We responded to the Covid emergency to protect the security and economic stability of internal and external stakeholders

We have obtained ISO14001 certification

We have published the new sustainability plan

We launched the proximity e-commerce initiative to overcome the environmental impacts of traditional online

PRODUCT

AND MATERIALS

UNIT



PRODUCT AND MATERIALS

We want to create products that have a positive impact on the world and the people in it. That's why we opt for choices that minimise the consumption of natural resources throughout the product's life cycle.

2025

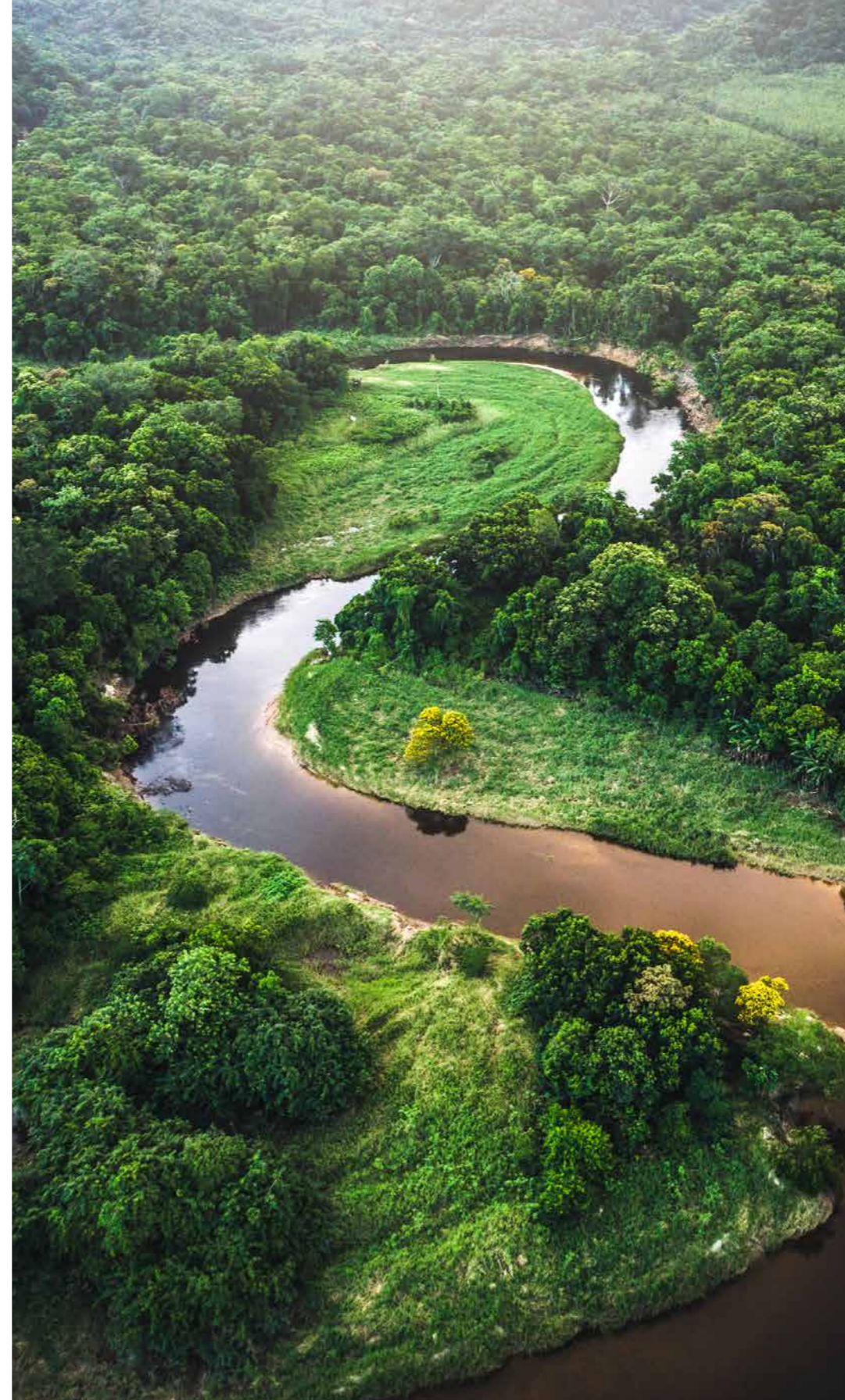
By 2025, more than 90% of our selection array will be made with material from certified low impact supply chains, today it is over 65%



Sustainability is one of the criteria that is considered from the beginning, when we design a garment; and we have set ourselves ambitious goals to use only materials from certified supply chains with reduced impact. In fact, raw materials alone constitute about 60% of the environmental impact of a clothing company (5) and for this reason we carefully select the materials we use.

To guide us in these choices, we have defined #wecare criteria that indicate which materials, processes and certifications can make materials more sustainable.

Starting in 2020, for each OVS garment, we will explain the sustainability characteristics of the materials used and report a measure of the associated impact, through Eco Valore, so that our customers may also make informed choices in their purchases.



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Companies can make an important contribution to the great challenges of humanity, and we want to do our part.

With the choices we make every day in the design of our products and the selection of materials, we can influence the achievement of several sustainable development goals, in particular:



Responsible consumption and production, aims to create systems to do more and better with less; through the reduction of resource uptake, degradation and pollution of the entire production cycle, improving the quality of life for all.

That's why at OVS we endorse natural products grown using more sustainable methods, such as organic cotton and BCI, we use recycled materials, such as reclaimed polyester, and we ensure that natural ecosystems are respected in the production of our garments and packaging, such as viscose and FSC paper.



Clean water, health and hygiene services, ackles the scarcity of drinking water, a problem that affects a growing number of the world's population, through wise choices to improve water use efficiency in every sector and help stop the depletion of this basic and essential resource.

At OVS, our choice of materials is aimed at minimising our water footprint, so we prefer to opt for more sustainable ways of farming cotton, our main commodity; we innovate denim manufacturing and promote the recycling of materials.



NATURAL COTTON, FOR REAL

85% of the cotton used in the 2020 collections, is certified organic or Better Cotton Initiative. In 2021 we will reach 100%



THE FOOTPRINT OF COTTON

Cotton represents almost 70% of the materials used in our garments and this is the first material we decided to improve upon. It is loved because it is simple, versatile and natural, but its environmental cost is very significant due to the use of large amounts of chemicals.

Conventional cotton farming, although involving less than 3% of global arable land (), requires major amounts of water and a large part of the world's production of insecticides, pesticides and chemical fertilizers. These products are becoming increasingly necessary, impoverishing the land and with it the farmers working on it, who are forced to spend more and more on the very treatments that damage the land. It's a negative cycle that needs to be broken.



By next year, we will only buy more sustainable cotton that is BCI, organic or recycled.

THE GOOD NEWS

There is a more ethical and sustainable way to grow cotton.

It drastically reduces the use of water and harmful chemicals, improves the quality and yield of the land, and the working and living conditions of those who cultivate the land.

Organic cotton. It is cotton that is grown, produced and processed according to organic farming standards; which completely excludes the use of pesticides, chemical fertilizers and GMO seeds. It uses integrated farming methods that keep the soil fertile and saves up to 91% of water compared to traditional farming (7).

It protects the working conditions of people throughout the supply chain, by avoiding exposure to hazardous chemicals and ensuring ethical working practices are adopted.

The Better Cotton Initiative (BCI) cotton. Since 2016, we have joined and purchased cotton through the BCI. The global organisation is the largest program in the world to support a radical improvement in the cotton industry. BCI sets the guidelines and develops the best practices to improve cotton growing standards worldwide. It invests in the training of farmers, who can put into practice virtuous processes that allow them to improve their earnings and their living conditions.

Compared to conventional production, BCI cotton (8): is grown with integrated methods and

virtuous agricultural practices that limit the use of pesticides, up to 40% less, and fertilizers, up to 17% less; it saves up to 18% of water; reduces energy consumption and carbon footprint; teaches farmers virtuous practices, such as crop rotation that enhancing the natural fertility of the land. It creates better working and living conditions for people and generates higher economic yields, up to 40% higher than conventional farming.

And finally, recycled cotton.

Because we know that no fibre is ever as sustainable as a fibre that has already been produced. That's why, where possible, we reprocess and give new life to discarded scraps, making it a more sustainable cotton. Thus we produce a double positive effect, creating new raw material, from fabric that will not end up in landfills.

BY CHOOSING MORE SUSTAINABLE COTTON FOR OUR 2020 COLLECTIONS, WE SAVE 25 BILLION LITRES OF WATER AND 11,000 TONS OF CO2 PER YEAR.

So far, the **Better Cotton Initiative** has reached **2.3 million farmers around the world** improving the quality of their lives and of their land, and over **6 million tons of Better Cotton** were produced in 2019 and 2020.

Furthermore, as of 2020, we have been monitoring the origin of our cotton even more closely to ensure that we do not buy cotton from the Chinese region of Xinjiang, following allegations of hard labour practices and human rights violations against the Uyghur ethnic minority. Thanks to the BCI membership, we have been able to have a privileged observatory on the world of cotton that has allowed us to promptly exclude supply from this area at risk and to join the call to action of the Clean Clothes Campaign: End Uyghur Forced Labour.



In the 2020 collections, we used 11,000 tons of organic cotton.



RECYCLED POLYESTER

100% of our fleece is made using recycled polyester.

We have prevented scattering over 20,000,000 plastic bottles in 2020, by making garments from recycled polyester.



Polyester is a petroleum derivative product, which is used to create garments of comfortable fabrics such as fleece that we are all very familiar with. Like any other synthetic product based on fossil fuels, it contributes to carbon dioxide emissions. It, therefore, has a direct negative footprint on climate change and the environment.

Polyester is our second most important material and we are working to reduce our environmental footprint by progressively increasing the percentage of recycled polyester in our collections.

In the 2020 collections we produced 1,300,000 garments using recycled polyester.

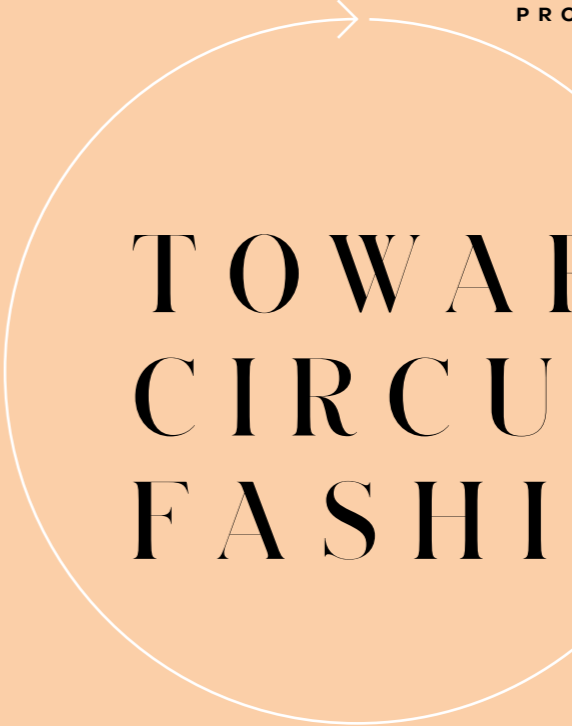
A fleece garment is made with the equivalent of 24 plastic bottles.

A FIBRE OF HIGH TECHNICAL VALUE

The polyester recycling process allows the fibre to be recreated without losing its characteristics, maintaining the same performance as the original raw material. It is in its recycled version that polyester becomes really technical, actually allowing us to (9):

- save up to 85% of energy
- reduce CO2 emissions by up to 75%
- reduce our dependence on oil
- reclaim plastic waste (mainly PET bottles) that would otherwise end up in landfills.

In addition to our commitment to using recycled polyester, we are constantly looking for ways to reduce the impact of different polyester applications. Among these solutions, for the padding of our outerwear, we tested renewable-source materials such as Sorona®, an innovative fibre obtained from glucose fermentation and processing of corn seeds.



TOWARDS A CIRCULAR FASHION



Earth is a closed system for raw materials and an open system for energy. So we must consider that everything we produce and use remains inside our planet, as in a spaceship. Our challenge is, therefore, to let the circular concept of production and consumption guide us, in which each element can be reclaimed and regenerated.

With this in mind, we have trained product managers, over time, on circular design principles and we measure all our garments by the circularity index which indicates how easily garments may be recycled. The recyclability of a garment is determined by several factors that make it difficult to assess. In fact, it all depends on several concurrent elements, including the intrinsic

nature of the material and the actual development of the recycling chain, as well as the simplicity of the design (find out more under the section about Eco Valore).

In 2017, we signed the Circular Fashion System Commitment, the commitment promoted by Global Fashion Agenda to accelerate the transition to circular fashion. In 2020, we signed the Circular Fashion Partnership with the goal of contributing to the fashion industry's transition to circularity through the completion of an actual case study in Bangladesh that demonstrates the competitive value of circular technologies in the marketplace (learn more under the section about Industry Collaborations).

HEALTHY SEAS PROJECT

PLASTIC, FROM MARINE WASTE TO NEW FIBRE

We contribute to the preservation of marine biodiversity by supporting the “Healthy Seas” initiative. The organisation works with volunteer divers to retrieve scattered materials, particularly fishing nets, from the ocean floor and turn them into valuable resources again. Thanks to Aquafil, the Italian supplier at the forefront of sustainable innovation, these retrieved materials are reclaimed into ECONYL® yarn, a recycled polyamide that has the same characteristics as nylon from fossil fuels.

In 2020 we created “Ocean Care” a line of swimwear made with ECONYL® yarn and we are experimenting using this reclaimed material in other product categories such as outerwear.

Despite the pandemic, Healthy Seas was able to achieve these results in 2020:

75,000 kg of fishing nets and other scattered waste were retrieved

950 fishermen were involved

200 volunteer divers took part in the cleanup efforts

27 beach cleaning initiatives

380 children involved in educational programs

More than 3,000 online attendance to Web Labs

SUSTAINABILITY STORIES REO-ECO IN CHINA

A NEW VISION IN THE WORLD OF TEXTILES

REO-ECO is the Chinese company and supplier of recycled polyester fabrics to OVS. It is a highly technological and fully integrated factory: it starts by retrieving plastic bottles that would otherwise end up in the environment, grinding them, sorting them and transforming them into yarns to produce polyester garments.

REO-ECO was born from the visionary ability and determination of its founder, a young Chinese student from a wealthy family already active in the field of textiles, who goes to the UK to study and returns with the idea of recycling plastic bottles for use in the textile industry. Recycled polyester was already a reality in the industry of home textiles, with Ikea being the

pioneer, but no one in this industry field had yet experimented with the production of clothing. As machines for producing fine yarns already exist in America, in 2007 REO-ECO was born, where REO stands for Respect, Earth, Ocean.

Today REO-ECO is a leading player in the circular economy with more than 1,000 employees and 800 technological machines, reclaiming more than 1.3 billion plastic bottles per year. The reduction of environmental footprints, their underlying origins, still guides investments in research and development and brings constant process innovations. These include the dope-dyed system, which incorporates the dye directly during spinning and eliminates the following step in dye baths that use large quantities of water.

In a perspective of even greater circularity, REO-ECO is working on reclaiming used clothing and is experimenting with technologies that would allow to re-create new garments indefinitely, from fabric to fabric.

In order for everyone to understand the value of their choices and overcome cultural barriers where recycling is considered a dirty job, REO-ECO engages all workers in training and active participation in very small groups that encourage sharing to discuss progress, challenges and goals.

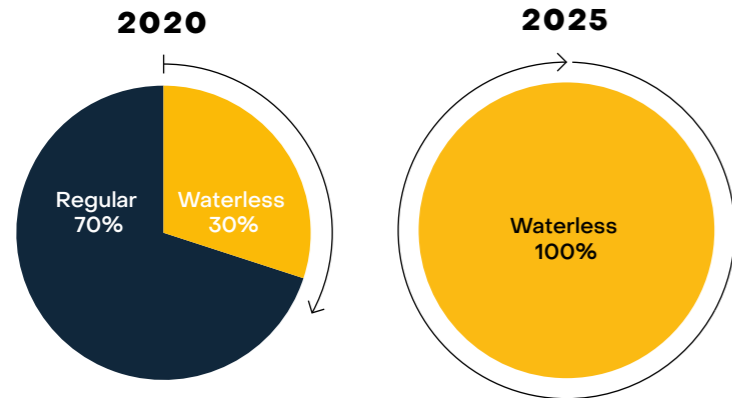
Because this is also another way to respect the earth and the oceans. One bottle at a time.



WATERLESS DENIM

By 2025, all our jeans production will use waterless technology

The manufacturing of denim traditionally consumes large amounts of water. We believe that this must change: new production techniques allow us to save up to 95% of process water.



2025

30% of our denim is produced with this method, by 2025, we will reach 100%, saving over 1 billion litres of water.



A BETTER WAY TO THINK ABOUT DENIM

The growing demand for a “distressed” look has impacted the way denim is produced around the world, not only leading textile factories to consume more water, but also increasing the amount of chemicals that are used and consequently dispersed.

Specifically, potassium permanganate is commonly used to

give denim a distressed look, but it’s not sustainable for the environment or factory workers. Together with our suppliers, we have started to renew our machinery and processes to apply the most advanced standards, allowing us to completely eliminate the use of potassium permanganate and reduce the negative footprint of all the denim garments production in our collection.

In addition, we have significantly reduced the amount of water required in the production of denim fabrics through a low-ratio dyeing process and the application of the most advanced environmental standards, such as rainwater harvesting practices, and high-efficiency water treatment plants that ensure 80% total water reuse.



Our main denim supplier in Bangladesh is the largest denim factory in the world to have achieved LEED Platinum certification, the highest designation for sustainable buildings that recognises outstanding achievements not only in water efficiency, but also in energy savings, use of better materials and indoor air quality.



STORIES OF SUSTAINABILITY-PIONEER (BANGLADESH)

A MODEL OF CIRCULARITY IN THE WORLD OF DENIM



The issues related to environmental and social sustainability, and especially their application in the world of industrial production, are sometimes experienced as ideological and utopian. Unfeasible in the real world.

Instead, this story from one of our suppliers provide us with a practical example that makes the path to sustainability a challenging, but still a viable possibility.

There is a place in a remote area of Bangladesh where application of the circular approach was attempted to everything and anything. It's the Pioneer Denim factory that has made "Make blue, think green" its motto. Make denim and do it with the lowest footprint possible.

Pioneer, has embraced the idea that the environment is an undisputed priority and that each and every resource must be valued even at the end of its life cycle.

We reclaim fabrics.

Scraps and discarded garments are collected, reclaiming up to 98% of production waste to produce new garments.

We save water. In addition to collecting rainwater (with a 20,000 litre capacity plant per year), thanks to the development of new technologies, water consumption in the dyeing process has been practically eliminated. This way, in consideration of all the steps involved, from production to dyeing of denim, we have been able to save 63% of water compared to the conventional process.

A most ambitious project is already under way: investing in a reverse osmosis purification system that will be activated in 2023 and that will be able to transform the wastewater from the processes into drinking water. A valuable resource especially in that region.

We invest in the community.

Pioneer has contributed to the growth of the community that has developed around the factory over the years, by fostering the local economy. People who work at the plant are offered services that would otherwise not available to them, such as daycare for their children and assistance from an in-plant medical facility open to the entire family.

The factory is LEED platinum certified, in recognition of the highly-evolved environmental

standards applied, which are state of the art in terms of low-footprint manufacturing practices.

The company is Cradle to Cradle certified. This is a nature-based approach to making industrial models sustainable and transforming production so that used materials may be regenerated at the end of their life cycle, to be reused in new processes. The certification assesses compliance to the principles of circularity considering five criteria: safety of materials, reuse of materials, carbon footprint (50% of energy must be renewable), management of water resources and social fairness.

And finally, it applies the logic of circularity to every context... for example, from the processing of cotton, seeds that are not used in the textile process are discarded. Here nothing gets discarded, so the seeds are fed to the cows that live in the gardens of the factory. Their high-iron content triggers the production of higher amounts of milk, which is then donated to the workers' families.

Pioneer is an industrious and responsible company. The company is proud to have been invited to collaborate with the University of Padua along with OVS, to scientifically quantify their footprints from a life cycle perspective. They joined the Sustainable Apparel Coalition with conviction,

as suggested by OVS. This allows them to continuously improve the performance of their practices and achieve the social and environmental transparency that consumers, employees and corporate clients demand today.



VISCOSE THAT IS FOREST ECO-FRIENDLY

In the 2020 seasons, we produced around 2 million garments from more sustainable cellulose and the use of this fibre will increase in the future

Viscose is a fibre produced from cellulose extracted from the wood of trees. It is therefore of renewable and non-fossil origin. However, it presents some critical issues related to the process necessary to transform cellulose into textile fibre and the origin of the wood.

For all fibres derived from cellulose (viscose, modal, lyocell) we have, therefore, chosen to use only material produced from trees grown in forests managed in a sustainable way according to the FSC (Forest Stewardship Council) standard.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

FSC certification guarantees a supply of fibres from sustainably managed forests, ensuring the integrity of the entire textile supply chain. Through its strong involvement of stakeholders, companies and NGOs, FSC is the

largest program for sustainable forest management, which also ensures positive effects on economies and communities.

The FSC standard means:
Zero deforestation. Trees are cut down and new ones are planted without producing a net loss in forest cover.
Environmental protection. FSC certification requires the maintenance of biodiversity and the protection of areas of high environmental value, including primary forests. FSC also

prohibits the use of toxic chemicals that damage the soil.
Respect for the rights of indigenous peoples. FSC certification requires that the rights of ownership and use of land, and access to resources of indigenous forest dwellers are maintained in line with the standards set by the United Nations.
Fair wages and a respectful work environment. The FSC system comprises core labour standards. Certification ensures training, safety and decent wages for all workers.



OUR BATTLE AGAINST DISPOSABLE PLASTIC

Plastic is a very useful material, a technological innovation that has played a key role in crucial settings and has enabled mankind to achieve the level of development and quality of life that we have today. The problem arises when this resource, durable by nature, is used as a "disposable" resource and dispersed

in the environment. In this case, its footprint far outweighs its benefits.

That's why we decided to ban their use in our headquarters years ago, completely eliminating disposable plastic bottles and dishes, and we are working to expand our commitment to all areas of the company.

In 2020, we redesigned our products packaging to eliminate, or replace with FSC paper, the bags that contained our garments, saving about 27 tons of plastic. The project will have in-store evidence during 2021. For the next seasons, we are working to eliminate all other minor plastic components in our products (plastic shaping shirt collars, wires to hold sock bundles together...). We are also extending the packaging guidelines to suppliers of concession products that we sell in our points of sale.

We collect our hangers in a closed system so they can be reused or returned to the supplier to be efficiently recycled when damaged, for a total of 195 tons of recycled plastic in 2020.

11^{MILLION}

In 2020 we recycled 11 million hangers

100[%]

We have eliminated 100% of the virgin plastic from our product containers

We have completed a mapping of all other business uses of disposable plastic, for example in logistics (bags to protect garments during transport by ship, adhesive tapes to seal shipping cartons...), or in POS where we are continuously working to find sustainable alternatives to plastic in order of priority.

In particular, in 2020, and with implementation starting in 2021, the project to replace virgin plastic with recycled plastic for all logistics bags was launched.

40^{MILLION}

This shift means avoiding the production of over 40 million bags per year.

HOME WORLD



Clothing is our core business, but since 2008, we have been present on the market with a collection of household products under the Croff brand that we distribute in flagship stores and in dedicated sections in UPI stores and in some OVS stores.

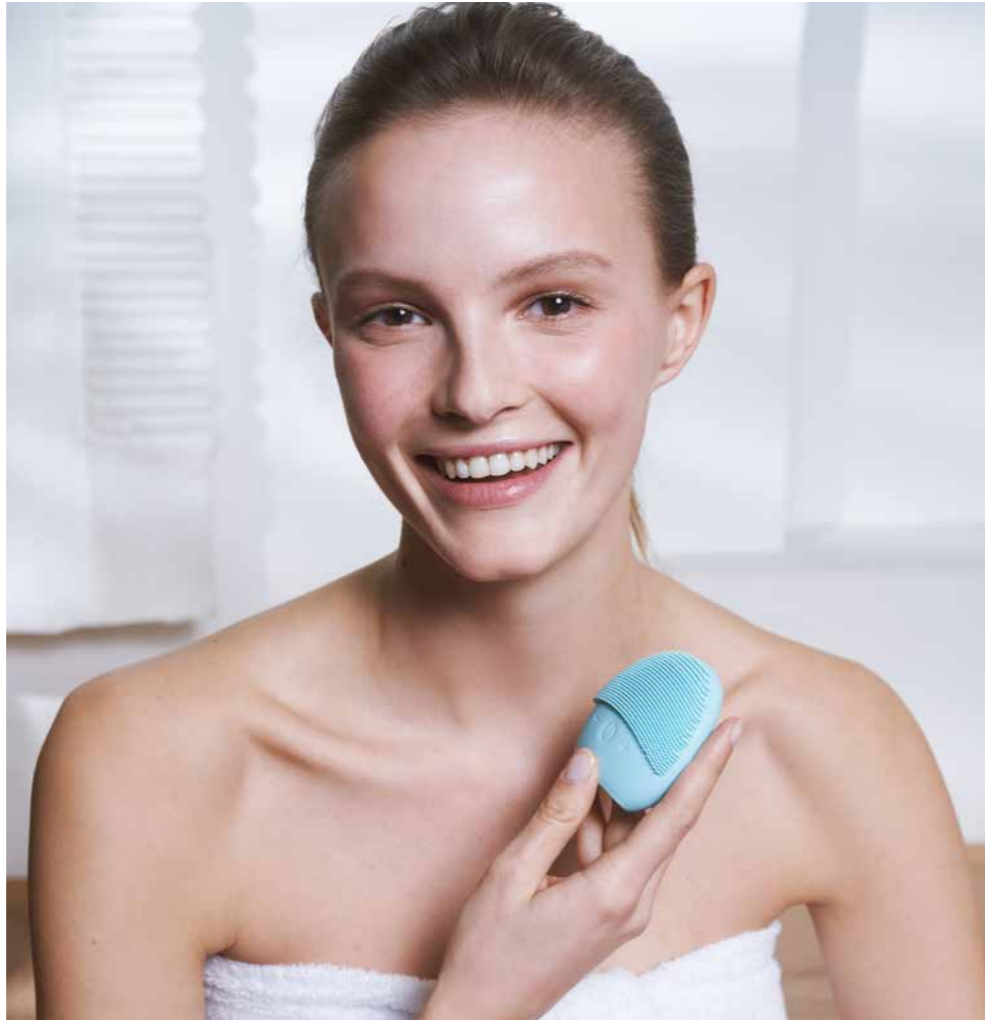
A few years ago we extended sustainability considerations to household products as well. As with apparel, the primary focus is on selecting low-footprint materials. In particular, in the Eco by Croff collection we use organic cotton for bath sponges and table textiles, recycled down for bed accessories, recycled and non-coloured glass for the table (glasses and bottles) and bathroom accessories, recycled aluminium from cans for pots and pans, bamboo for containers.

In addition, we are working to eliminate plastic from our packaging and we plan to eliminate it completely by 2021.

Finally, the store concept is characterised by a design with basic clean lines and rewards the choice of sustainable furnishing and lighting materials.

BEAUTY WORLD

Our cosmetics offer is moulded from a multi-brand model. We carefully manage the products range selection to be included in the assortment, favouring suppliers committed to sustainability, such as The Body Shop, a Certified B Corporation; or Everyday for Future, a brand whose formula contain natural and vegan ingredients. The search for sustainable solutions is advancing rapidly, but still has its limits related to specific types of products. Our strategy is to look for the best solution with utmost transparency towards the consumers.



We carefully choose our products formulas, according to safety and quality standards and attention to the health and well-being of people and the environment. The products are effective, simple and “clean”, i.e. free of “harmful” ingredients according to Clean Beauty protocols. These are products with basic short formulas, where all unnecessary additions are eliminated, and that favour ingredients from sustainable sources.

Packaging is selected to ensure product safety and preserve the functional and sensory characteristics of the formulas over time. Wherever possible, we use sustainable materials, such as glass or raw materials from renewable or

regenerated sources and we reduce the use of plastic.

In our line of Shaka sunscreens, we have optimised packaging weight by 50% as compared to normal packaging, and used OWP (Ocean WastePlastic) plastic, which is recycled plastic retrieved from the sea. Even the ingredients, especially sunscreens, are selected not to harm marine ecosystems.

Finally, for the last two years, all the paper we purchase for the packaging of beauty products has been FSC certified, guaranteeing that it uses raw materials from forests managed correctly and responsibly according to strict environmental, social and economic standards.



S U P C H A I N P L Y



SUPPLY CHAIN

We care about the people who work throughout the supply chain and the environment in which they live.

Our sustainability strategy can only be effective if it involves all the players in the supply chain and becomes an engine of co-evolution where everyone participates in the progressive construction of shared value and economic and social development in the production sites.

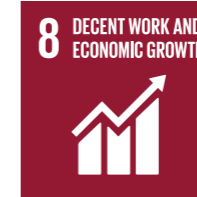
OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Through the choices that we make in managing our supply chain, we can influence the achievement of several sustainable development goals, in particular:



Clean water, health and hygiene services, aims to tackle the scarcity of drinking water, a growing problem due to the climate crisis, by promoting choices to improve the efficiency of water use in every sector and help stop the depletion of this essential resource.

At OVS, we promote water conservation practices in our manufacturing processes, as described in the product section above, and we adopt strict wastewater management guidelines to control effluents from our suppliers.



Decent work and economic growth, in order to build a sustainable economy and a society able to offer job opportunities tailored to people's needs.

In this context, OVS plays an important role in promoting decent and fairly remunerated working conditions along the supply chain, offering security and social protection and guaranteeing personal development potential and equal opportunities to both men and women in order to support the economic and sustainable development of the production sites.



Responsible consumption and production, aims to create systems to do more and better with less; by reducing the use of resources, containing degradation and pollution throughout the entire production cycle, improving the quality of life for all.

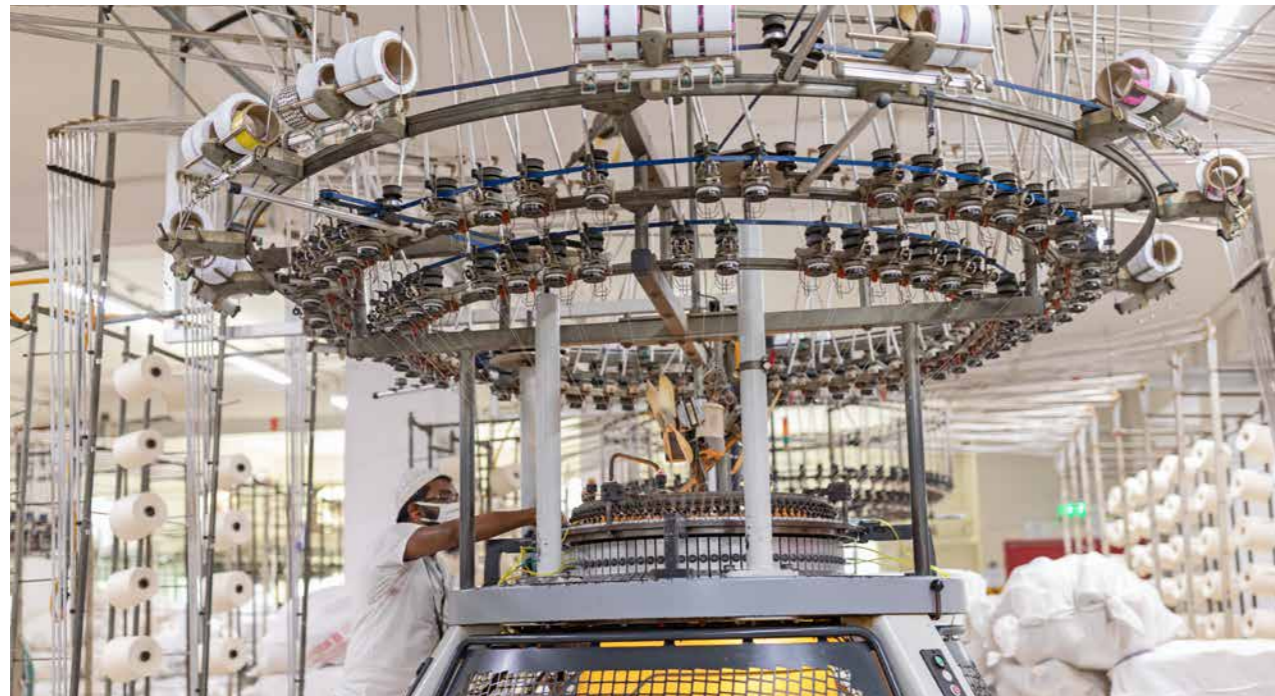
For this purpose, at OVS we promote circularity with concrete actions aimed at using production waste and manufacturing processes to reduce the environmental footprint of our supply chain.



OUR SUPPLY CHAIN

In 2020, we conducted 580 audits of suppliers responsible for more than 80% of our total production.

The complex ecosystem involved in the production of our products is characterised by different capacities to manage business activities and the safeguard of the environment, of the workers and of local communities. In this context, the path we have taken is to adopt and promote responsible manufacturing best practices and strengthen industry collaborations to drive systemic improvement.



CODE OF CONDUCT

All our suppliers are selected in accordance with strict environmental and social parameters defined in a Code of Conduct that introduces binding guidelines on environmental and social practices, for continuous improvement of transparency and sustainability levels.

The Code is inspired by international reference standards, such as the United Nations Convention on the Rights of the Child, the Universal Declaration of Human Rights and the ILO Conventions – International Labour Organisation – as well as other best practices in the sector.

By agreeing to work with us, each supplier formally agrees to the Code of Conduct. We ensure that the principles described therein are disclosed to all workers. We request that a copy in the local language be affixed on the company's premises, displaying the e-mail address for anonymous reporting of any complaints of non-compliance. In 2020, only one report was received and found to be irrelevant.

CONTINUOUS MEASUREMENT

In order to monitor the overall performance of the suppliers in an integrated manner, we have defined a new concept of service quality, which includes sustainability consistent with the other evaluation criteria relevant to the business.

In order to briefly measure the sustainability profile of each supplier, we rely on information gathered through external certifications, the Higg platform and the findings of the internal audit program, which considers their ability to reduce environmental footprints, ensure adequate working conditions, and the supplier's degree of transparency and commitment to corporate social responsibility.

AUDIT AND IMPROVEMENT PLANS

To ensure adherence to the principles set forth in the Code of Conduct and to assess the environmental and social performance of our supply chain, more than 40 of our collaborators conduct supplier audits. We are gradually replacing the internal audit process with a supplier assessment system based on the Higg platform, ensuring that detailed information is verified and shared by other players in the supply chain. This allows us to focus our people's activity on cases where direct action is deemed necessary, while continuing to monitor the entire supply chain.

If critical issues are identified, we agree on an action plan to resolve them with the involvement of the employees representatives to incorporate any feedback and suggested improvements..

HIGG INDEX

The Higg Index is a suite of assessment tools to measure and compare sustainability performance across the entire industry, promoted by the Sustainable Apparel Coalition which we have joined since 2017.

From 2020, we will only accept new suppliers if they share their data on the Higg Index platform. Prior to the start of the supply and then every 12 to 18 months, all our factories are audited for compliance to the code of conduct and to environmental and social performance standards.

Thanks to the information reported on the platform we can have an overview of the performance of our supply chain and identify intervention priorities in order to define targeted action plans and support suppliers through positive change.

80%



80% of OVS's 2020 production volume comes from suppliers engaged in improvement programs through the Higg platform. In 2022 we will reach 100%

SAFETY CHECKS



In 2020, we purchased 58.2% of products from OEKO-TEX-certified supply chain, on an upward trend from 2019.

The safety of our products is of paramount importance to us, also considering our leading position in the children's wear segment.

We enforce strict restrictions on the use of chemicals and have established even stricter parameters than the legal limits for residues of harmful chemicals on garments listed in our RSL (Restricted Substance List). We also require this to be applied to our producers as an integral part of the contract.

Every item we offer for sale has been verified according to our safety protocols by one of the accredited laboratories we work with.

As a further guarantee for the consumer, especially for children's clothing and underwear, we have been OEKO-TEX 100 certified for several years, to ensure the safety of the garment also through this standard.

SUSTAINABLE PROCUREMENT PRACTICES

We adopt responsible purchasing practices throughout the supply chain that we also apply in special situations such as those we are experiencing with this pandemic. We agree with our suppliers on conditions that allow us to operate safely and in compliance with various conformity requirements, for example avoiding making changes to orders during production and complying with payment terms.



WAGES LEVEL

We are committed to promoting decent work and a fair pay system that can support the actual needs of workers anywhere in the world. To identify the opportunities for improvement, we monitor the wages paid by our suppliers against benchmarks, such as the Global Living Wage Coalition, and carry out specific initiatives to investigate the issue and test possible solutions.

All workers in our supply chain are paid at or above the legal minimum wage. However, we are aware that in some situations this salary threshold may be below the benchmark for a Living Wage.

We believe that collective bargaining and active participation mechanisms are the most effective tools to ensure a pay level and

working conditions consistent with the actual cost of living. Our goal is that by 2030, all workers in our supply chain will have access to democratically elected representative bodies and a collective bargaining system.

GENDER EQUALITY

More than half of the workers in the textile industry are women, but this majority is unbalanced in favour of high percentages of males in supervisory and managerial roles. We are convinced that gender equality is an actual necessity within the Supply Chain and, for this reason, we push to support every project fostering women's education and empowerment, which can open other job opportunities than the current situation.



TRANSPARENCY AND TRACEABILITY

Transparency is one of our core values. We publish a list of all the suppliers, who make our products and also a selection of suppliers of raw materials and yarns, both on the corporate website and in each product sheet on the www.ovs.it website.

For better control of the production cycle we do not allow the use of sub-supplies, except in cases where they are expressly authorised.

For the next few years we are working on promoting collaborative platforms between all the players in the supply chain, so as to improve the level of traceability and gradually allow the publication of second and third level suppliers.

SECTOR COLLABORATIONS

Real system change can only be brought about with the collaboration of all the stakeholders. We want to contribute to a shared approach strengthened by alliances and collaborations and, therefore, we actively join international initiatives to improve sustainability in the fashion industry.

SUSTAINABLE APPAREL COALITION

We believed in the Sustainable Apparel Coalition (SAC) from the beginning and we were the first Italian fashion company to join in 2017. The Sustainable Apparel Coalition works to develop and disseminate sustainable practices and transparency in the fashion industry. The central objective is to create transparency among the players in the supply chain, which is the fundamental step to trigger concrete and effective paths to improvement.

CIRCULAR FASHION PARTNERSHIP

We are part of the steering committee of the Circular Fashion Partnership in Bangladesh, a multi-stakeholder project led by the Global Fashion Agenda (GFA).

The initiative was created to concretely promote circular economy in Bangladesh, to retrieve production waste and transform it into new materials, with a positive impact on circularity and economic performance of the entire supply chain.

In this particular year, this partnership also worked to employ the production surplus caused by the pandemic and the decrease in orders from certain brands.



OTHER COLLABORATIONS

THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

OVS is part of the Accord on Fire and Building Safety program promoted at the international level by the OECD and now managed by the RMG Sustainability Council (RSC), which aims to improve working conditions in companies operating in Bangladesh through the verification and implementation of safety measures of working environments in the local textile supply chain.

One of our factories in Bangladesh recently suffered a fire, but thanks to the structural interventions and training promoted by the program, for which they received a Recognition Letter from the RMG Sustainability Council (RMC), it was not damaged.

"Thanks to safety training and the installation of fire-fighting equipment, we saved our lives, our property and our products." Mr. Musa, Northern Head of HR and Admin.

FEDERDISTRIBUZIONE

We participate in Federdistribuzione working groups for the integration and setting of new Italian and European regulations for the inclusion of sustainability standards.

UNI - ITALIAN STANDARDS BODY

We participate in UNI working tables for the standardisation of sustainability and quality standards.

ICESP - ITALIAN CIRCULAR ECONOMY STAKEHOLDER PLATFORM

The ICESP platform was created to bring together initiatives, share experiences, highlight critical issues and indicate prospects in order to represent Italian specificities in Europe in terms of circular economy and to promote the circular economy in Italy through specific dedicated actions.

In particular, we participated in the working group Sustainable and Circular Systems and Models of Design, Production, Distribution and Consumption that published a position paper in 2020, the supply chain report "The Circular Economy in Industrial Supply Chains: the Textile, Clothing and Fashion (TCF) and Electric Mobility cases".

APPARELS VILLAGE BANGLADESH

INTERVIEW WITH MR. FAIYAZ MIRZA, DIRECTOR



Talking to Mr. Faiyaz Mirza, Director of Apparels Village, one of our main suppliers of organic cotton in Bangladesh, confirms to us that a supply chain can indeed become a value chain.

When did you start your collaboration with OVS?

Apparels Village was founded in 2001, and my collaboration with OVS began shortly thereafter, in 2004. Our awareness that we

could operate in a sustainable way was consolidated with this important partnership. And thanks to OVS we started using the Higg platform which has now become an important tool in our management.

What are your main activities?

Our activities are integrated, from weaving the fabrics to packaging the finished garment. We buy yarn spools, produced by those who buy directly from farmers who work only with organic methods.

What can you tell us about organic cotton?

We only buy and process organic cotton. This was quite unusual twenty years ago. The fact that buyers in recent years are moving towards organic, has confirmed that we are on the right track. All the actors in the organic supply chain are certified, we are also certified so that we may in turn certify the finished products. Full traceability is essential. I was in India to meet a cotton

supplier and the story behind our product. I then realised the value of choosing organic, for us, for farmers, for their communities, and for our customers. The process is manageable, it just requires more attention and care and I hope that in the future supply and demand can continue to grow as they are today.

What are the other environmental and social sustainability actions Apparels Village has worked on that you are most proud of?

I would like to mention two of them. The first concerns water, which is an essential resource that we have always managed with great care. We already had a water treatment plant and, in 2020, we switched to a purification system that applies the best technology and makes the water drinkable in 5 steps. It was a great investment for us, we are the only ones in Bangladesh with this facility and we are very proud of it. And then, the trees. In our culture, a green area is usually

experienced as a waste of space. Instead, trees are important for the air we breathe and more. In the beginning, when this factory was founded, this area was desolated. The community grew around the plant at the expense of the trees that were cut down to make room for the new developments. When we realised what was happening, we started planting trees again ourselves and asking everyone in the community to do so, making them aware of their importance. This is also a way to change things.

What's the next step?

We want to move to 100% renewable energy and the next investment will be in a photovoltaic system. We just need to figure out where to mount the panels. The best place is the roof, but our roofs have to remain unoccupied for fire safety standards and we are looking into other arrangements. I'm sure we will figure something out.

In conclusion, what are your thoughts on the big issue of sustainability?

My opinion is that, ultimately, the environmental factor is the most important factor. From that comes everything and without that there is no "you and us" as human beings.

"The environmental factor is the most important factor," he reiterates.



PROTECTING THE SUPPLY CHAIN DURING THE PANDEMIC



**93% of suppliers are satisfied
or very satisfied to be working
with us**

The pandemic has accentuated economic and social risks throughout our value chain and required special attention to the relationships we maintain with our suppliers. Despite the sudden and unpredictable closing of our stores during months of lockdown, we are committed to minimising the economic as well as social impact on suppliers, workers and their families. As a result, only 0.6% of orders were cancelled and 5% of orders that had not yet started production were postponed to the following

season, confirming the respective contractual commitments. As a result of the significant loss of proceeds and the postponement of some shipments of goods, it was necessary to postpone payments, which we were able to contain to 16% of the orders. All the measures have been agreed with the suppliers and thanks to the correct relationship we have built over the years, 93% of the suppliers declare themselves "Satisfied" or "More than satisfied" in the last survey on the level of satisfaction in their business relationship with OVS,

even in this difficult period (10).

None of the factories we work with had to close permanently due to the pandemic, but there were estimated reductions in production workforce of around 7% and some delays in salary payments reported to be around 10 days on average for 11% of the factories' workforce.

Moving forward, we will continue to work fairly to protect the weakest links in the supply chain and build a partnership from which everyone can benefit.



CUSTOMERS

OWNERS



CUSTOMERS

We use a transparent and engaging approach to guide our customers in developing a culture of sustainability.

With our products we reach millions of customers, especially families, and we feel the responsibility to lead a cultural change and conscious choices. For this reason, for years we have been involved in social and environmental awareness activities aimed especially at young people. In 2020, we made a big push for transparent communication in our operations and the resulting environmental footprints. We have launched the project "Eco Valore". For each garment present in our web-site, in addition to the composition and the name of the supplier, we provide details on the water consumption for the production, the CO2 emissions for the production and the recyclability index of the product.

From 2019 we publish a full list of our direct suppliers and from 2021 we will publish second and third tier supplier lists.

Listening to our clients, whom we reach through dedicated research and surveys, the continuous collection of their feedback and our loyalty program plays an important role in defining our strategies.

2020

**TRANSPARENT
COMMUNICATION**



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

With the strength of our brands, the ubiquity of our store network and our commitment to play an active role in communities, we can influence the achievement of several sustainable development goals – most notably:



Sustainable cities and communities
- The objective is to make cities and communities more inclusive and sustainable; through careful and transparent communication and education and awareness activities, we intend to contribute to promoting the social, cultural and environmental development of the territories in which we operate.



Responsible Consumption and Production - The goal promotes the adoption of sustainable consumption practices. We are committed to promoting awareness and virtuous behaviour of the families we reach through transparent communication and investment in educational activities.

BY 2021, ALL OUR CLOTHES WILL BE TRANSPARENT

The ECO VALORE index, a simple and immediate guide, now appears on all OVS items in our e-commerce site: it allows users to understand at a glance the specific environmental impact of each item.

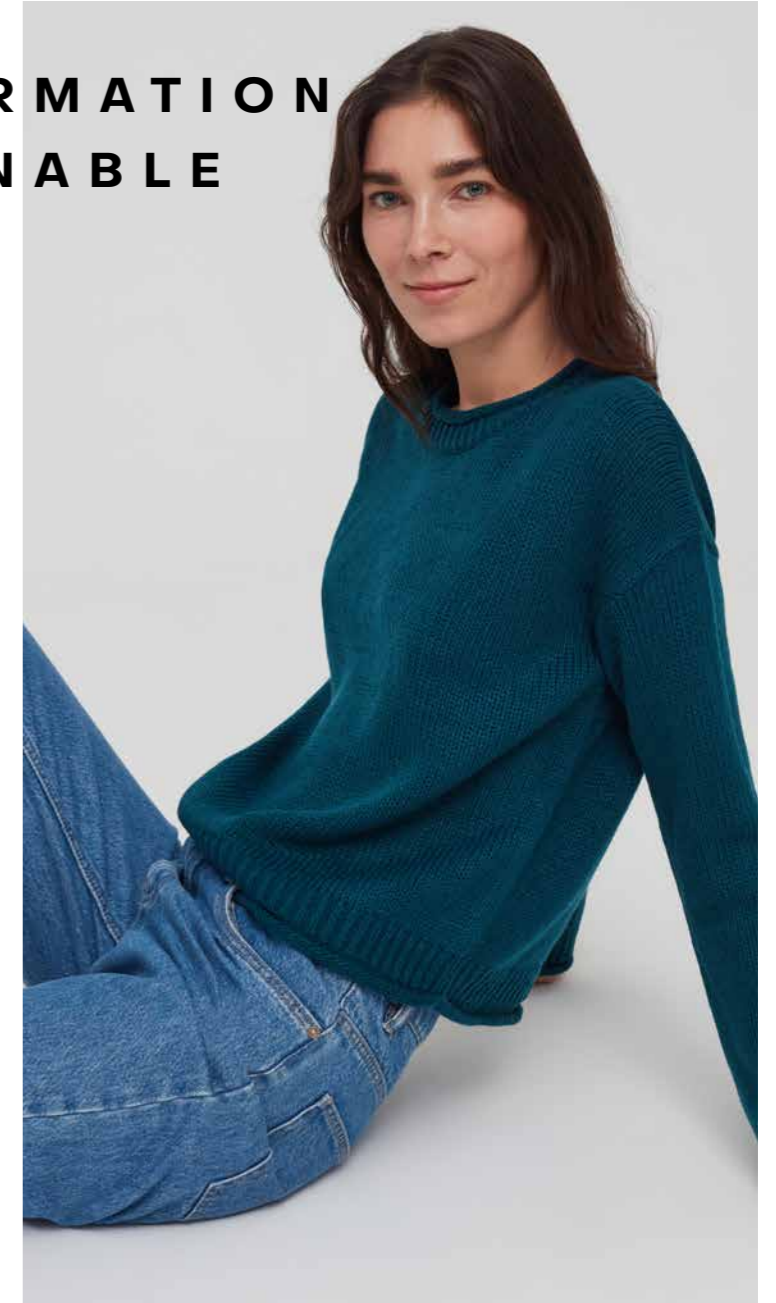
We plan to extend this to the UPIM portfolio in 2021 and further improve the calculation algorithm to make it even more accurate, including through university research projects.



ECOVALUE: CLEAR INFORMATION FOR SUSTAINABLE CHOICES

We think that everyone should know the environmental footprint of the clothes they buy, so that they can make informed choices. For this reason we have created, together with the University of Padua, the ECO VALORE index. ECO VALORE is actually composed of three indices.

The first measures the amount of water used to produce the item. The second measures the CO₂ emissions generated by production. The third indicates how recyclable an item is. By combining these three data, offers a description of the sustainability of the item. This makes OVS one of the first fashion companies in the world to make this information public. We believe that evolution, as an industry, is only possible through radical acts of transparency.



EVERYTHING YOU NEED TO KNOW



SUPPLIERS

For each item you can find the name of the supplier who produced it. Supply chain transparency is key to ensuring responsible practices and informed choice. This t-shirt was manufactured in Bangladesh by Reedisha Textstripe Limited.

MATERIALS

For each item we indicate in detail the materials of which it is made. For this t-shirt we used 100% organic cotton.

WHAT MATTERS

WATER CONSUMPTION AND CO2 EMISSIONS

When trying to measure the environmental impact, water consumption and CO2 emissions, of an individual garment, we need to take a cradle-to-gate approach: from the earliest stages of production to the moment the garment is picked up and purchased by the customer. This requires us to look at the different stages of the product life cycle. The first stage concerns raw materials,

which means understanding how they are extracted (for natural fibres) or manufactured (for man-made fibres). It makes a big difference using polyester rather than biocotton or modal. The second stage is manufacturing, when the raw materials are processed and assembled into the final product. We focus on every single part of the process: spinning, cutting, finishing, packaging. Finally, the transport and distribution of items also play a role in establishing their environmental footprint. In addition to this, there is specific information that can affect these indices such as the weight of the item, its composition, its origin and any special manufacturing processes.

CIRCULARITY

The circularity index ranges from 0 to 10 and measures how recyclable a garment is. To do this, we take several factors into account: first of all, what kind of fibres are used, using data from scientific publications to assess the extent to which they may be recycled. Another factor is the number of different types of fibres: as the number grows, it becomes increasingly difficult to recycle the garment. Finally, we consider the number of components (e.g. front, back, padding). The higher the number of components, the more difficult and expensive recycling becomes.



WATER CONSUMPTION



Fashion consumes water. The manufacturing process of this T-shirt consumed 400.9 litres of water, 34% less than a conventionally produced garment.

CO2 EMISSIONS



All clothes have a carbon footprint. The production of this t-shirt released 1.3 kg of CO2, 52% less than a conventionally produced garment.

CIRCULARITY



A garment can go from non-recyclable (index score 0) to fully recyclable (index score 10). This t-shirt has a circularity score of 5.3.

CLOSER WITH DIGITAL

INTERVIEW WITH ANNA MATTEO



We met Anna Matteo, Digital Transformation & Chief Information Officer at OVS, to understand how sustainability is interconnected with her work.

Let's get started: what was the path that led you to OVS?

I have a degree in Electronic Engineering with a major in Laser and fibre Optics, while

working in research laboratories in Italy and abroad. I have gained extensive experience with the company that followed the entry of the Internet in Italy and then transitioned to the media, working on the digitalisation of publication brands such as Donna Moderna, Vogue, Vanity Fair and Sole 24 Ore. In 2017 I started at OVS, dealing with the company's digitalisation plan and digital transformation, as IT specialist, in a capacity that has always been on the borderline between marketing and technology.

How does digital tie into the environmental issue?

The bond is strong though perhaps, at times not so obvious. Digital transformation is a key tool for the development of sustainability. Just recently, the Financial Times opened with an article on how Big Tech helps the green economy. In fact, the two are closely interconnected. There can be no sustainable

transformation without technological innovation and this is also why I am passionate about my work.

Can you give us some examples of technologies that reduce your footprint on the environment?

I'll tell you about the three main ones I care deeply about. We have developed a new cloud-based digital platform, which is a radical innovation in our products purchasing and procurement processes. It allows us to improve the traceability of everything from individual items, factories, fabric provenance, material composition, to quality and safety test results. We can then monitor whether or not we are making progress, in terms of our environmental footprint.

Another example is the new digital collaboration platform that uses cameras and interactive whiteboards: it connects our headquarters offices with overseas offices and suppliers,

enabling remote trading and quality control of the samples. All the trips and travels that took place for negotiations and inspections implemented in earlier times, are reduced or eliminated, and the number of sample shipments for the various approvals is considerably reduced

And then there's the great work we're doing on pushing proximity e-commerce, which is a key issue for sustainability. OVS has over 1,300 stores in Italy, including smaller stores as well as OVS KIDS stores, which sell a selection of the OVS offer. We recently launched a pilot project, which will be extended to the network in the coming months, called "Tutto l'Assortimento in un click" (Our entire array is a click away): through a tablet inside the store, customers can browse the entire OVS collection, place their orders and return to the store to try on the garments and buy them. This allows us to cut the environmental costs of door-to-door delivery and returns, which are always very high compared to more efficient centralised in-store deliveries.

These are some examples of advanced technologies that have made us change the way we work, improving efficiency and quality, and supporting our very ambitious sustainability agenda.

Thank you and good work, really.

OVS PROXIMITY E-COMMERCE, PRODUCT SELECTION, CONVENIENCE AND MINIMUM IMPACT

The proximity e-commerce service combines the advantages of online shopping with the value of one of OVS's assets: the widespread network of stores present throughout the country. On the one hand it ensures the wide choice and convenience typical of online shopping, on the other hand it reduces the negative aspects related to door-to-door delivery, including the high environmental impacts resulting from less efficient centralised distribution to physical stores. Several factors determine the environmental footprint of an online purchase, but several studies (11) show that the incidence of last mile transport, i.e. the route from the central warehouse to the delivery location, is one of the greatest impact factors. The proximity service offered by OVS, with the activation of the entire network of stores distributed throughout the territory, makes it possible to reduce the footprint and makes this purchase solution the most sustainable.



ON THE SIDE OF THE COMMUNITY

We promote projects that create shared value in communities, capitalising on the trust that clients place in us and building solid partnerships with Italian and international organisations recognised for their social, cultural and environmental commitment.

Given the importance of the world of children for our business, we particularly support projects for children and young people.



KIDS CREATIVE LAB

LEARNING AND GROWING
WHILE CREATING



Kids Creative Lab is the educational project launched in 2012 and designed by OVS for children. The goal is to promote school activities that allow to delve deeper into important themes such as art, fashion, ecology, food and biodiversity through teamwork and creativity.

The latest edition, created in collaboration with WWF Italy, was conceived to raise awareness among the younger generations by teaching them to learn about

and combat pollution due to the scattering of plastic in nature with the initiative "C'è di mezzo il mare" (There is an ocean between).

Children and adults were invited to rethink the way in which plastics are used, learning about their characteristics for use, the existing alternatives and the consequences of their dispersion in nature through an educational and creative action, providing free educational material to teachers to train students on the subject

and organising educational workshops. To set things in motion, the initiative had planned a day of beach and river cleanups, but due to the lockdown it became a digital competition for parents and kids on the topic of recycling, cleanliness and waste awareness.

Over the course of the 7 editions of the program, we have seen a steady increase in participation reaching a total of 33,500 schools, 274,000 classes, 7,210,000 children.

OVS AND SAVE THE CHILDREN

TOGETHER FOR CHILDREN GOING THROUGH HARDSHIP

For over 10 years we have supported Save the Children, the international organisation that fights to improve the lives of children in Italy, but also in those countries where it is more difficult to accomplish this mission.



Overall in 2020, we contributed € 161,000 to support Save the Children.

Together, over the years, we have

Raised over

2

€ million

Reached over

45.000

families and children

offered concrete help in

4

humanitarian emergencies

Supported education and health education projects around the world



WONDER(FUL) WOMAN 2020

FOR THE EMANCIPATION OF GIRLS AND YOUNG WOMEN

Millions of girls around the world are forced to drop out of school to take care of their families and homes, to marry very young with men much older than them. To give up their childhood and their future forever.

OVS and Save the Children have turned the spotlight on this reality, made even darker by the impact of Covid-19, a few days before the International Day of the Girl Child, which is celebrated every year on October 11. With the "Wonder(ful) Woman" initiative, three talented testimonials provided their testimony to affirm the universal rights of every woman starting from childhood. Thanks to part of the proceeds from the sale of a limited edition sweatshirt, OVS has helped fund the organisation's projects to support girls in the slums of Mumbai, India. The goal of the project goal is to develop the abilities boys and girls and to train Teenage Ambassadors to spread awareness on health, hygiene and nutrition.



CHRISTMAS JUMPER 2020

A PARTY FOR THE MOST VULNERABLE CHILDREN

Christmas Jumper Day is the day of the year dedicated to decorated Christmas sweaters, a tradition dating back many years ago in Anglo-Saxon countries. Save the Children has turned this fun occasion into a day of donations in Italy and around the world, for those children who live in particularly difficult conditions, further aggravated by the COVID-19 emergency.

The 2020 edition Christmas sweater was designed by the singer Elodie and sold in selected OVS stores and online at ovs.co.it. Part of the proceeds from the sale of the sweater and the donations collected at the points of sale have funded Save the Children's projects.



BULLISNO

TEACHING RESPECT,
PREVENTING VIOLENCE



BullisNO is the first digital educational project that tackles bullying and cyberbullying, promoted by OVS jointly with FARE X BENE, a non-profit organisation. The project was created in 2016, and targets teachers and parents through an online platform, students and teachers through dedicated meetings in schools with psychologists, educators, teachers and lawyers from FARE X BENE.

In 2020, with the support of the Regional School Office for Lombardy, the fourth edition of a Peer Education program was organised where boys and girls become the promoters of good practices among peers. A representation of the 11 schools in Milan involved in the program, then created the first manifesto of BullisNO.

In recent years, thanks to the BullisNO project, more than 30 million users have been reached and more than 500 adults and 11,500 girls and boys have been trained in schools throughout Italy, in the belief that they can promote the universal values of respect and sharing to prevent and combat the bullying and cyber-bullying violence.

QUID PROJECT

FROM FASHION FABRICS, A CAPSULE
COLLECTION OF ETHICAL BAGS

Progetto Quid is the ethical and sustainable fashion brand of Quid, the social enterprise winner of the 2020 edition of the Green Carpet Fashion Award, the prize dedicated to responsible fashion.

With Quid, OVS has launched a collection of limited edition bags that reclaim and enhance surplus fabrics from Italian fashion companies. Each item becomes unique for its aesthetic but also social value thanks to people, especially women, with a history of fragility, who find in Quid an opportunity for redemption and for a better life through work.



PEOPLE PEOPLE



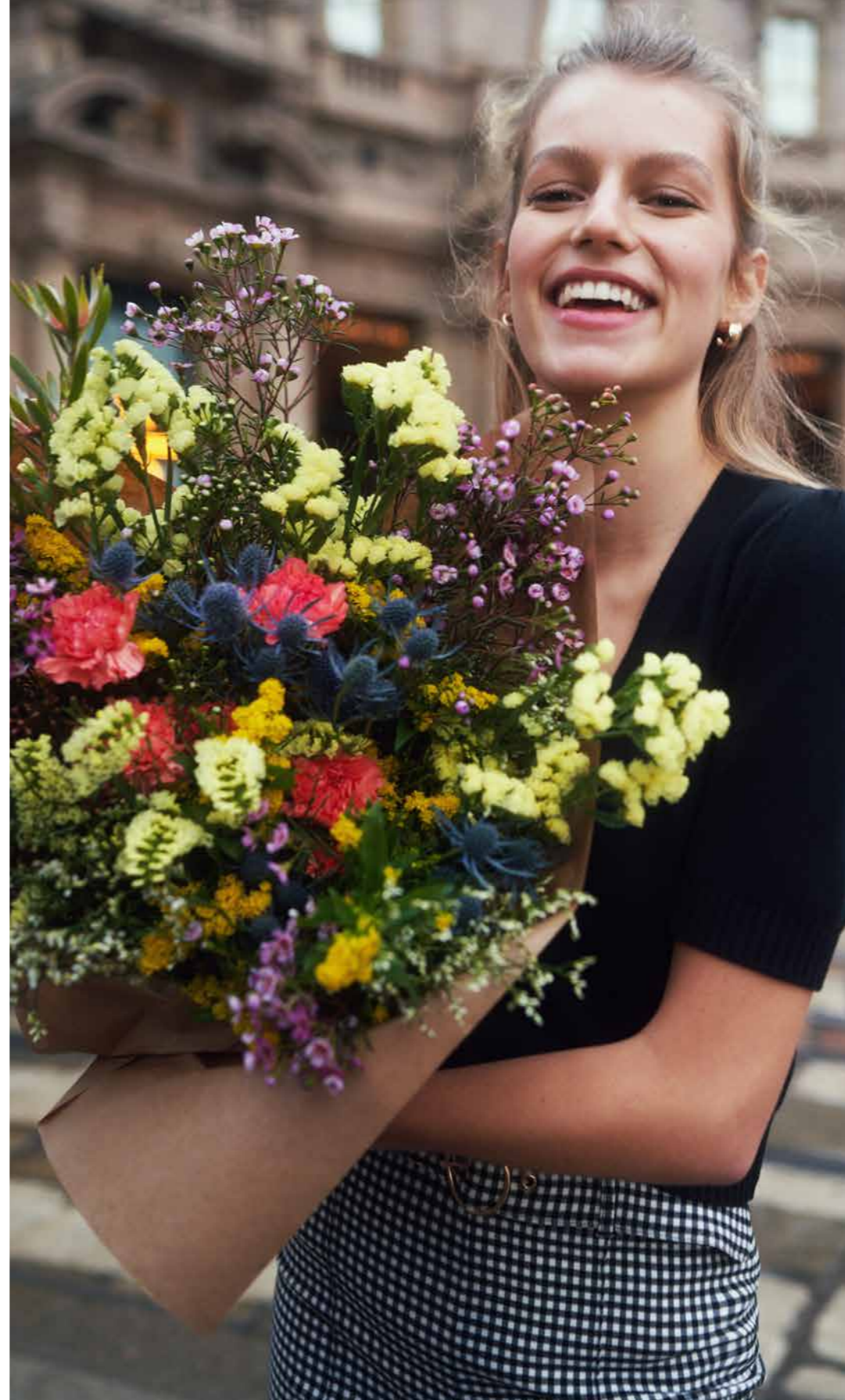
PEOPLE

We promote an inclusive work environment capable of translating diversity into wealth, and make our people ambassadors of the OVS sustainability philosophy.

Even during this difficult year, we have yet again confirmed that people are our most important asset. The crisis has exposed our fragilities, but also our value and our coping abilities. Together we have responded and made our organisation even more resilient.

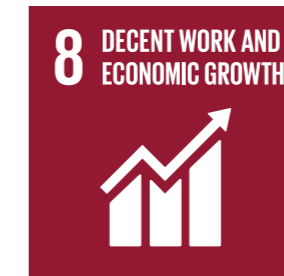
We understand that we are all interdependent and, with even more conviction, we value diversity so that everyone can feel free to invest in themselves and give their best in a working environment of respect and growth. This commitment is translated on a daily basis into consistent organisational choices and a broad array of training offers, with the goal of achieving actual gender equality and an accomplished team.

This is also achieved through a commitment to guarantee respect for human rights and adequate working conditions, both for direct employees and for employees working along our supply chain.



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Through its organisational choices and its code of conduct with respect to its employees, a company can contribute, on a day-to-day basis, to the achievement of various sustainable development objectives, in particular:



Decent work and economic growth, aims to build a sustainable economy and a society capable of offering job opportunities tailored to people's needs. This will allow people to cultivate their skills and contribute to the creation of a strong social fabric and a healthy economy.

At OVS we guarantee respect for human rights, we invest in human capital through continuous training, and we adapt everyone's wages to the cost of living. We then involve suppliers in a process of joint growth to build a supply chain that is truly valuable, where the principles and objectives of social and environmental sustainability are understood, shared and implemented.

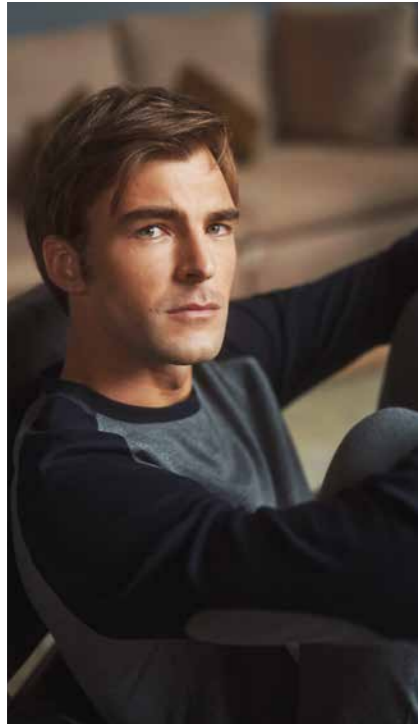


Gender equality, to guarantee women and girls equal rights and opportunities and to live free from violence or discrimination of any kind anywhere, including the workplace.

With this same sentiment, at OVS we leave no room for discrimination. In fact, we strongly believe that diversity is a source of wealth that would otherwise be unattainable. We, therefore, offer equal employment opportunities without discrimination based on ethnicity, religion, opinion, nationality, gender, physical condition, age, social status. We condemn all forms of violence and do not condone any gender-related pay gaps for equal roles, titles and seniority.

OUR RESPONSE TO THE PANDEMIC

We know, 2020 has been a tough year. We have all been called upon to make exceptional efforts to respond to an unimaginable crisis that has opened up unforeseeable scenarios. Once again, in a time of extreme hardship, we have been able to prove the value of our people



and our community, which have been able to react forcefully and cohesively to the new challenge we have been facing.

Our primary concern has been working to secure employees, customers and the entire supply chain. Right from the start of the pandemic, we set up a dedicated emergency team, the Covid-19 Corporate Emergency Committee, to guide us in the immediate implementation of WHO and Government guidelines and to ensure seamless business operations, safety and well-being for all people inside and outside OVS.

We have provided employees with personal protective equipment for both work and personal activities and have activated free rapid testing campaigns on a voluntary basis. We activated a swift emergency work plan, bringing headquarters staff in just two weeks to work safely from home. Building from this experience, we are structuring a remote working plan integrated into the employment contract from 2021.

Aware that our stores are meeting places, at the time of reopening, we have maintained a maximum alert level, in order to contain the number of contagions on Italian territory. We have achieved all of this by activating protocols to guarantee full and safe access to the service, from the sanitisation of environments with particular attention to small areas such as fitting rooms, to the sterilisation of returned garments and the regulation of entry flows.

In addition, we have set up an internal solidarity fund that is self-financed from management salaries, designed to help those among our employees or partners who are most in need due to extraordinary circumstances caused by the crisis. As required by government measures to support workers and businesses in response to the Covid emergency, we activated a redundancy fund to cover for business close-down periods or significant reduction in activity, supplementing the use of other institutions, such as the use of the holiday fund and parental leave.

CONCRETE HELP FOR THE LOCAL COMMUNITY

In this difficult time, we have been working to support the community and those groups made most vulnerable by Covid-19.

In particular, we were proud to support the Civil Hospital SS. Giovanni e Paolo of Venice, the city of our headquarters and a community to which we are particularly attached, with a concrete aid of Euro 120,000 for the purchase of equipment and the optimisation of intensive care units. Other donations of undergarments and pyjamas were made to healthcare personnel and patients in hospitals in the hardest hit areas in Lombardy.





THE HEALTH AND WELLNESS PATH

In such a tiring year, it was important to continue on our Health and Wellness path, an initiative that has already been part of OVS's activities for years, targeting our colleagues from the head office and sales offices, promoting personal care and wellness. Through various remote meetings we have addressed, with the help of experts, key issues about physical and psychological well-being, even in particularly stressful situations:

- Mindfulness and Neuroplasticity
- Caregivers
- Insomnia: tips to rest better
- The importance of the Microbiota
- Good nutrition: healthy habits and well-being

In addition, to maintaining a sense of closeness and cohesion during the difficult months of lockdown, in which we had to keep all of our staff home, we have implemented several initiatives including:

A COMMUNITY, TO FEEL CLOSE TO EACH OTHER

"Insieme_si_vince" (united we win), OVS's digital community on the

Slack sharing platform, which all our employees have joined to relieve tension, enable sharing of posts and stimulate a sense of togetherness, albeit remotely.

A NEWSLETTER TO SHARE

#noi_non_ci_fermiamo (we don't stop) is the newsletter issued twice a week, with messages from management, reading recommendations and a free sharing area.

A CALL TO ACTION TO DESIGN THE 'AFTER'

"Idee per la riapertura" (ideas for Reopening) was an idea-based campaign that encouraged everyone to think about the confinement aftermath and to come up with positive ideas to implement when we returned from the first lockdown, when we will reopen our stores and welcome customers back. Five hundred and twenty-one (521) ideas were received and some of them materialised and, the campaign to reopen the stores: "In 1972 OVS opened for the first time, in 2020 OVS opens again for the first time", sprouted from this experiment.

VIDEO CONFERENCES FOR YOUNG STORE MANAGERS

In order to give a proper welcome and support to the new 80 young store managers, who found themselves without the support of their colleagues on their first days of work, we created a video call discussion sequence, 4 meetings called "listening and proximity", where managers could discuss and share their work and personal experiences with more experienced colleagues.

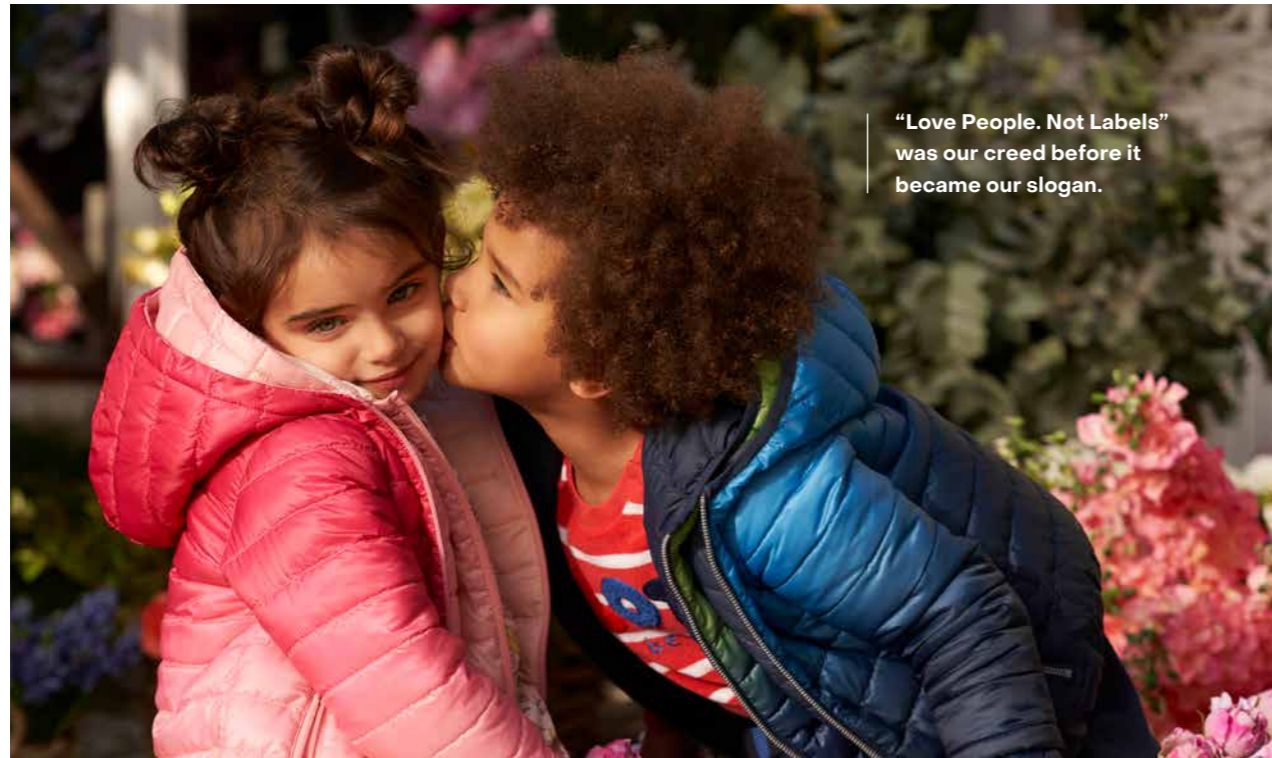


HUMAN RIGHTS AND INCLUSION

We work every day to maintain an open and inclusive work environment, where respect for human rights is a clear priority. We leave no room for discrimination because we strongly believe in the value of diversity as a contributing factor to growth that would

otherwise be impossible to attain. We recognise the value of every person who works with us and are committed to providing equal employment opportunities without any discrimination based on ethnicity, religion, opinion,

nationality, gender, physical condition, age, social status. This is why we are the proud recipients of the 2020 edition of the Diversity Media Awards for our "Love People not Labels" campaign, which fosters a conscious celebration of the concept of identity free



"Love People. Not Labels" was our creed before it became our slogan.

from prejudice and stereotypical influences and promotes a worldview that considers the diversity and uniqueness of each person, as valuable resources on which to build a richer community.

In 2020, we published the revision of our Labour and Human Rights Policy to reiterate even more firmly the guidelines that all people working with OVS, both here in Italy and abroad, must comply with on human rights, health and safety and ethical working practices.

A basic inclusion principle that we believe in is the fair recognition of everyone's worth based solely on performance and professional contribution. We do not accept any pay gaps between the genders, for the same role and seniority. We ensure that we offer equal opportunities to men and women in the recruitment process, definition of career paths and salary review.

During the pay equity audits, we highlighted some pay differences between men and women in sales roles. This is why we have launched a professional growth program dedicated to women for the role of Store Manager, which over the last 5 years, has led to the elimination of the gender pay gap, the difference in salary between men and women, in the store workforce, which accounts for more than 85% of the group's total employees.

ON THE SIDE OF THE VICTIMS OF VIOLENCE

Violence against women is an urgent issue that needs to be addressed using our best efforts. In Italy, more than 30% of women aged between 16 and 70 have suffered, at least once in their life, a form of physical or sexual violence (12).

Therefore, we train our employees on our Code of Ethics and on sexual harassment prevention and possible reporting procedures in the workplace.

In addition, in order to help our employees, who may be the victims of stalking or abuse, we have made available a specialised legal advice service, which can be accessed free of charge and in strict confidence, and which can provide support outside the family environment. With the help of a criminal lawyer, victims of violence becomes aware of their condition and evaluate the possible actions to be taken, ranging from filing a complaint to a Caution Order issued by the Chief of Police (Questore), to providing the address of anti-violence centres to the free legal aid service.

FROM LIFE EXPERIENCES, SKILLS TO BE HARNESSSED

We believe that life transitions, particularly the experiences of caring for children or sick family members, are a powerful training ground for improving soft skills that can later be applied to the professional field as well. These are important occasions in which we can nurture motivation and a sense of belonging for those who work with us. With this in mind, we've been providing a digital training course for new parents for years, and starting this year, we've been working on setting up a course for caregivers. These two master courses are created in collaboration with Lifeed, the group that creates innovative solutions for the development of human capital.



A MASTER FOR WORKING PARENTS

A digital pathway for expectant mothers and parents with children from 0 to 3 years old that transforms parenting into a master's degree in relational, organisational and innovation skills.

THE MASTER FOR CAREGIVER WORKERS

A digital master's degree dedicated to those who are caring for a parent or family member who is no longer self-sufficient. It reveals how much this experience makes you grow, increases your ability to handle stress and the complexities of life and of the working world.

113

To date, 113 employees have participated in the Master's program for new parents

CONTINUING EDUCATION, OUR BEST INVESTMENT

The training of those who work with us is an investment in the future. It allows us to remain competitive in a particularly volatile historical context that requires us to adapt to rapid technological, cultural and social change.

In 2020, we used the lockdown months as an opportunity to run in-depth webinars for all the staff on a number of topics that are important to us, such as our sustainability strategy, transparency, supply chain management, investor relations, exhibition space and business strategy. A series of 36 meetings involving 17 speakers and reaching 820 employees.

We have carried on institutional initiatives already launched in previous years, adapting them in terms of duration and modalities to our current circumstances, so as not to interrupt the learning chain.



In 2020, we also launched new engagement initiatives for the management to optimise our internal operations and develop management and leadership skills of the OVS team:

Remote Working For a Results Driven Organisation

In order to capitalise on the experience of working remotely in recent months, we have organised a training course dedicated to managers and aimed at providing them with the tools to better organise their team in a streamlined work context, helping them in the selection of the most compatible activities, the most suitable technological tools, the management of communication and feedback, the methods for assigning objectives and evaluating results, and we are following a path of implementation to all areas of the company headquarters.

In this way, we want to welcome and stimulate a cultural change that will lead the company to work for results and be ready to flexibly manage the organisation of our staff.

Future-Proof Skills

co-creation and involvement, a pool of key corporate competencies, the OVS competencies tree. These have then been translated into the managerial behaviours of the various corporate roles and will be the basis for all personnel management processes, from talent selection to the performance and potential assessment process and the definition of training needs.

Senior Leadership Development

The Leadership Development Program is a structured program whose goal is to cultivate managerial behaviours that are the expression of a determined and engaging leadership. In 2020, the initiative included 12 webinars and involved 50 business leaders. The course has been designed to be comparable to the training offered by the Business Schools for the training of managers, and certifies the skills acquired by issuing a certificate which enhances the curriculum of OVS managers. The range of practical and theoretical training experiences offered by the OVS ACADEMY, our university which has already been active for years in accompanying the professional growth of our employees, is flanked and expanded.



S T R E



O

S

LOVES

STORES

We make the stores and every physical meeting place a mean to enhance OVS's commitment also through management and construction choices aimed at minimising the impact of activities.

Stores are the main source of our direct impacts, as well as our point of contact with customers. We design them with their life cycle footprint in mind and adopt solutions that truly represent our commitment to sustainability.

After measuring our 2018 baseline in 2020, we used the tools provided by the Science Based Target Initiative to identify a strategy to reduce our carbon footprint that would lead us to achieve our goal of at least a 30% reduction in emissions by 2030.

An important choice to reduce our carbon footprint was to purchase electricity only from certified renewable sources and we have been doing so for years in Italy.

100%

GREEN ELECTRICITY
IN ITALY

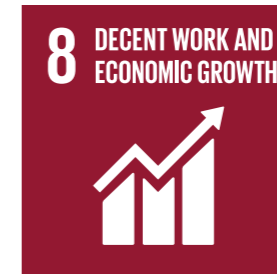
-85%

-85% SCOPE 1 AND 2
EMISSIONS COMPARED
TO 2016



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Through its organisational choices and code of conduct towards its collaborators, a company can help to achieve various sustainable development goals day by day, in particular:



Decent work and economic growth, in order to build a sustainable economy and a society able to offer job opportunities tailored to people's needs. With its network of stores distributed throughout the territory, OVS contributes to creating economic stability in the communities in which it operates as well as growth and professional development of young talents.



Sustainable cities and communities, aims to make cities and communities more inclusive and sustainable; OVS stores are designed to implement the group's sustainability choices, reduce the impacts of our activities and help promote the social, cultural and environmental development of the communities in which we operate.

OVS STORES



We are the largest Italian retailer and operate a network of around 800 direct stores worldwide. For us, the store is not only a sales space that should be welcoming to every visitor, but it is also the space where we come in contact with our customers, where we communicate our values and where our sustainability choices crystallise. The store network accounts for the majority of our direct impacts, so we are continually working to select the best green building solutions and design better spaces.

To minimise our footprint, for several years now, all new

openings and renovations apply standard guidelines that we have developed from the most advanced green design principles with the goal to:

- apply an integrated approach that incorporates sustainability criteria during the design, construction and management phases of the store aimed at limiting consumption and includes them in the agreements with the suppliers involved;
- minimise energy consumption and polluting emissions;

- systematically increase the quality of the environment and the perceived comfort inside the store, starting with air conditioning and air quality through to lighting, materials used and cleanliness;

- have a positive impact on productivity and staff retention;

In particular, we constantly monitor the efficiency of the systems with a double-control system in order to avoid heat loss and energy waste, by monitoring the internal environmental conditions.

THE NEW SUSTAINABLE STORE CONCEPT

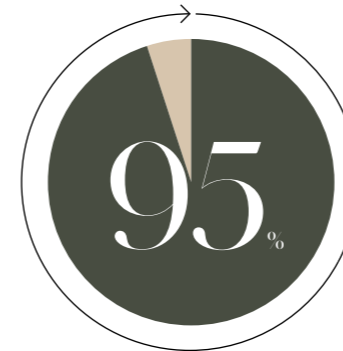
Our new store concept, which will be applied to all openings and in 2020 to 30 stores, was created with the aim of increasing the sustainability profile of the store as well as the quality of the environment and perceived comfort.

The design is simple, with clean lines to make the brand's commitment to sustainability and circularity visible. The design was conceived to facilitate both assembly and recovery at the end of its life cycle: the furnishings and architectural finishes are interlocking to allow installation without the use of glues and to facilitate separation for reuse, or recycling, when the store is dismantled.

We use few virtuous materials that are easily recyclable:



Wood is 100% FSC certified from sustainably managed forests



Glass, easily recyclable

Aluminium is 95% recycled from post-consumer scraps and is infinitely recyclable





We use lighting more rationally, reducing consumption-intensive interior design lighting. The new store allows an estimated saving of 30% compared to the average consumption in OVS stores already optimised with the introduction of LED lighting fixtures.

We provide constant monitoring of indoor environmental conditions, we use non-toxic cleaning products and enrich the spaces with real plants known for their ability to reduce CO2 in the air, as natural filtering systems, to increase the general well-being and comfort of environments for anyone who visits them.

To make the spaces more welcoming, we have set up a relaxation area where customers can recharge their tablets or mobile phones, and where they have sofas available to them to take a break. Each store is also equipped with a nursery area with a diaper changing station.

The new store concept is designed to reduce end-of-life impacts

The lighting choices allow 30% savings of energy consumption

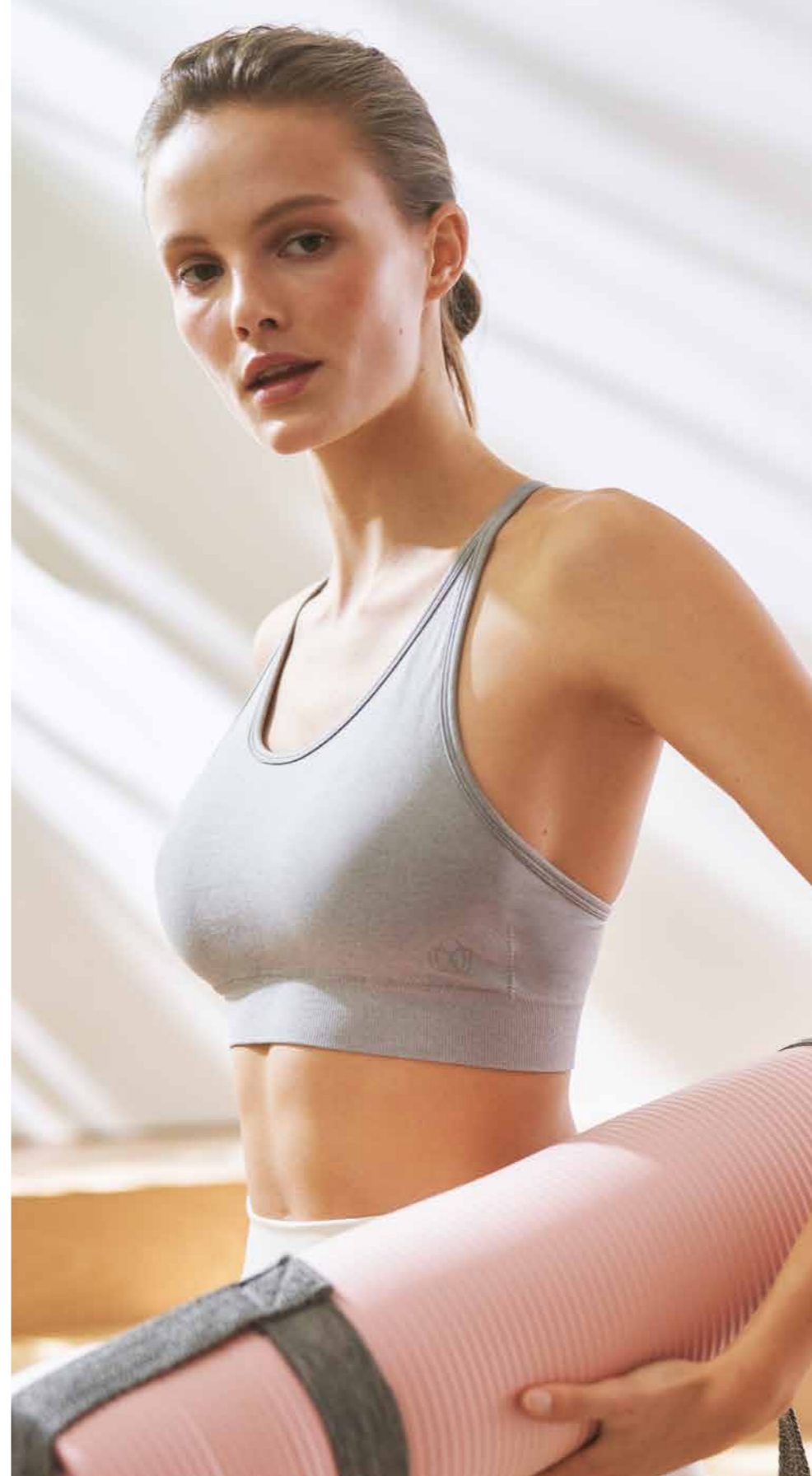
MEASURING OURSELVES TO IMPROVE OURSELVES

Measuring is the starting point for improvement. For this reason we have activated a project within the scope of the Contamination Lab of the University of Padua, with the aim of creating a technical tool to evaluate and assign a score to each store according to its level of sustainability, starting from the real data of each point of sale.

The goal is to facilitate and encourage the transition towards more sustainable stores, but also to create an intuitive tool to clearly communicate sustainability efforts and achievements to customers.

100%

100% of our stores will receive a sustainability index rating by 2021



CONTAMINATION LAB

The Contamination Lab is a multidisciplinary contamination project at the University of Padua in which students, professionals and businesses are involved in the creation of concrete solutions and promote an entrepreneurial and innovation culture. The activities are carried out in interdisciplinary teams that actively work on joint business projects for the implementation of innovative services and solutions for companies.



The developed index analyses all phases of the store life cycle: Design, Outfitting, Operations, Maintenance, End of Life. Performance is measured in relation to the impact produced with respect to the four principles

of sustainability of the scientific framework of “The Natural Step”, a non-governmental association active in the field of sustainability for 30 years (13). Starting from this, 10 key indicators have been

identified that will be more or less relevant depending on the phase of the life cycle under analysis and that gravitate towards one of the principles of sustainability according to the following logical pattern:

Indicator	Area
Energy consumption	First Principle of Sustainability we cannot extract substances from the Earth's crust faster than they can regenerate
Transport	
Pollution	Second Principle of Sustainability we cannot produce substances faster than nature takes to reabsorb them into its cycles
Materials	
Waste	Third Principle of Sustainability we cannot physically destroy ecosystems faster than they can regenerate
Soil	
Water	
Health and Wellness	Fourth Principle of Sustainability we cannot act in such a way so that other people are unable to meet their basic human needs
Management	
Innovation	

Each area is given a score, which is then averaged to give an overall summary rating that measures the performance of each individual store and populates a control panel to provide a complete

view, both to the company and to consumers, of the level of sustainability of OVS stores. The analysis will be applied to all our stores by 2021 and will identify areas for improvement. Secondly,

the tool will allow the expected impacts to be measured early in the design phase and thus guide the design of even more sustainable stores.

DE IL

TA S

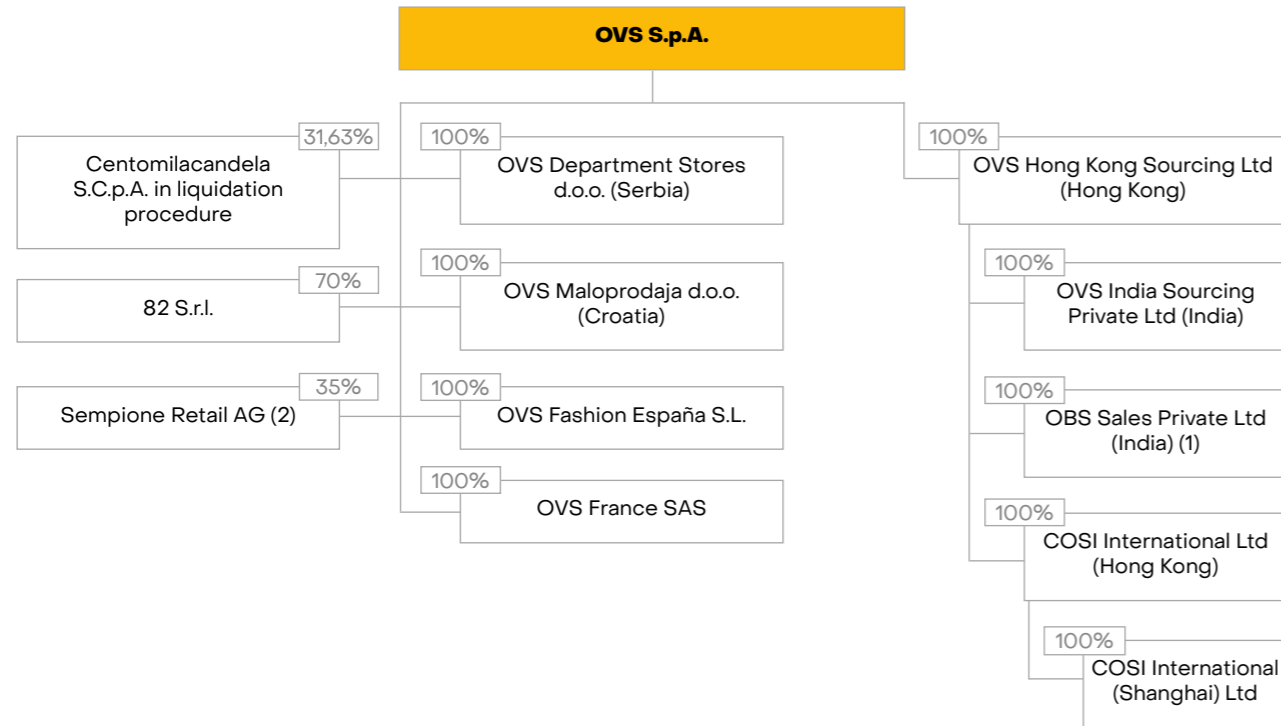


OVS GROUP PROFILE

GROUP STRUCTURE

The following graph shows the composition of the OVS Group with an indication of the relative percentages held.

Figure 1 - Group structure



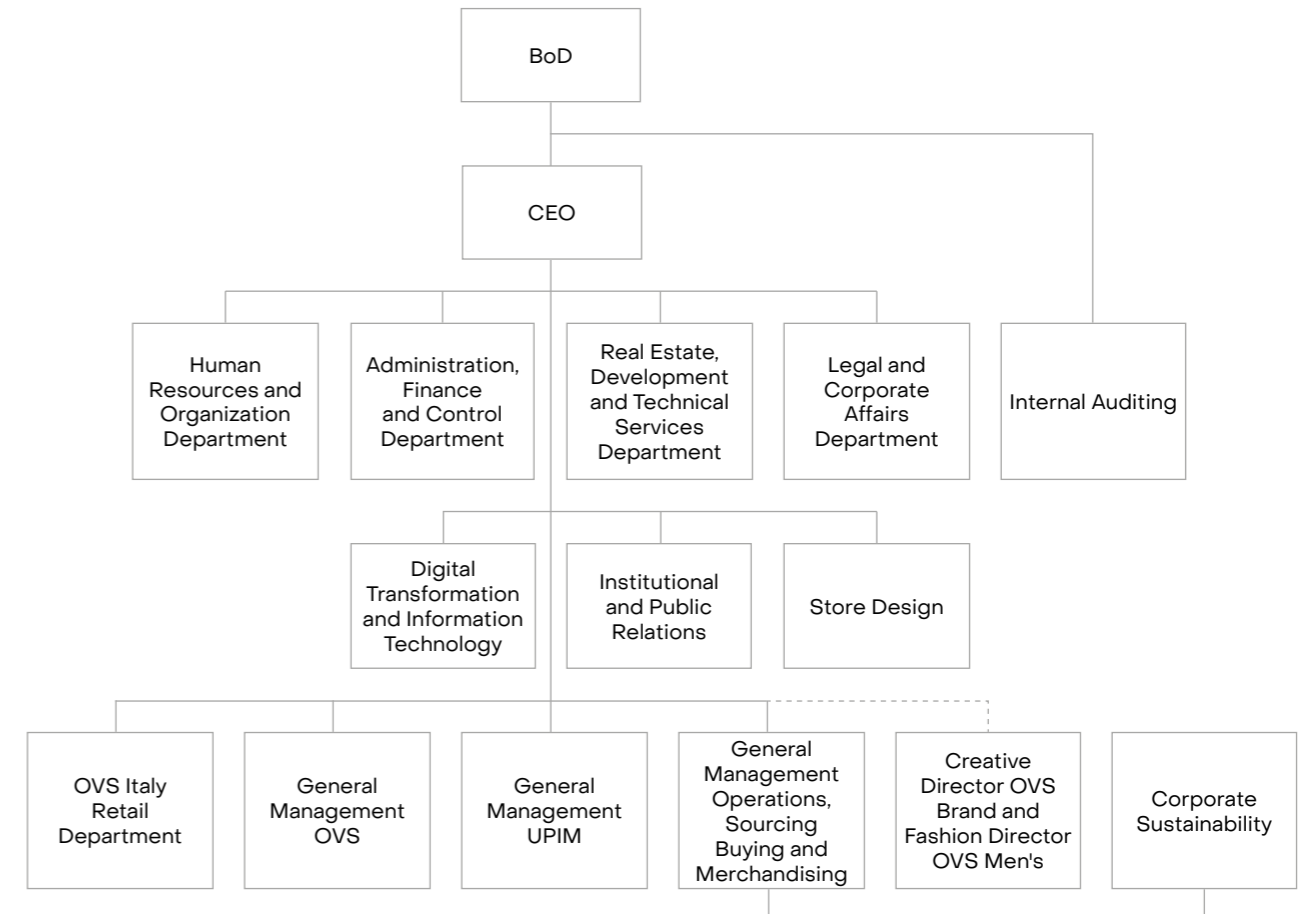
1 Liquidation procedure concluded on February the 5th 2021.

2 Declared bankrupt on November the 6th 2018.

RESPONSIBLE GOVERNANCE

ORGANISATIONAL STRUCTURE

Figure 2 - Organisation chart



MISSION AND VALUES

Our mission is “to make beauty accessible to all” and it is based on concrete values that inspire the people who take part in the company processes, to behave respecting the environment and the communities in which we operate.

Working in OVS S.p.A. is a source of growth, of value and wellbeing for everyone. Everyone’s daily commitment is aimed at improving everything they manage so that their contribution can really make a difference. We create value through an always concrete approach towards the solution, the needs and the sustainability that mission, objectives, resources and timelines impose. We create value for customers, stakeholders and shareholders every day, through small and large things that our passion drives us to do.

Imagination: We are a company that welcomes and encourages everyone’s ideas to imagine new and possible scenarios. We train the imagination and courage to do what others have yet to accomplish.

Innovation: We are not afraid to choose and adopt change. We want to be recognised and welcomed in our ability to lead rather than follow the market.

Team Work: One team as the sum of the values of each individual member.

Value Creation: We create value for customers, stakeholders and shareholders every day, through small and large things that our passion drives us to do.

Opening: To be a place of meeting, debate and exchange of ideas and actions. While respecting individuals, their personal qualities and their respective needs. To always be attentive and willing to listen to the changing world, to the needs, desires and dreams of its customers and to be able to meet the expectations of all stakeholders by becoming messengers of the concept of “beauty accessible to all”, in any shape or form each one of us conceives and beholds.

Italianness: Capitalise on the virtuous aspects of being

Italian by instilling them into our passion for our work, identifying creative solutions, letting our sensitivity to beauty and well-made guide our every-day choices and actions. Attention to detail, innate creative aptitude, natural creative inclination to be transformed every day into concrete value.

Respect: Promote behaviours that recognise the value of each individuals and each idea through small and large daily gestures in relationships, actions and activities. Listening (which is different from feeling) and caring about people and their wishes. Encourage action and participation through recognition and celebration of merit, making virtuous behaviour go viral. In work, business and global relationships with customers, stakeholders and the environment. These core values guide our daily behaviours and build a positive vibe towards the environment and ourselves, concretely influencing and improving the lives of the people who work in our company and the consumers who interact with our brand on a daily basis.

CORPORATE GOVERNANCE

As of 2 March 2015, OVS S.p.A (hereinafter OVS), is a company listed on the Mercato Telematico Azionario (Screen-based Stock Exchange) organised and managed by Borsa Italiana S.p.A.

OVS corporate governance system is based on a “traditional” organisational model and is developed according to the regulations in force and applicable to the sector, observing the legal regime of a listed issuer, as well as the indications of the Self-Regulatory Code promoted by Borsa Italiana to which OVS subscribes voluntarily.

The Company has adopted the new Corporate Governance Code of Listed Companies, published on 31 January 2020 by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (“Corporate Governance Code”); in accordance with the provisions thereof, information will be provided to the market on how it will be applied in the corporate governance report to be published during 2022.

In its organisation, OVS also takes into account the best practices that can be extrapolated from national and international comparisons.

OVS shall manage and coordinate its Subsidiaries, which maintain legal autonomy and apply the principles of correct corporate and business management.

The main governance bodies of the company are:

the Shareholders’ Meeting: composed of the shareholders of OVS SpA, expresses the will of the company, deliberating in the manner and on the matters provided for by law and by the Articles of Association, in ordinary and extraordinary form;

the Board of Directors: together with the Board of Statutory Auditors, it is the highest governance body of the Group. It is vested with all powers for ordinary and extraordinary administration, with the exception of those powers that the law expressly attributes to the Shareholders’ Meeting;

the Board of Statutory Auditors: has the task of supervising compliance with the law, the Articles of Association and the principles of correct administration of the Company;

the Financial Reporting Officer: is responsible for preparing the Company’s financial reports.

The OVS Board of Directors also operates through the Chief Executive Officer and the Directors with proxy powers and is assisted by the Committees, set up within the Board itself, with proposing and advisory functions:

The Control, Risk and Sustainability Committee: supports the Board of Directors’ assessments and decisions relating to the internal control and risk management system and the sustainability strategy;

The Appointments and Remuneration Committee: has the task of assisting the Board of Directors in evaluating and deciding on the composition of the Board and the remuneration of directors and managers with strategic responsibilities.

COMPOSITION OF THE BOARD OF DIRECTORS AND OF THE BOARD OF STATUTORY AUDITORS

Board of Directors

On 9 July 2020, the Shareholders' Meeting appointed the current Board of Directors, whose term of office will expire upon the approval of the financial statements at 31 January 2020.

The Board of Directors that was elected was composed as follows: Franco Moschetti (Chairman), Stefano

Beraldo, Chiara Mio, Giovanni Tamburi, Alessandra Gritti, Vittoria Giustiniani, Carlo Achermann and Elena Garavaglia, taken from the Minority List. The Shareholders' Meeting also appointed Franco Moschetti as Chairman of the Board of Directors.

The Board of Directors currently consists of 9 members, 44% of whom are women and 56% are men, 89% are in the over 50 age group.

Table 1 – BoD Composition

Fiscal Year 2020							
BoD Composition	Gender	Age	Role	Independence	Assignment from date	Nationality	Academic title
Franco Moschetti	M	over 50	Non-executive	S	31/05/2019	Italian	Master of Science degree in Industrial Science, Major in Business and Economics
Stefano Beraldo	M	over 50	Executive	N	14/05/2014	Italian	Master of Science in Business and Economics
Giovanni Tamburi	M	over 50	Non-executive	N	13/03/2019	Italian	Master of Science in Business and Economics
Alessandra Gritti	F	over 50	Non-executive	N	13/03/2019	Italian	Master of Science in Business Administration and Economics
Carlo Achermann	M	over 50	Non-executive	S	09/07/2020	Italian	Master of Science in Business and Economics
Elena Garavaglia	F	41-50	Non-executive	S	20/06/2020	Italian	Law degree (J.D.)
Vittoria Giustiniani	F	over 50	Non-executive	N	09/07/2020	Italian	Law degree (J.D.)
Massimiliano Magrini	M	over 50	Non-executive	S	13/03/2019	Italian	Master of Arts in Political Science
Chiara Mio	F	over 50	Non-executive	S	31/05/2017	Italian	Master of Science in Business Administration and Economics

Board of Statutory Auditors

The Board of Statutory Auditors consists of 3 standing members and 2 alternate members.

On 9 July 2020, the Shareholders' Meeting elected the current Board of Statutory Auditors, whose term of office will expire upon the approval of the financial statements at 31 January 2020.

The Board of Statutory Auditors that was elected was made up as follows: Stefano Poggi Longostrevi (Chairman) taken from the Minority List, Standing Auditors Paola Tagliavini and Roberto Cortellazzo Wiel taken from the List that obtained the highest number of votes; Alternate Auditors Emilio Vellandi taken from the List that obtained the highest number of votes and

Emanuela Fusa, taken from the Minority List.

As of 31 January 2021, the Board of Statutory Auditors consists of 5 members, 40% of whom are female and 60% are men and all of whom are over the age of 50.

As of 31 January 2021, the Board of Statutory Auditors thus consists of the following members:

Table 2 – Composition of the Board of Statutory Auditors

Fiscal Year 2020							
Board of Statutory Auditors	Gender	Age	Role	Independence	Assignment from date	Nationality	Academic title
Stefano Poggi Longostrevi	M	over 50	Chairman of the Board of Statutory Auditors	S	01/06/2018	Italian	Master of Science in Business and Economics
Paola Tagliavini	F	over 50	Statutory Auditor	S	09/07/2020	Italian	Master of Science in Business Administration and Economics
Roberto Cortellazzo Wiel	M	over 50	Statutory Auditor	S	23/07/2014	Italian	Master of Science in Business and Economics
Emilio Vellandi	M	over 50	Alternate Auditor	S	09/07/2020	Italian	Master of Science in Business and Economics
Emanuela Fusa	F	over 50	Alternate Auditor	S	31/05/2019	Italian	Master of Science in Business and Economics

2014

YEAR IN WHICH THE
CONTROL AND RISK
AND SUSTAINABILITY
COMMITTEE WAS
ESTABLISHED

2020

YEAR OF APPOINTMENT
OF THE CURRENT
COMMITTEE

3

DIRECTORS
WHO ARE MEMBERS
OF THE CURRENT
COMMITTEE**Sustainability Governance**

Sustainability governance also includes the Control and Risk and Sustainability Committee, which has been entrusted with the supervision of sustainability issues related to the performance of corporate activities and the assessment of the Non-Financial Statement (NFS). This Committee was established on 23 July 2014 and is on the Board of Directors. On 4 August 2020, the Board of Directors appointed the current Committee, which consists of 3 Directors, all of whom hold non-executive positions and the majority of whom meet the independence requirements of the Consolidated Law on Finance (TUF) and the Corporate Governance Code:

Chiara Mio (as Chairman of the Control and Risk and Sustainability Committee), an economist known internationally for her attention to the issues of Corporate Social Responsibility

Massimiliano Magrini

Franco Moscetti

The Committee provides support and advice to the Board of Directors on sustainability issues, meaning the processes, initiatives and activities aimed at monitoring the Company's commitment to sustainable development throughout the entire value chain. The Committee also examines the relevant contents of the Non-Financial Statement (NFS), for the purposes of the internal control and risk management system. Furthermore, it is the task of the Committee to assess sustainability policies aimed at ensuring the creation of value over time for the shareholders and all other stakeholders, in the medium to long term, in accordance with the principles of sustainable development. Lastly, it analyses the guidelines, objectives, and resulting processes concerning sustainability and non-financial reporting submitted annually to the Board of Directors. In this regard, during 2020, the Board of Directors formally approved the new Group Sustainability Plan, after evaluation by the Committee itself. As confirmation of its importance, the meetings organised by this Committee are attended by the Chief Executive Officer and the Board of Statutory Auditors.

Lastly, it is important to note the presence of a sustainability department (cross-functional and within each division there are one or more spokesperson who interact with the division on these issues), dedicated to the more operational management of these issues which periodically reports to the Committee.

During 2020, in support of the objectives defined within the Sustainability Plan and in order to formalise the Group's social and environmental commitments, OVS S.p.A. adopted two new policies:

Environmental and Local Community Policy, which establishes principles to be followed when conducting business activities, in full respect of the planet and the communities in which OVS operates. These principles, shared and communicated to all internal and external stakeholders, express OVS's commitment to consider its environmental footprints in relation to: biodiversity and conservation of natural resources, climate change, waste production and recycling processes, water consumption and water footprint, use of chemicals and animal welfare. The same principles are also extended to the Group's supply chain: suppliers, in fact, must see and accept what is established in the Policy and are also subject to periodic due diligence by OVS, which verifies compliance and monitors performance;

Labour and Human Rights Policy which sets out the guidelines that all the people who work with OVS, both in Italy and abroad, must respect in relation to Labour practices (e.g. contracts, parental leave, welfare), human rights (e.g. diversity and inclusion, abolition of child and forced Labour) and health and safety (e.g. workplace management, risk assessment, training), in full compliance with current legislation.

SUSTAINABILITY STRATEGY

OVS's sustainability strategy has always been an integral part of the company's business model and is based on the commitment of each corporate function to consider the environmental and social footprints that are inevitably generated by the Group's actions and activities. For OVS, in fact, sustainability must be a characterising element of every business action and it shall not be limited to a "capsule collection".

Over the years, this has allowed us to launch a series of initiatives linked to social responsibility and the reduction of environmental footprint.

In particular, since 2016, with the #wecare program, OVS has consolidated the actions already undertaken into a structured strategic path, setting its sustainability choices on the scientific framework and sustainable innovation principles developed by The Natural Step, a Non-Governmental Organisation founded in Sweden in 1989. These principles provide a concrete and universally understandable definition of sustainability and are necessary, sufficient and universal to describe a sustainable future. In a sustainable society:





nature is not subject to the increased concentration of substances extracted from the Earth's crust (e.g. heavy metals and fossil fuels);

nature is not subject to increased concentrations of substances produced by human activity (e.g. waste and pesticides);

nature is not deteriorated faster than it needs to regenerate itself (e.g. deforestation and construction);

the satisfaction of people's basic needs is ensured by promoting health, participation, development of skills, impartiality and empowerment of the individual.

With the #wecare program, the company has established its commitment to improve the current business criteria in the world of fashion, by using solid and innovative tools such as the B Impact Assessment and the SDG (Sustainable Development Goals) Action Manager, in order to integrate its own analysis and assessment models and have a comprehensive view of the impact generated by the organisation and the initiatives undertaken.

	<p>Through the Benefit Impact Assessment, the company was able to identify priority areas for improvement and future goals in the #wecare plan, aligning its strategy with movements, such as the Benefit Corporation, that aim to redefine success in business..</p>
	<p>Confirming its orientation towards sustainability and its desire to contribute with its business to the global challenges and to the achievement of the 17 Sustainable Development Goals (SDGs) set by the United Nations, OVS has decided to focus its strategy on the areas of greatest potential, in relation to its activities and its business. Through continuous dialogue with the relevant stakeholders and through an SDG Action Manager, it has, therefore, identified the following objectives as particularly relevant to its activities: 5 (Gender Equality), 6 (Clean Water, Health and Hygiene services), 8 (Decent Work and Economic Growth), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production).</p>

These tools have made it possible to define a structured plan of interdependent evolution, or Sustainability Plan, which will be developed in several "waves" capable of gradually increasing the sustainability profile of OVS using a systemic approach. The Plan comprises four commitment area, each with specific commitments and actions in the short, medium and long term:

1. **Products and supply chain:** creating products that have a positive impact on the world and the people who live in it, minimising the consumption of natural resources and taking care of the people who work in the supply chain and the environment in which they live
2. **People:** promotion of an inclusive working environment, capable of enhancing the diversity of each person and making them ambassadors of the OVS sustainability philosophy
3. **Stores and locations:** stores and physical meeting places that reflect OVS's commitment and choices in the management and construction of locations, aimed at minimising the footprint of the business
4. **Customers:** transparent and inclusive approach to guide customers in the development of a culture of sustainability

This document has been drawn up on the basis of the activities and processes described so far, and clearly and directly reflects the path that OVS has taken within the scope of sustainability. The materiality analysis process itself (for which please refer to the corresponding paragraph) has been updated and evaluated in the light of the new steps taken by the Group, so that the financial and non-financial information reported in the NFS can give a complete and effective view of what has been achieved during the year.

ESG HIGHLIGHT 2020

Sustainability is a strategic orientation of the OVS Group, which on this front has developed a strategy in line with the three key ESG pillars – Environmental, Social and Governance. This section describes the management methods and the main results achieved and to be achieved in by the OVS Group in relation to environmental, social and governance issues, which are discussed in more detail later in this document in the respective chapters.

As part of the #wecare program, launched during 2016, and the

Group’s Sustainability Plan, OVS has defined important ESG objectives and implemented important actions to confirm OVS’s commitment and attention to these issues.

The correct identification of the areas of action and the quality of the results achieved so far, have been confirmed by in-depth studies with investment funds that are shareholders in OVS S.p.A. and independent assessments by sector analysts. In June 2020, OVS S.p.A. received an ESG Risk Rating of 12.99 that was **rated as “Low Risk” by Sustainalytics**,

meaning a low risk of suffering material financial impacts from ESG factors. This result places OVS S.p.A. in 15th place out of 185 (where the company with the lowest level of risk is in 1st place) in the “Textile & Apparels” sector assessed by Sustainalytics. In March 2021, OVS S.p.A.’s ESG Risk Rating further improved, reaching a score of **11.22 in the “Low risk” category and ranking the company in 5th place out of 180** in the respective sector. The confirmation of the risk category is the result of the correct and effective management of ESG issues within the Group’s strategy.



ENVIRONMENTAL

Respect for the environment is one of the key values for the OVS’s strategy. The concrete commitment to reducing the impact of company processes and products on the environment is demonstrated by a series of actions implemented during the year and specific objectives set for the coming years, both of which are shown in the table below.

Table 3 - Main environmental achievements and objectives

Material topics	Main results 2020	Future activities
Sustainable products	<p>More than 1,400 tons of paper saved thanks to the recycling of cardboard</p> <p>Replacement of all current plastic packaging with other more sustainable materials;</p> <p>More than 58% of the total order is made from an OEKO-TEX 100 certified supply chain, further guaranteeing the safety of our garments;</p> <p>Achieving 85% cotton from certified more sustainable sources, over 11,000 (+124% compared to 2019) tons of cotton purchased from certified organic crops, representing 56% (23% in 2019);</p> <p>309 tons (+55%) of recycled polyester, for the production of fleece knitwear and jackets, have prevented more than 20 million plastic bottles from being scattered into the environment;</p> <p>100% denim processing without the use of potassium permanganate, in favour of laser and/or biodegradable enzyme treatments;</p> <p>30% of denim products made with waterless treatments;</p> <p>100% of products tested according to high quality and safety standards out of 100% of the collection assortment;</p> <p>Assessment of product footprint for 100% of OVS items through Eco Valore;</p> <p>EcoValue evaluated as best practice within the Circular Fashion System Commitment and among the best practices selected by ICESP (Italian Circular Economy Stakeholder Platform);</p> <p>Life Cycle Assessment study carried out on denim product.</p>	<p>By 2025, more than 90% of the collection assortment will be made from materials from certified low-impact supply chains</p> <p>Eliminating virgin plastics used in packaging by 2025</p> <p>100% wastewater tested against mRSL (manufacturing Restricted Substances List) by 2025</p> <p>Sourcing 100% cotton from certified more sustainable sources (about 85% in 2020 and about 70% in 2019)</p> <p>Extension of product impacts assessment for 100% of UPIM items through Eco Valore</p> <p>Analysis on the extension of ECONYL use to other types of products</p>

Sustainable stores	<p>Development of the POS sustainability indicator that analyses the performance of each phase of the store's life cycle (from design to eventual restyling and closing times) based on The Natural Step's sustainability principles;</p> <p>Definition of Scope 1 and Scope 2 CO₂ emissions reduction targets.</p>	<p>Plan to reduce Scope 1 and Scope 2 CO₂ emissions, aligned with SBTs (Science Based Targets)</p> <p>100% of stores assessed with the sustainability index by 2021</p> <p>Definition of a plan to reduce water consumption and waste production in stores</p>
Fighting the climate crisis and managing the environmental footprint	<p>18% reduction in overall energy consumption compared to 2019 [-1% for the same square feet area], with Scope 1 emissions reduced by 27%;</p> <p>100% electricity from renewable sources purchased directly from OVS S.p.A. (representing 88% of the Group's electricity consumption);</p> <p>Adoption of an Environmental and Local Community Policy in which the commitments and principles that OVS pursues in conducting its activities, in full respect of local communities and the planet, have been formalised;</p> <p>Achievement of ISO 14001:2015 certification, which defines an Environmental Management System, for the Italian headquarters and stores;</p> <p>Reduction of Scope 3 emissions (indirect emissions attributable to production, logistics, packaging) by 22%, also due to a better mix of materials with reduced footprint;</p> <p>Granting of a voucher to headquarters employees for the purchase of zero emission vehicles, in collaboration with the Municipality of Venice.</p>	<p>Plan to reduce Scope 1 and Scope 2 CO₂ emissions, aligned with SBTs (Science Based Targets)</p> <p>Scope 3 emission reduction plan aligned with Science Based Targets (SBTs)</p> <p>Definition of a plan to reduce water consumption and waste production at the headquarters</p> <p>Initiation of a detailed water consumption analysis</p>
Circular design	<p>Launch of a program for the recovery and recycling of textile production waste for the production of recycled materials in order to actively reintroduce them into the production cycle, through the Circular Fashion Partnership;</p> <p>63% increase in the use of recycled materials in our collections;</p> <p>100% of apparel products evaluated by the circularity index;</p> <p>Confirmed our support for Healthy Seas to collect fishing nets.</p>	<p>30% increase in used clothing collection</p> <p>Redesigned the clothing collection program to create a positive social impact</p> <p>Program to collect and redistribute used hangers to manufacturing sources</p>

SOCIAL

People, corporate culture and the community are the key resources of OVS to achieve its strategic objectives and create economic, social and environmental value. OVS promotes the development of human capital through the enhancement of diversity, communication and information about the company's objectives, training at all levels, feedback on the results achieved, teamwork and

the development of remuneration policies which are fair and competitive with the market. For the growth of its business, OVS is committed both to the sustainable supply chain, with particular attention to improving working standards along the entire supply chain, and to the local communities of reference, with which it has set up strong partnerships in order to spread a shared sense of

responsibility, a culture of legality and protection of the common good. The very success of OVS depends on the satisfaction and involvement of its end customer, whose preferences and needs are placed at the centre of the decision-making process and with whom OVS is committed to build a relationship of trust, based on transparency, innovation and product quality.

Table 4 - Main achievements and objectives in the social arena

Material topics	Main results 2020	Future activities
Sustainable supply chain and respect for human rights	<p>100% of the suppliers have subscribed to the Code of Conduct and 88% of those who contributed to the production volume, have been assessed against environmental and social parameters;</p> <p>80% of the 2020 collections were made by suppliers monitored through Sustainable Apparel Coalition's HIGG index platform (40% in 2019);</p> <p>Publication of the list of 100% of product suppliers on the corporate website and of most suppliers of manufacturing processes and raw materials;</p> <p>Manufacturer's name and made-in indication for each product sold online;</p> <p>Adoption of a Labour and Human Rights Policy in which the guidelines have been formalised that all the people who work with OVS, both in Italy and abroad, must respect in relation to the respect of human rights (e.g. abolition of child labour and forced labour);</p> <p>Compliance to Clean Clothes Campaign's Call to Action on human rights in the Xinjiang region.</p>	<p>100% production volume from suppliers active in improvement programs through HIGG by 2022</p> <p>Obtained the SA8000 (Social Accountability) certification</p> <p>Continuing Education Plan on Code of Ethics, Human Rights and Diversity</p>

<p>Attention to diversity and inclusion</p>	<p>Adoption of a Labour and Human Rights Policy which formalises the guidelines that all the people who work with OVS, both in Italy and abroad, must respect in relation to the respect of human rights, with particular reference to diversity, discrimination and inclusion</p> <p>Increase in the percentage of female store managers in Italy (50.4% from 46% in 2018)</p> <p>Award for best advertising campaign at the Diversity Media Awards</p>	<p>Adoption of policies aimed at reducing the Gender Pay gap in the 2021/2023 three-year period</p> <p>Continuing Education Plan on Code of Ethics, Human Rights and Diversity</p>
<p>Caring for people and developing potential</p>	<p>Over 7,000 OVS employees worldwide</p> <p>6,870 people in Italy of whom 6,303 with permanent contracts (78.5% women)</p> <p>An average of 4.7 hours of training were provided per person</p> <p>100% of the head office staff was involved in periodic evaluation of work performance to define targeted growth programs</p> <p>Adoption of a Labour and Human Rights Policy in with formalised guidelines that all the people who work with OVS, both in Italy and abroad, must comply with, in relation to working practices (e.g. contracts, parental leave, welfare) and health and safety (e.g. management of workplaces, risk assessment, training);</p> <p>Approval of the Sustainability Plan functional to the definition of MBOs linked to specific sustainability indicators;</p> <p>Constant activation and updating of health promotion pathways within the company, starting with headquarters staff, through campaigns to reduce smoking addiction, installation of sanitisation stations and the dissemination of good practices for the prevention of infectious diseases;</p> <p>Definition of a policy for the prevention of risks related to the spread of Covid-19 through periodic sanitisation of the points of sale and premises, as well as the adoption of procedures and protective tools to protect customers and employees;</p> <p>Implementation of Covid-19 testing within the company.</p>	<p>Obtained the SA8000 (Social Accountability) certification</p> <p>Adoption of tools for the systematic measurement of employee involvement/satisfaction</p> <p>Continuing Education Plan on Code of Ethics, Human Rights and Diversity</p> <p>Completion of organisational and training actions to enable Remote-Working at the headquarters</p> <p>Activation of anti-Covid vaccination campaign in the company</p>

<p>Community Support</p>	<p>Renewed the BullisNo campaign;</p> <p>Supporting the Healthy Seas program which, through the work of volunteer divers, retrieves fishing nets and other dangerous devices from the sea floor, preserving marine biodiversity;</p> <p>Adoption of an Environmental and Local Community Policy in which the commitments and principles in supporting the social and economic development of the territories and communities in which OVS operates have been formalised, also through partnerships with local associations and NGOs.</p>	<p>Plan of activities with a positive impact on the territory</p> <p>Broadening the scope of employees engagement programs</p>
<p>Listening to the customer</p>	<p>New loyalty program "OVS Friends" through the OVS ID;</p> <p>Implementation of surveys dedicated to sustainability.</p>	<p>Affiliate Customer Engagement Program</p> <p>Incentive programs for the purchase of sustainable products</p>
<p>Transparency and sustainable communication</p>	<p>Publication of Tier2 and Tier3 suppliers on the corporate website;</p> <p>Introduction of Eco Valore.</p>	<p>100% of products tracked with the Eco Valore index by 2021</p> <p>Creation of a newsletter dedicated to sustainability issues</p>

GOVERNANCE

Integrity and ethics are two reference values for the OVS business, which is structured based on principles of honesty, professionalism and transparency, in compliance with the laws and regulations on social responsibility. OVS Governance, in compliance with the Mission, ensures transparent management of company activities and relations with the market. Thanks to the presence of the Risk and Sustainability Control Committee, whose task is to assess policies and issues relating to sustainability, OVS aims to pursue sustainable success, which means creating value in the long term for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company.

Table 5 – Main results and objectives in the area of governance

Material topics	Main results 2020	Future activities
Ethical and sustainable business management	<p>1,385 hours of training on the Code of Ethics and Model 231 (+20% compared to 2019);</p> <p>55% of the Board of Directors consists of independent members;</p> <p>44% of the Board of Directors made up of women (33% in 2019);</p> <p>Defined a sustainability strategy and a program to improve corporate sustainability performance based on the results of the business analysis conducted through the B Impact Assessment and the SDG Action Manager;</p> <p>Approval of two policies in the field of sustainability (Environmental and local community policy and Labour and human rights policy) in which the guidelines and principles applied by OVS in conducting its business activities have been formalised;</p> <p>Obtaining ISO 14001:2015 certification for the head office and for all the stores;</p> <p>Approval of a Sustainability Plan functional to the definition of MBOs linked to specific sustainability indicators.</p>	<p>Obtaining SA8000 certification</p> <p>Outlining a detailed MBO Plan based on the approved Sustainability Plan</p>

OVS and the recommendations of the TCFD

OVS is committed from this year to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), publishing within this document and future reporting the actions and progress, in relation to the 4 apportioned areas of the framework: Governance, Strategy, Risk Assessment and Metrics & Targets.

Governance: as highlighted in the materiality analysis conducted for the year 2020, the Fight against climate change and the management of the Group’s environmental footprint was assessed, both internally and by the stakeholders involved, as one of OVS’s top priorities. In line with these results, an Environmental and Local Community Policy has been adopted, which expresses the commitment to make every person who works with OVS, in any capacity, aware of the impact of its activities on the climate and to involve them in activities to reduce their contribution to climate change. As with all sustainability issues, the decisions and actions to be taken in relation to climate change are supervised and approved by the Control, Risk and Sustainability Committee (see the “Sustainability governance” section), and are formalised in a Sustainability Plan, updated in 2020;

Strategy: the Group’s new sustainability strategy was defined and approved in 2020, thanks also to the use of ad hoc tools, such as the B Impact Assessment and the SDG Action Manager, for which reference should be made to the “Sustainability Strategy” section. The Group’s commitment to fighting climate change is formalised in particular within the pillars of “Products and Materials”, “Supply chain” and “Sustainable stores”, which are considered the major environmental footprint areas for OVS and for which specific qualitative and quantitative improvement objectives have been established (for further details see the relevant sections);

Risk Assessment: in 2020, OVS started a risk assessment process according to the recommendations of the TCFD, thus analysing physical risks and transition risks arising from climate change phenomena in relation to the fashion sector and the characteristics of the business. The results of this process, which we intend to refine and integrate in future years, are shown in the Non-financial risk management methods table;

Metrics & Targets: in March 2020, the **Carbon Footprint Study** was published (the results of which are published on the company website in the “Environmental Footprint” section) conducted by OVS S.p.A. in collaboration with the UNISMART foundation of the University of Padua and in agreement with the Ministry of the Environment and Protection of Land and Sea. The project, carried out in accordance with ISO 14064-1:2018, allowed calculation of the Environmental Footprint of OVS S.p.A.’s activities in terms of GHG emissions with the aim of studying new ways to reduce impacts and to develop a plan for offsetting Greenhouse Gas emissions. The calculation covered all the company’s processes, starting from the extraction of raw materials to end-of-life treatment (landfill, recycling etc.), passing through the processing and use of each product or service that OVS uses, taking 2018 as the reference year, which is considered the base year for the inventory and for future emissions monitoring. On the basis of the results of the carbon footprint study carried out and the indicators included in this document (energy consumption, CO2 emissions - Scope 1, 2 and 3 - reduction of energy consumption and emissions), OVS has set a number of objectives to reduce its impact, which are shown below. In particular, a pillar of the strategy is the selection of materials and processes certified as having a low footprint, with the aim of reducing the company’s environmental impact.

STAKEHOLDERS AND MATERIALITY

During 2019, the mapping of the key stakeholder categories was updated, the latter being identified both through general in-depth studies and by progressively involving the organisational functions that normally handle relations with the various categories identified. With respect to this mapping, in 2020 the most relevant stakeholder categories included the new generations, meaning customers (or possible customers) under 25.

The important issues for each of them were then identified: these represent in part the perception of OVS with respect to the individual categories of stakeholders and, in

part, the expectations detected by the involvement actions already underway.

In addition, a review was launched on the communication channels already active within the company, in order to assess the ability to monitor critical areas and strategic opportunities in the company-stakeholder relationship.

One of the fundamental guidelines of the strategic plan is based precisely on stakeholder involvement, because the Company plays a crucial role in informing people and creating awareness in clothing choices.

For this reason, OVS aims to make its stakeholders the protagonists of a world that works to give everyone the freedom to wear an innovative and sustainable Italian style every day, through involvement in the initiatives carried out.

The table below shows the map of key stakeholders and the important issues for each of them: these represent in part the perception of OVS with respect to the individual stakeholder categories and, in part, the expectations detected by the involvement actions already in place. This tool is constantly evolving. In addition, the main initiatives for stakeholder dialogue and involvement are outlined below:



Table 6 - Stakeholders Mapping

STAKEHOLDER	STAKEHOLDER INTEREST	OVS INTEREST TOWARDS THE STAKEHOLDER	METHODS OF INVOLVEMENT
Customers	<ul style="list-style-type: none"> - Satisfy your shopping needs - Affordable and safe clothes for your family - Express your personality with brands that align appearance with core values - Looking fashionable 	<ul style="list-style-type: none"> - Satisfying the customer - Increasing the customer propensity to buy and the value of the OVS S.p.A. brand. - Education and awareness towards a more responsible purchasing 	<ul style="list-style-type: none"> Customer Satisfaction Survey and Service Quality Survey Training programs Annual survey to identify material issues
On-site collaborators	<ul style="list-style-type: none"> - Become professionally fulfilled - Increase your sense and purpose of your role - Increase your skills - Increase your well-being during the working day (concentration, nutrition) 	<ul style="list-style-type: none"> - Increase employee productivity - Increase the sense of belonging to the company - Reduce the turnover rate - Make the employee an ambassador of OVS S.p.A. values. 	<ul style="list-style-type: none"> Training and human capital development initiatives Project MAAM (Maternity As A Master) Code of Ethics and Safety Training Annual survey to identify material issues
Competitor	<ul style="list-style-type: none"> - Gaining market share through distinctive levers - Common interest of improving the reputation of the apparel market 	<ul style="list-style-type: none"> - Maintaining leadership in the apparel market in Italy - Using distinctive levers to increase brand reputation - Common interest in improving apparel market reputation 	<ul style="list-style-type: none"> Workbenches Participation in conferences and industry events
Suppliers	<ul style="list-style-type: none"> - Consolidate the relationship with OVS S.p.A. over time and increase the value of the relationship - Improve practices 	<ul style="list-style-type: none"> - Systematically improve the supplier's environmental and social practices - Promote economic development 	<ul style="list-style-type: none"> Periodic meetings with key suppliers to share best practices for improving environmental and social performance Audit Programs Industry Collaboration Initiatives Periodic surveys

Local communities countries of production	<ul style="list-style-type: none"> - Support from business as well as institutions in developing countries - Promotion of work and rights 	<ul style="list-style-type: none"> - Forge profitable relationships to generate shared value - Increase the level of acceptance of the company 	<p>Periodic meetings</p> <p>Partnership</p> <p>Social and cultural promotion projects in the area (e.g. Save the Children women's empowerment project, collaboration with WWF, etc.).</p>
Local communities points of sale (italy)	<ul style="list-style-type: none"> - Support from the enterprise as well as the institutions for shared benefit 	<ul style="list-style-type: none"> - Forge profitable relationships to generate shared value - Increase the level of acceptance of the company 	<p>Membership activity in Federdistribuzione</p> <p>Meeting with certain individuals from the Fashion and Arts world, for implementation of investment initiatives in social and cultural promotion activities on the territory (e.g. Peggy Guggenheim Collection, Save The Children, Fare x Bene Onlus, WWF, etc.).</p>
Pressure groups	<ul style="list-style-type: none"> - Try to make OVS S.p.A. part of the solution in solving global environmental problems, by reducing the footprints of the Fashion industry - Increase transparency and information to consumers in order to guide them to more conscious choices - Make sustainable brands stand out from "Green washer" brands 	<ul style="list-style-type: none"> - To be recognised as a serious Brand with a clear strategy in terms of environmental and social sustainability 	<p>Participation in conferences and industry events</p> <p>Participation in fashion industry transparency initiatives (e.g., Fashion Transparency Index)</p>
Institutions	<ul style="list-style-type: none"> - Enforce rules - Encourage the virtuous companies to improving access and availability of resources for citizens 	<ul style="list-style-type: none"> - Leveraging institutions to create positive impact 	<p>Workbenches</p> <p>Participation in conferences and industry events</p>

Opinion leader	<ul style="list-style-type: none"> - Bringing out new trends 	<ul style="list-style-type: none"> - Being perceived as a modern brand, dedicated to families and their needs, innovative also from the point of view of digitalisation and services offered to customers 	<p>Workbenches</p> <p>Participation in conferences and industry events</p>
Store associates	<ul style="list-style-type: none"> - Promote wellbeing inside the store (temperature, cleanliness, etc.) - Foster interaction with the customer on distinctive topics 	<ul style="list-style-type: none"> - Increase employee productivity - Facilitate customer interaction with distinctive topics - Reduce turnover rate 	<p>Community United We Win</p> <p>Training and development of human capital</p>
Investor	<ul style="list-style-type: none"> - Increase the return on investment - Reduce the risk associated with the investment - Specific targets on environmental, social and governance due diligence 	<ul style="list-style-type: none"> - Communicating sustainability as a strategy to minimise risk and create long-term value. - Create value in general. 	<p>Investor Relations Activities</p> <p>Publication of annual reports (financial and non-financial)</p> <p>Participation in sustainability surveys (ESG rating)</p>
Franchisee	<ul style="list-style-type: none"> - Improve your performance - Increase brand attractiveness 	<ul style="list-style-type: none"> - Establish long-term partnerships in line with OVS S.p.A. values. 	<p>Regular meetings</p> <p>Periodic surveys</p>
Industry coalitions	<ul style="list-style-type: none"> - Acquire new franchisees - Gain active franchisee role in improving working conditions and reducing the use and footprint of harmful substances in the apparel industry supply chain 	<ul style="list-style-type: none"> - Join coalitions strategically in order to increase visibility of OVS S.p.A. and maximise the positive impact, leveraging economies of scale generated by Industry Collaboration 	<p>Join international initiatives for the improvement of sustainability throughout the fashion industry (Sustainable Apparel Coalition - SAC, Better Cotton Initiative, Better Factories Cambodia, Accord, Federdistribuzione)</p>
New generations (<25)	<ul style="list-style-type: none"> - A brand that responds to new market needs and requirements - A brand that includes long-term impacts in the definition of business strategies - Authenticity and transparency 	<ul style="list-style-type: none"> - Anticipate the evolution of market needs - Preparing for new industry challenges - Being perceived as a modern brand, dedicated to young people and families 	<p>Social media presence</p> <p>Periodic surveys</p> <p>Collaborations with universities (e.g. Contamination Lab)</p> <p>University lectures</p>

MATERIALITY ANALYSIS



In order to improve sustainability policies, to perfect the reporting processes and for a more precise focus on priority issues, OVS considers the point of view of its stakeholders (those subjects who have a position of interest in the company and therefore a capacity to influence it), through constructive dialogue and productive discussion. During 2020, giving continuity to the activities carried out for previous reports, the company carried out specific structured moments of surveying stakeholder perceptions on the most significant issues (“materials”) for OVS sustainability, with the aim of improving the ability to capture emerging trends on the national and international market to be included in the reporting.

For the definition of a list of material issues, the following activities were carried out:

- Recognition of the current situation through an analysis of various internal public and non-public sources (internal analysis);
- Benchmark analysis of the sector, conducted on a selected sample of competitors operating at national and international level (external analysis);
- Comparison with the main issues highlighted by the Sustainable Development Goals (SDGs);
- Online survey disseminated to a panel of about 61,000 subjects, including over 1,000 respondents (+66% compared to 2019), consisting of: customers, suppliers, investors and franchisees and for the first year the employees of OVS S.p.A. (the last survey was for the February/March 2021 period).

This process led to a redefinition of the issues reviewed by the Group and its stakeholders and the inclusion of two new issues: “Innovation orientation” and “Sustainable stores” deemed increasingly relevant in today’s context.

Based on the results of the surveys described above and considerations related to the company’s needs and strategy, the following material issues were identified:

Table 7 – Material topics 2020

TOPIC	DESCRIPTION
Ethical and sustainable business management	Application of the principles of ethics and integrity by the company in the conduct and management of the business, in full compliance with current regulations and ensuring market transparency. Implementation of a risk management model capable of identifying and assessing social and environmental challenges, implementing actions and controls aimed at mitigating these risks.
Sustainable products	Ability to develop products and processes with low environmental impact along the entire value chain (from supply chain to sale) thanks to the adoption of good practices such as sustainable sourcing, selection of eco-friendly materials, proper management of chemicals, respect for animals, protection of biodiversity, optimisation of end of life cycle.
Sustainable supply chain and respect for human rights	Minimisation of social footprints throughout the supply chain, thanks to careful control of working conditions and respect for human rights and the guarantee of complete traceability of products.
Circular design	Implementation of product development processes that integrate life cycle logic and responsible use of materials.
Attention to diversity and inclusion	Promotion and inclusion of all diversities through, for example, women empowerment initiatives, promoting non-discrimination and equal opportunities.
Caring for people and developing potential	Attention to the well-being and development of people, thanks to the implementation of best practices in the areas of health and safety, work life balance, training, career plans, in order to increase the attraction and retention of talent.
Community support	Direct and indirect support to communities and territories through specific actions such as, for example, donations and philanthropy, volunteering, cultural development, educational activities.
Fighting the climate crisis and managing the environmental footprint	The company’s response and commitment to combating climate change through initiatives to reduce its carbon footprint and overall environmental footprint by controlling the consumption of natural resources, including water, and the production of waste, also related to product packaging.
Listening to the customer	Company ability to respond to customer and market needs and demands through quality product offerings, CRM activities and customer loyalty plans.
Transparency and sustainable communication	Creation of a relationship of trust with the customer thanks to a transparent and correct communication of the company’s activities as well as the products and services offered.
Innovation orientation	Technological innovation of business organisation and services offered to meet the needs of the market, present and future, in terms of digitalisation and multichannel.
Sustainable stores	Design and management of stores and points of sale in full respect of the environment and people, following the logic of green design and energy efficiency and ensuring the safety of customers.
Industrial and institutional relations	Ensure proper and constructive dialogue with institutions, trade unions and industry to push forward environmental and social standards and policies with appropriate company structures and processes, in compliance with applicable regulations.

The following table links the relevant issues identified by the OVS Group to the issues provided for by Legislative Decree no. 254/2016.

Table 8 - Reconciliation between the scope of the decree and material topics

SCOPE OF THE DECREE 254/2016	MATERIAL TOPICS
Topics related to human rights issues	Sustainable supply chain and respect for human rights
Topics related to the fight against active and passive corruption	Ethical and sustainable business management
Staff-related topics	Attention to diversity and inclusion Caring for people and developing potential
Environmental issues	Sustainable products Circular design Fighting the climate crisis and managing the environmental footprint Sustainable stores
Social issues	Community support Listening to the customer Transparency and sustainable communication Innovation orientation Industrial and institutional relations

MATERIALITY MATRIX

In accordance with the GRI standard, OVS S.p.A has consulted a number of stakeholders categories in order to determine the degree of relevance of the material issues to be dealt with in this NFS.

From the combination of the assessments of the issues, qualitative and quantitative, from the point of view of OVS and from the point of view of its stakeholders, their positioning within a matrix is defined in which the issues are represented that have exceeded the so-called materiality threshold, i.e. that have obtained, on at least one of the two axes, an average assessment greater than 9, on a scale from 1 (not relevant) to 10 (very relevant).

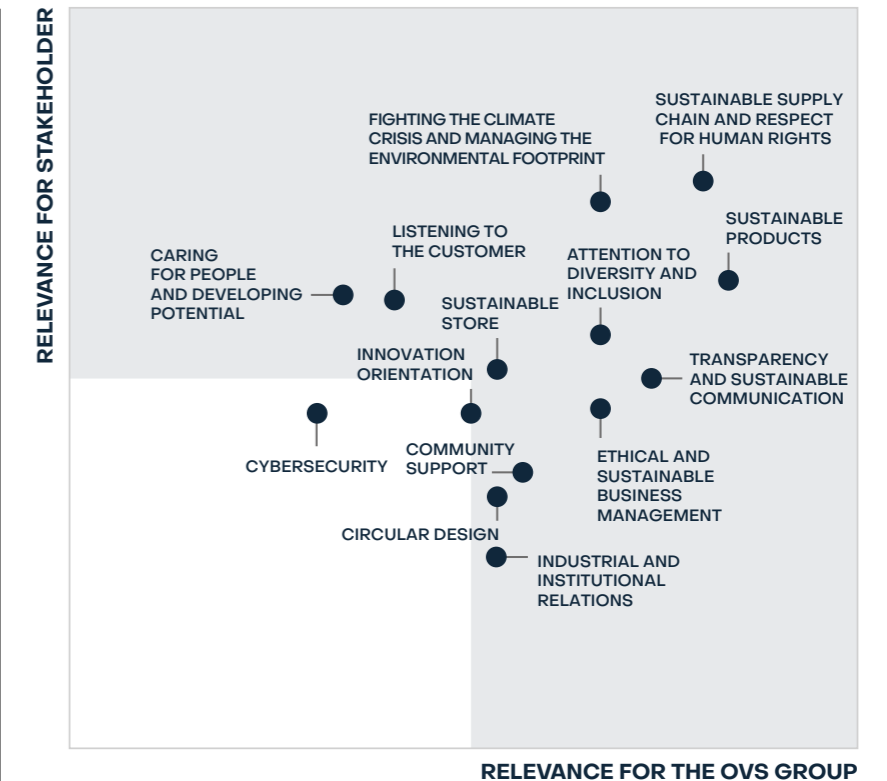
This activity, by bringing together the two perspectives, has made it possible to:

- Identify “material” issues;
- Check the degree of alignment or misalignment between the stakeholder perspective and the company’s perspective on each issue.

Below is a graph showing the summary of the evaluations carried out on the responses provided by employees, suppliers, franchisees and customers, as well as the OVS Group.

Figure 3 - Materiality Matrix

As is evident from the graph, a linear correlation has emerged between issues relevant to the OVS Group and issues relevant to the stakeholders, indicating a substantial overlap between interests inside and outside the company. With respect to the 2019 materiality analysis, the two new topics “Innovation orientation” and “Sustainable stores” are included in the area of relevance, while there is a shift in the topics on “Sustainable supply chain and respect for human rights” (“Sustainable supply chain” in 2019) and “Fighting climate change and managing the environmental footprint” (“Direct environmental impacts” in 2019), assessed as the most relevant overall by all stakeholder categories. As in 2019, the topics “Sustainable products” and “Attention to diversity and inclusion” were among the most relevant topics, both for the Group and for stakeholders; in particular, it should be noted that the younger generations (cardists <25), compared to the remaining categories of stakeholders, rated diversity and inclusion among the 3 most relevant topics overall. With regard to the new topic ‘Industrial and institutional relations’, given the positioning within the matrix and the evaluation by the Group’s stakeholders, a description of OVS’s approach is



given in the paragraphs “Sector collaborations” and “Stakeholder Map”; more detailed indicators, as well as risk analysis, will be included in the next report. Lastly, it should be noted that the ‘Information Security’ issue is slightly below the threshold, based on the assessment of both stakeholders and the Group. The priority areas that emerge from the analysis are already covered in the

#wecare program and in the OVS Sustainability Plan with supporting metrics and structured processes. In the following paragraphs the activities and the respective program KPIs will be presented in detail, giving particular attention to the issues in which stakeholders are mainly interested and therefore material for the whole OVS Group.

ETHICAL AND SUSTAINABLE BUSINESS MANAGEMENT

THE INTERNAL CONTROL SYSTEM

OVS considers the issue of 'Business Integrity and Ethics' to be important, and has adopted a system of internal control and risk management, consisting of tools, organisational structures, procedures and company rules which allow the company to be managed in a healthy, correct manner and in line with the strategic and operational objectives. It complies with the applicable laws and regulations (compliance) of correct and transparent internal and market information (reporting), and makes it possible to prevent and limit the consequences of unexpected results. It is also based on the Code of Ethics and the organisation Model drawn up in accordance with Legislative Decree no. 231/01 (Model 231).

Furthermore, in order to disseminate the principles and practices to be followed to combat the risk of corruption, OVS has included in the intercompany

service contracts which regulate the activities of the group, the adoption by subsidiaries based abroad of the principles expressed in the Code of Ethics and Model 231.

CODE OF ETHICS

OVS S.p.A. identifies in the Code of Ethics the corporate values of reference, highlighting the rights, duties and responsibilities of all those who work within OVS S.p.A. or collaborate with it. (employees, partners, public administration, shareholders and any other person with whom contact is established). The Code of Ethics also sets out OVS's commitment to preventing and combating active and passive corruption, sanctioning any corruptive behaviour (including, for example, the pledging or promising money or other benefits, even in the form of gifts, perks of any kind, employment of individuals, etc.), in the relationships with Stakeholders or Partners. In particular, the conduct of those who give or promise money or other benefits to any person belonging to other

private entities (e.g. directors, managers, employees, etc.), in order for the latter to violate the obligations inherent to their office or their loyalty obligations towards the entity to which they belong, is censured, even if such conduct may lend itself to bring a direct or indirect advantage to the Company. In this context, the Company also condemns any corruptive behaviour aimed at obtaining from its Stakeholders or Partners any information relating to third parties or the disclosure of industrial and corporate secrets or in any case of confidential data or know-how. This commitment applies to both employees and third parties, through an appropriate Disciplinary System and the provision of specific contractual clauses of an "ethical" nature.

The Code of Ethics was adopted by resolution of the Board of Directors of the Company on 27/10/2014 and subsequently updated by resolution of the Board of Directors on 14 December 2016 and 18 April 2018. The Code of Ethics is available for consultation on the Corporate website.

ORGANISATION, MANAGEMENT AND CONTROL MODEL (LEGISLATIVE DECREE NO. 231/01)

The main objective of Model 231 is to set up a structured and organic system of prescriptions, including organisational prescriptions, procedures and control activities, in order to make all those who work in the name and/ or on behalf of OVS S.p.A. aware of the need to inform their behaviour of the principles of loyalty and correctness, as well as to prevent the risk of committing the offences referred to in the decree. Model 231 is also available on the Corporate website and is communicated and distributed to all employees of OVS S.p.A. and all foreign branches through the signing of intercompany contracts. Similarly, the Model is communicated to all suppliers and business partners of OVS at the time of contract execution.

WHISTLEBLOWING

OVS has for some time now defined reference values and behaviours which must inspire those who work within it or who collaborate with our company. It is in the interest of OVS to promote and direct its work according to principles of loyalty and fairness and to adopt the necessary countermeasures to prevent crimes from being committed. In this context, OVS has equipped itself with a Whistleblowing System, an on-line platform for whistleblowing that ensures the highest levels of confidentiality and privacy. The management of this system is regulated internally by the "Whistleblowing Procedure", defined in April 2018, with the aim of regulating the process of managing reports of unlawful conduct relevant pursuant to Legislative Decree 231/2001, or violations of the 231 Model adopted by the Company, based on precise and concordant facts. Breaches of the Code of Ethics, laws and regulations can be reported on the Corporate website. Reports are handled with the utmost confidentiality and guarantee of anonymity for the reporter. Likewise, there is an email box (sustainability@ovs.it) that all suppliers may use to report any breaches to the Code of Conduct. During 2020, 15 reports were received of which 14, sent to customer care, were classified as not relevant while only 1 was further investigated and classified in turn as not relevant.

Confirming OVS's commitment in this sense, during 2020 there were no episodes of corruption, either active or passive, with reference to the company's activities.

AUDIT ACTIVITIES

Internal audit activities are carried out to support the Board of Directors, the Risk and Sustainability Control Committee and the Board of Statutory Auditors, and are aimed at all corporate areas. The 231 compliance audit activities are carried out in support of the Supervisory Board and constitute the main monitoring and control tool together with the whistleblowing system described above. Internal audit activities are carried out to support the Board of Directors, the Risk and Sustainability Control Committee and the Board of Statutory Auditors, and are aimed at all corporate areas. The 231 compliance audit activities are carried out in support of the Supervisory Board and constitute the main monitoring and control tool along with the whistleblowing system described above. In 2020, audits focused on the corporate area, with six audits of an operational nature and three audits specifically addressing regulatory compliance issues.

ENTERPRISE RISK MANAGEMENT AND MANAGEMENT OF NON-FINANCIAL RISKS

Considering the complexity of the management activities and taking into account that the assumption of risk represents a fundamental and unavoidable component of the company’s activities, the OVS Board of Directors has evaluated the importance of identifying and mapping the main risks in advance and adopting suitable tools to govern them and reduce their impact. The Company has therefore adopted a risk management system, drawing inspiration from the international standards “Enterprise Risk Management – Integrating with Strategy and Performance” and “Internal Control – Integrated Framework”, prepared by the American Committee of Sponsoring Organizations of the Treadway Commission.

In particular, in 2015, with an update in 2019, the Board of Directors, on the proposal of the Director in charge of the internal control and risk management system, having heard the favourable opinion of the Risk Control and Sustainability Committee and the Board of Statutory Auditors, approved the “guidelines for the internal control and risk management system” to identify, monitor and govern risk areas ensuring the achievement of strategic and operational objectives, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of corporate assets.

Consistent with these goals, the risk management system adopted by the Company has the following objectives:

- Spreading the culture of risk prevention and mitigation within the company;**
- Contribute to the strategic planning process through the definition of risk appetite;**
- Contribute to the achievement of objectives through the identification of risks, their assessment and prioritisation and the implementation of appropriate responses;**
- Ensure transparency on the risk profile assumed and the management strategies implemented, through periodic and structured reporting to the Board of Directors and top management.**

The Board of Directors is responsible for coordinating and supervising the risk management process so that the risks assumed in the course of business activities are consistent with the approved business strategies and defining the acceptable risk threshold.

The Risk Control and Sustainability Committee has the task of assisting the Board of directors in (i) identifying and assessing the principal risks relating to the Company and its subsidiaries so that they are adequately monitored; (ii) defining and updating the risk mitigation plans and, in general, risk management plans.

The Director in charge of the internal control system is responsible for (i) identifying the main corporate risks, taking into account the characteristics of the business and the operations carried out by the Company and the Group;

(ii) designing, implementing and managing the internal control and risk management system, constantly checking its adequacy and effectiveness.

Among the current and/or potential risks to which the OVS Group is or could be exposed, it is possible to identify certain risks, incurred and generated, connected to the issues that OVS S.p.A. has identified as relevant to the Group and its stakeholders.

The following table summarises the management of non-financial risks:

Table 9 – Non-financial risks management methods

Material Topic	Non-financial risks	Policy/Management methods pursuant to Law 145/2018, Art. 1, paragraph 1073	Governing tool
Ethical and sustainable business management	Risk of active/passive corruption – identified in the context of activities at risk pursuant to Legislative Decree no. 231/2001	Through the organisation, management and control model pursuant to Legislative Decree no. 231/01, OVS maps, assesses and manages the risks of active and passive corruption, identifying the potential sensitive activities, the exemplary hypotheses of crime, the structures and the main safeguards put in place. This policy is disseminated globally through the Code of Ethics and the whistleblowing system.	Model of organisation, management and control pursuant to Legislative Decree no. 231/01 Code of Ethics. Whistleblowing procedure.
	Risk of a lowering of the ethical standards of staff and/or external collaborators, due to a retail business model distributed throughout the territory and with extensive operational delegation.	Specific supervisory activities are carried out through the Supervisory Body (SB). Adoption of Codes governing the Group’s relations with regard to standards of conduct. As part of the 231 Model, a series of protocols have been developed for the management of activities at risk and a series of protocols for the management of instrumental transversal activities.	Code of Conduct.

<p>Sustainable supply chain and respect for human rights</p>	<p>Company reputation risks due to violation of human rights or environmental regulations at production facilities along the supply chain.</p> <p>Risk related to the operational continuity of partnerships with strategic suppliers that do not guarantee compliance with high environmental and social standards.</p> <p>Risk of unavailability of adequate production sources to produce garments with processes that have a reduced impact on the environment and society.</p>	<p>OVS asks Suppliers to adhere to and respect the Code of Conduct, which is binding in terms of environmental and social performance.</p> <p>Internal and external audit programs based on the Code of Conduct are conducted.</p> <p>OVS actively participates in "Industry collaboration" initiatives in order to direct the monitoring and development of environmental and social performance in the supply chain.</p> <p>OVS has defined a cotton sourcing strategy that favours sources certified for sustainability performance.</p>	<p>Code of Conduct.</p> <p>Industry Collaboration Initiatives.</p> <p>HIGG Index.</p> <p>Responsible cotton sourcing strategy.</p> <p>Product certifications.</p> <p>Started the certification process to obtain SA8000 certification.</p>
---	---	---	--

<p>Caring for people and developing potential</p>	<p>Risk of failure to develop the full potential of human resources due to insufficient or inadequate investment in training.</p> <p>Risk of failure to develop the full potential of human resources due to the absence of a performance appraisal plan or career plans.</p> <p>Risk of lack of flexibility in the operating model and business processes due to a non-resilient business model.</p> <p>Risks for the health and safety of workers in Italy and abroad at the Group's offices and points of sale.</p>	<p>OVS defines an investment plan in order to implement training programs appropriate to the achievement of performance.</p> <p>Training for continuous adaptation of technical skills and soft skills.</p> <p>Use of performance evaluation schemes aligned with market best practices.</p> <p>Development of soft skills best suited to strengthen employees' adaptability and resilience.</p> <p>Development of communication channels for sharing business objectives.</p> <p>Progressive expansion of dialogue initiatives with employees.</p> <p>Adoption of the Code of Ethics containing principles for the protection of workers and human rights.</p> <p>OVS defines specific plans to protect the health and safety of employees, emergency plans for fires and other disasters, first aid and prevention and control of the appropriateness of buildings.</p> <p>Compliance with current environmental regulations through the promotion of safe and environmentally friendly processes and activities.</p> <p>Supervisory activities for risks of regulatory non-compliance (SB).</p> <p>Implementation of the necessary measures related to COVID-19 emergency</p>	<p>Training Programs.</p> <p>Performance evaluation programs.</p> <p>Code of Ethics.</p> <p>Remote working plan</p> <p>Online stores (e-commerce, click and collect)</p> <p>Health and safety protection plans.</p> <p>Compliance with current regulations.</p> <p>Mandatory rules for social distancing, sanitising gel dispensers in all enclosed areas, provision of masks, medical assistance and advice on site</p> <p>Availability of anti-Covid vaccinations at OVS headquarters</p>
--	--	--	---

<p>Attention to diversity and inclusion</p>	<p>Risk of negative impacts on labour relations arising from gender discrimination within the Group and along the supply chain.</p> <p>Risk of losing the competitive edge and appeal for people inside and outside the Group.</p>	<p>Adoption and development of wellness programs to create a people-friendly working environment.</p> <p>Special focus on pregnancy-related situations (see MAAM Program for the enhancement of soft-skills related to motherhood), and to ensure homogeneous career paths.</p>	<p>Well-being programs.</p> <p>Maternity As A Master Program - MAAM.</p>
<p>Community Support</p>	<p>Risk of failure to integrate the company into the social fabric and failure to involve local communities.</p>	<p>OVS supports and offers community development programs with a positive impact on the improvement of living and working conditions and the management of environmental risks, also in developing countries.</p> <p>Managed reputation through proactive institutional communication and social media strategy.</p>	<p>Community Development Programs.</p> <p>Social media strategy.</p>
<p>Circular design</p>	<p>Risk of ineffective communication of circular economy processes and consequent lack of customer understanding of the products offered.</p> <p>Risk of damage to ecosystems from waste disposal.</p>	<p>Adoption of an action plan for the development of strategies aimed at implementing virtuous Circular Economy models and processes.</p>	<p>Plan for the development of a Circular Economy.</p> <p>ICESP Working Group - Italian Circular Economy Stakeholders Platform</p>

<p>Fighting the climate crisis and managing the environmental footprint</p>	<p>Risk of footprint on climate conditions and on the ecosystem due to the production and distribution processes of the products.</p> <p>Risk of interruption of business processes due to weather events/extreme weather conditions.</p> <p>Risk of unavailability of adequate production sources to produce garments with processes that have a reduced impact on the environment and society.</p> <p>Risk of missed sales due to unpredictable weather, which negatively impacts planning of the collections.</p>	<p>Plan for rational consumption of energy resources.</p> <p>Exclusive use of certified renewable energy.</p> <p>Plan to improve the efficiency of the structures (points of sale, headquarters and warehouses).</p> <p>Prevention of pollution generated by polluting emissions into the atmosphere, which contribute to increase the greenhouse effect.</p> <p>Efficient management of waste and scrap generated by production activities is ensured.</p> <p>Appropriate management and monitoring systems are implemented.</p>	<p>Plan for efficient management of energy resources.</p> <p>ISO 14064 Carbon Footprint Assessment and Reduction Plan under the auspices of the Ministry of Environment.</p> <p>Implementation of a management system compliant with ISO 14001:2015.</p>
<p>Transparency and sustainable communication</p>	<p>Company reputation risk and lack of customer satisfaction due to the lack of comprehensive management of relations with stakeholders.</p> <p>Risks to consumer health and safety related to unclear and transparent product communication.</p>	<p>Adoption of Codes that regulate the Group's relations regarding the standards of conduct with the stakeholders.</p> <p>Stakeholder engagement and sustainability information activities.</p> <p>Publication of the annual Non-Financial Statement on the company website</p> <p>Website dedicated to sustainability from which it is possible to access the complete list of suppliers and data relating to the Carbon Footprint</p> <p>Product labels on the e-commerce site indicating the Eco Valore, the composition of the materials and the factory where they are produced</p>	<p>Codes of conduct.</p> <p>Stakeholder Engagement.</p>

Sustainable products	<p>Risk of environmental damage due to production of high-impact raw materials and limited availability of more sustainable solutions, leading to cost increases.</p> <p>Risk of damage to ecosystems from waste disposal.</p>	<p>OVS contributes to the reduction of waste production through the use of responsible disposal methods.</p> <p>Implementation of appropriate management and monitoring systems.</p> <p>All aspects of compliance management affect the risk of non-compliance, which can lead to legal and administrative sanctions as a result of violations of mandatory or self-regulatory rules.</p> <p>OVS complies with new regulations requiring stricter standards for the management of chemical agents in the production of garments, leading to increased costs.</p>	<p>Management and monitoring systems</p> <p>Product certifications and labelling</p> <p>Restricted Substances List and Product Test Program</p>

Sustainable stores	<p>Risk of increased operating costs caused by unsustainable stores management.</p> <p>Risk of failure to ensure the health and safety of employees and customers within stores.</p>	<p>Adoption of a design protocol for the points of sale.</p> <p>Adoption of in-store safety measures (sanitation procedures, restricted entrances, security devices for employees).</p> <p>Extraordinary procedures beyond what is required by the regulations.</p>	<p>Standard protocol.</p> <p>Occupational safety management system.</p>
Listening to the customer	<p>Risk of loss of revenue due to the inability to offer products in line with consumer preferences and needs.</p> <p>Company reputation risk and lack of customer satisfaction due to the lack of comprehensive management of relations with stakeholders.</p>	<p>Customer satisfaction evaluation programs through research and focus groups</p> <p>Dedicated customer feedback process</p> <p>Loyalty programs</p>	<p>Customer service.</p> <p>Loyalty systems (Digital ID Program).</p> <p>Periodic surveys</p> <p>Dedicated newsletters</p>
Innovation orientation	<p>Risk of losing market opportunities related to new sales channels and customer contact.</p>	<p>Proximity e-commerce program</p> <p>Digitisation of business processes along the entire value chain</p>	<p>Proximity e-commerce</p> <p>Advanced multichannel services</p> <p>Evolution of sourcing processes through digital tools</p>

METHODOLOGICAL NOTE AND READING GUIDE

This Consolidated Non-Financial Statement (hereinafter also referred to as 'DNF') of the OVS Group (hereinafter also referred to as "OVS" or "Group") as at 31 January 2021 is prepared in accordance with the provisions of Legislative Decree no. 254 (hereinafter also referred to as Legislative Decree 254) of 30 December 2016.

The NFS takes into account the requirements of the 2019 Budget Law, in Article 1, paragraph 1073, which introduces an amendment to Legislative Decree 254/2016, Art. 3, paragraph 1, letter c, prescribing also the illustration of the methods of management of the main risks generated or suffered related to non-financial issues (for details see page 34, paragraph 'Safeguard and Management of risks').

Last year's Non-Financial Statement was published on 30 May 2020.

REPORTING BOUNDARY AND THE REPORTING AND MEASUREMENT PROCESS

This document is published annually. Unless otherwise specified, the data shall be for the period from 1 February 2020, through 31 January 2021, and shall be compared, where possible, to the same period in the preceding fiscal year.

The Non-Financial Statement has been prepared to the extent necessary to ensure an understanding of the Group's activities, performance, results and impact, covering the issues deemed relevant and provided for by Art. 3 of Legislative Decree no. 254/2016.

The scope of economic, environmental and social information and data appears to be the same as in the OVS Consolidated Financial Statements as of 31 January 2021. It should also be noted that the Pontenure logistics centre and all the direct stores are included in the scope, while the franchised stores are excluded from the scope, as they are not directly managed by the Group. Any differences in the scope of consolidation with respect to what has been reported so far, where present, are expressly indicated in the text, so as to highlight any indicators that are not fully comparable with previous years. Where it was not possible to find quantitative data with the reporting tools available to the Group, recourse was made to estimates which, where they exist, are based on shared methodologies and suitable for ensuring a reliable representation of performance and data, as well as being appropriately reported.

The NFS contains information relating to the fight against active and passive corruption, personnel management, environmental and social aspects and respect for human rights assessed as significant and material by the Group and its stakeholders according to a specific and consolidated process, which takes into account OVS activities, objectives and strategy, as well as the context and trends at Italian and international level. The materiality analysis, illustrated below in the document (see the relevant section thereof: "Stakeholders and materiality"), was conducted in 2021, and was subsequently reviewed by the Parent Company's Audit, Risk and Sustainability Committee on 09/03/2021.

Starting with fiscal year 2019, OVS has defined an internal Procedure for the Preparation of the Non-Financial Statement formally approved at the beginning of 2021, in order to define the process for collecting and approving non-financial information subject to reporting, in line with the provisions of Legislative Decree 254/2016. The addressees of the procedure are the persons belonging to the Corporate Bodies/Departments that are identified for the collection, control and certification of non-financial data and information, as well as the persons/bodies responsible for its drafting, approval and audit.

In order to standardise the reporting

of information and facilitate its linkage with the contents indicated by Legislative Decree 254, for each theme, evidence is given of the materiality of the theme with respect to the Group's activities, the method of managing the related risks, the Group's policies and commitments and the results obtained and monitored through ad hoc indicators capable of representing management results.

The data and information in this Declaration refer to events that occurred during the year of reference indicated above, deriving from the company's business activities, relevant on the basis of the materiality analysis carried out in accordance with the Decree. As part of the data collection process, the specific functions responsible for the areas subject to reporting provided the data for which they were responsible, using extractions from corporate information systems, invoicing and internal and external reporting, under the coordination of the Investor Relations and Corporate Sustainability function.

The data is represented as final, except where explicitly stated in the table.

This document has been prepared in accordance with GRI Standards: Core option. Compared to previous reporting, the GRI 303 standard: Water and Water Discharge and 306: Waste were updated to the 2018

and 2020 versions respectively; the GRI 207 indicator on Taxes was also introduced for the first year. The appendix to the document contains the "GRI Content Index", detailing the content reported in accordance with GRI. These indicators focus on the material issues identified and reported by OVS (see the paragraph on the correlation table to the GRI standard).

This document has been audited by an independent audit firm. The audit was carried out in accordance with the procedures indicated in the "Report of the Independent Auditors" at the end of this document.

The Board of Directors of OVS approved the Non-Financial Statement on 15 April 2021 and it is available on the Group's website: www.ovscorporate.it.

Registered Office

OVS Spa
Via Terraglio, 17
30174 – Venezia Mestre

Contacts

Simone Colombo
Head of Corporate Sustainability
(sustainability@ovs.it)

Andrea Tessarolo
Head of Investor Relations
(investor.relations@ovs.it)

APPENDIX: INDICATORS TABLES

ECONOMIC AND FINANCIAL PERFORMANCE

The economic value generated and distributed expresses the ability of a company to generate wealth for the benefit of its stakeholders. The consolidated economic value generated by OVS was Euro 1,053,094 thousand and decreased by 18% compared to 2019 as a result of lower revenues generated. The economic value distributed was Euro 819,786, a decrease of 33% compared to 2019. 78% of the economic value produced in 2020 was, therefore, distributed to the various stakeholders while the remaining 22% was retained within the Group. Of the economic value distributed, more than Euro 620 million was allocated to suppliers of raw materials, products and services, Euro 234.3 million to the people of OVS for the activities carried out during the year and approximately Euro 69 million to the Group's lenders.

A large part of the economic value distributed by the OVS group is intended to remunerate and support the system of companies in the supply chain.

Table 10 - Income statement for value generated and distributed (in thousands of Euro)

	2020	2019
Economic value generated by the Group	1,053,094	1,291,254
Revenue	1,017,808	1,374,777
Other income	50,158	63,062
Financial income	672	1,139
Value adjustments to financial assets	(136)	1,095
Bad debts provision	(2,614)	(5,955)
Currency exchange rate discrepancies	(8,128)	19,741
Income/expenses from the sale of tangible and intangible assets	(4,666)	(1,256)
Tangible and intangible assets value adjustments	-	(161,349)
Economic value retained by the Group	819,786	1,223,261
Operating costs	620,769	836,096
Employees remuneration	234,394	297,027
Lenders remuneration	69,158	71,777
Investors remuneration	-	-
Public administration remuneration*	(104,610)	18,283
External donations	75	78
Economic value retained by the Group	233,308	67,993
Depreciations	197,932	207,338
Provisions	268	1,033
Reserves	35,108	(140,378)

* Public administration remuneration also includes deferred taxes

APPROACH TO TAXATION

The OVS Group is subject to taxation in Italy and in the other countries in which it operates, which have different tax regimes. Although the Group pursues the objective of optimising its tax burden, it does not currently have tax planning tools that cover all the countries in which it operates. However, in relation to the Italian company, the parent company OVS S.p.A., as the controlling company, is evaluating the possibility of adhering to the national tax consolidation scheme provided for in Article 117 et seq. of the Consolidated Income Tax Act with the subsidiary 82 S.r.l.. The purpose of tax consolidation is to produce positive effects of optimisation of "domestic" taxation both for individual companies and for the Group as a whole.

The Group, which operates in sectors with a high content of style and know-how on sourcing activities from Far-Eastern countries, is also attentive to the tax benefits that may derive from domestic and foreign regulations that stimulate research and innovation, such as, for example, the tax credit on research and development activities in Italy. In view of the Group's international activities (particularly with regard

to goods procurement), transfer pricing regulations are one of the most sensitive topics. This aspect is periodically monitored by the Administration, Finance and Control department of the Parent Company OVS S.p.A., which monitors the intragroup transfer prices. The Group believes that tax practices conducted in a responsible manner support the economic and social development of markets, which is why it believes in diligently applying tax and fiscal regulations.

However, tax and fiscal legislation, as well as its interpretation, are elements of particular complexity, also due to the continuous evolution of the legislation itself and its interpretation by the administrative and judicial bodies in charge. This circumstance makes it impossible to exclude the possibility that the competent tax authorities or case law may in the future arrive at interpretations or positions that differ from those adopted by the Group.

SUPPLY CHAIN

The following table shows the percentage of expenditure incurred by OVS S.p.A. with local suppliers, divided between purchases of goods and other purchases. Compared to 2019, there was a slight increase in the percentage of local third-party suppliers of goods, while almost all non-goods suppliers based in Italy or the rest of the European Union were confirmed.

Table 12 - Turnover of local third-party suppliers

	Fiscal Year 2020		Fiscal Year 2019	
	Goods	Non-goods	Goods	Non-goods
Italy and the EU	30%	99%	28%	99%

Table 13 - Number of new product suppliers evaluated with respect to environmental and social parameters

	2020	2019
Total Number of New Suppliers	31	61
Total number of new suppliers evaluated according to Social Criteria	31	61
% New Suppliers evaluated according to Social Criteria	100.00%	100.00%
Total number of new suppliers evaluated according to Environmental Criteria	31	61
% New Suppliers evaluated according to Environmental Criteria	100.00%	100.00%

The number of new suppliers to the Group is down compared to 2019 also as a result of a commitment by OVS to consolidate the relationship of collaboration and trust with historical product suppliers. In line with the previous year, also in 2020, all new suppliers were assessed and selected on the basis of specific environmental and social parameters. Furthermore, from 2020, no new supplier will be accredited by the Group unless they share their environmental and social performance on the HIGG platform.

Table 14 - Ordered goods by Made-in

	2020			2019	
Country	Suppliers	Ordered	Delta ordered (%)	Suppliers	Ordered
Albania	4	€ 695,953	2.39%	4	€ 679,726
Bangladesh	83	€ 210,056,652	-3.83%	81	€ 218,413,872
Bulgaria	0	€ 0	-100.00%	3	€ 769,685
Cambodia	7	€ 3,724,908	-50.60%	14	€ 7,539,642
China	214	€ 122,604,028	-18.86%	228	€ 151,110,184
India	89	€ 51,036,214	-15.37%	97	€ 60,302,226
Italy	105	€ 25,919,399	-21.40%	140	€ 32,974,776
Myanmar	15	€ 23,001,453	-27.76%	14	€ 31,841,979
Pakistan	26	€ 20,024,602	-22.72%	38	€ 25,910,183
Poland	5	€ 598,996	-40.20%	7	€ 1,001,720
Portugal	10	€ 1,281,643	-25.33%	11	€ 1,716,494
Romania	5	€ 1,084,437	-40.27%	8	€ 1,815,709
Serbia	1	€ 109,926	340.90%	1	€ 24,932
Spain	6	€ 438,143	-75.93%	10	€ 1,819,947
Tunisia	4	€ 4,644,379	-6.29%	7	€ 4,955,893
Turkey	33	€ 3,834,586	-64.59%	32	€ 10,828,336
Vietnam	3	€ 6,734,161	-36.23%	6	€ 10,559,743
Other countries	34	€ 3,376,627	-51.17%	45	€ 6,915,720
Total		€ 479,166,107			€ 569,180,765

Note: It should be noted that the calculation of the order was made considering orders with yield in fiscal year 2020



The number of total providers is 603. In the table above, suppliers with different Made-In have been counted as many times as the number of countries in which they produce. On the other hand, the grouping “Other Countries” is considered as a single production area, in which each supplier is counted uniquely according to the grouping (for example, a supplier that produces in Indonesia and South Korea is counted once and not as many as the number of countries in which it produces).

Table 15 – Additional Supply Chain Data

Indicator	2020
Product total suppliers	603
Production volume (Ordered Cost)	479,166,107
Number of internal controls	580
Number of external controls	71
Number of suppliers covered by internal controls	233
Number of suppliers covered by external audits	71
Production volume covered by internal controls	242,593,202
Production volume covered by external controls	152,027,555
Total production volume covered by controls	394,620,757

HUMAN RESOURCES – WORKFORCE

The success of the OVS Group depends on the work of more than 7,000 people worldwide. More than half of them have been working with the company for more than 10 years. In addition to OVS employees, there are also approximately 575 external collaborators who carry out goods handling activities in the Pontenure warehouse.

Table 16 – Staff distribution by geographical area

Employees	2020			2019		
	Men	Women	Total	Men	Women	Total
Bangladesh	100	5	105	100	5	105
China	21	88	109	22	90	112
Spain	8	73	81	9	92	101
France	5	10	15	0	0	0
Croatia	5	93	98	8	108	116
India	38	10	48	40	10	50
Italy	1,471	5,399	6,870	1,579	6,031	7,610
Cambodia		1	1	0	1	1
Pakistan	11		11	10	0	10
Serbia	12	41	53	23	49	72
Turkey	1	7	8	1	7	8
TOTAL	1,672	5,727	7,399	1,792	6,393	8,185

The main operating area is Italy, where the total number of employees as of 31 January 2021 is 6,870, approximately 93% of the total. 6,747 are employed on permanent contracts worldwide, about 77% of which are women (5,194 people) and 23% of which are men (1,553 people). There are 652 fixed-term employees, of whom 533 are women (82%) and 119 are men (18%).

Table 17.1 - Breakdown of total workforce by contract type in Italy

	2020			2019		
	Men	Women	Total	Men	Women	Total
Full-time staff	1,355	4,948	6,303	1,380	5,072	6,452
Temporary staff	116	451	567	199	959	1,158
TOTAL	1,471	5,399	6,870	1,579	6,031	7,610

Table 17.2 - Breakdown of total staff by contract type in other countries

	2020			2019		
	Men	Women	Total	Men	Women	Total
Full-time staff	198	246	444	198	239	437
Temporary staff	3	82	85	15	123	138
TOTAL	201	328	529	213	362	575

During 2020, due to the uncertainty and restrictions generated by the Covid-19 pandemic, there was a sharp decline in the number of staff on fixed-term contracts, due to the lack of use of employment contracts typically triggered during seasonal peaks. As regards permanent staff, the reason for the decrease is partly linked to the permanent closure of some stores.

With reference to the permanent staff of OVS S.p.A., 1,082 people work in the head offices and 5,746 at the points of sale. The OVS staff is evenly distributed throughout Italy thanks to a widespread sales network throughout the country. Moreover, there are over 300 people in the foreign offices and over 200 in the European stores in Spain, France, Serbia and Croatia.

Table 18.1 - Permanent staff by gender and professional category in Italy (head office roles)

	2020			Increase %	2019		
	Men	Women	Total		Men	Women	Total
Managers - Executives	57	14	71	0	55	16	71
Professionals - Managers	78	70	148	(0.06)	84	73	157
Employees	133	427	560	0.01	128	429	557
Workers	0	0	0	(1.00)	2	1	3
TOTAL	268	511	779	(0.01)	269	519	788

Table 18.2 - Staff by gender and professional category in other countries (headquarters staff positions)

	2020			Increase %	2019		
	Men	Women	Total		Men	Women	Total
Managers - Executives	16	9	25	(0.14)	20	9	29
Professionals - Managers	4	0	4	0	3	1	4
Employees	160	120	280	(0.01)	161	121	282
TOTAL	180	129	309	(0.02)	184	131	315

Table 19.1 - Permanent staff by gender and professional category in Italy (point of sale staff positions)

	2020			Increase %	2019		
	Men	Women	Total		Men	Women	Total
Store managers	320	325	645	0.07	317	288	605
Other duties	767	4,112	4,879	(0.04)	794	4,265	5,059
TOTAL	1,087	4,437	5,524	(0.02)	1,111	4,553	5,664

Table 19.2 - Workforce by gender and professional category in other countries (point of sale staff roles)

	2020				2019		
	Men	Women	Total	Increase %	Men	Women	Total
Store managers	5	18	23	(0.00)	4	19	23
Other duties	15	182	197	(0.16)	25	212	237
TOTAL	20	200	220	(0.15)	29	231	260

The incidence of female presence is particularly evident, both in Italy and in the other countries, for a total of 5,727 (over 77% of the total workforce). This incidence is also confirmed both at the headquarters in Italy (almost 66%) and in the stores, in Italy (over 80%) and abroad (about 90%). At the points of sale, it is evident that women employed in Italy as store managers are more than 50%, an increase compared to 2019 (47.6%), while the trend for other countries is confirmed (around 80%). At the managerial level, on the other hand, the incidence of female presence is reduced and represents 20% in Italy and 36% in foreign offices. If middle management roles are included, the percentage rises to 38% at Group level.

Finally, the total number of people belonging to the protected categories is 251, of which 59 are men and 192 are women.

Table 20.1 - Permanent staff in Italy by gender and age group

	2020			2019		
	Men	Women	Total	Men	Women	Total
<30	156	444	600	176	530	706
30-50	774	3,237	4,011	798	3,341	4,139
>50	425	1,267	1,692	406	1,201	1,607
TOTAL	1,355	4,948	6,303	1,380	5,072	6,452

Table 20.2 - Workforce in other countries by gender and age group

	2020			2019		
	Men	Women	Total	Men	Women	Total
<30	12	79	91	21	114	135
30-50	176	235	411	184	227	411
>50	13	14	27	8	21	29
TOTAL	201	328	529	213	362	575



The majority of OVS S.p.A. employees with permanent contracts are in the 30 to 50 age group. There are also many young people under 30 years of age, recording a total of 600 individuals. Despite a business model that typically favours young staff, OVS offers employment opportunities to the over-50 age group (28%), demonstrating the solidity of mutual satisfaction in the working relationship.

In the other countries, the prevalence of employees in the 30-50 age group is confirmed (around 77%), while those under 30 (17%) outnumber those over 50 (6%).

Table 21 - Distribution of permanent staff by Full-Time/Part-Time work status

Type of contract	2020			2019		
	Men	Women	Total	Men	Women	Total
Full-time employees	1,507	3,312	4,819	1,533	3,391	4,924
Part-time employees	46	1,882	1,928	45	1,920	1,965
TOTAL	1,553	5,194	6,747	1,578	5,311	6,889

Table 22 - Breakdown of fixed-term staff by Full-Time/Part-Time work status

Type of contract	2020			2019		
	Men	Women	Total	Men	Women	Total
Full-time employees	114	375	489	192	683	875
Part-time employees	5	158	163	22	399	421
TOTAL	119	533	652	214	1,082	1,296

The type of activity in the OVS S.p.A. store network requires a flexible operating model with extensive use of part-time work. In fact, over 28% of our staff work part-time (2,091 people).

In 2020, as in previous years, the Group also made use of fixed-term employees and at the end of the year (31 January 2021) had 652 employees on fixed-term contracts.

HUMAN RESOURCES - TURNOVER

In 2020, the Group hired 1,244 people, with an inbound turnover of 17%, down from 2019. The temporary drop in hiring is primarily due to uncertainties and closures imposed by the Covid-19 pandemic restrictions.

Table 23 – Recruitment by gender and incoming turnover

	2020			2019		
	Men	Women	Total	Men	Women	Total
Bangladesh	1	-	1	3	-	3
China	-	6	6	2	16	18
Spain	3	31	34	8	38	46
France	5	10	15	-	-	0
Croatia	-	23	23	2	39	41
India	-	1	1	2	1	3
Italy	191	952	1,143	351	1,823	2,174
Pakistan	1	-	1	10	-	10
Serbia	5	15	20	23	49	72
Turkey	-	-	0	-	2	2
Cambodia	-	-	0	-	-	0
Total	206	1,038	1,244	401	1,968	2,369
% on total recruitment	17%	83%		17%	83%	
Incoming turnover rate	12%	18%	17%	22%	31%	29%

Table 24 – Recruitment by age group and inbound turnover

	<30		30-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Bangladesh	-	-	1	-	-	-	1	0
China	-	-	-	5	-	1	-	6
Spain	1	13	2	18	-	-	3	31
France	-	8	5	2	-	-	5	10
Croatia	-	14	-	9	-	-	-	23
India	-	-	-	1	-	-	-	1
Italy	130	670	58	272	3	10	191	952
Pakistan	1	-	-	-	-	-	1	0
Serbia	4	7	1	8	-	-	5	15
Turkey	-	-	-	-	-	-	0	0
Cambodia	-	-	-	-	-	-	0	0
Total	136	712	67	315	3	11	206	1,038
% on total recruitment	11%	57%	5%	25%	0%	1%	17%	83%
Incoming turnover rate	8%	12%	4%	6%	0%	0%	12%	18%

In 2020, outbound turnover is 27%, essentially in line with 2019. Despite the uncertainties of the year, the Group saw fewer terminations than in the prior year.

Table 25 – Terminations by gender and outbound turnover

	2020			2019		
	Men	Women	Total	Men	Women	Total
Bangladesh	1	-	1	5	-	5
China	2	8	10	2	24	26
Spain	4	39	43	7	50	57
France	3	7	10	-	-	0
Croatia	3	38	41	-	32	32
India	2	1	3	6	1	7
Italy	299	1,584	1,883	392	1,871	2,263
Pakistan	-	-	0	1	-	1
Serbia	16	23	39	3	13	16
Turkey	-	-	0	-	1	1
Cambodia	-	-	0	-	-	0
Total	330	1,700	2,030	416	1,992	2,408
% of total terminations	16%	84%		17%	83%	
Outgoing turnover rate	20%	30%	27%	23%	31%	29%

Table 26 – Terminations by age group and outbound turnover

	<30		30-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Bangladesh	-	-	1	-	-	-	1	0
China	1	-	1	7	-	1	2	8
Spain	1	18	3	21	-	-	4	39
France	-	7	3	-	-	-	3	7
Croatia	2	31	1	2	-	5	3	38
India	1	-	-	1	1	-	2	1
Italy	169	998	110	502	20	84	299	1,584
Pakistan	-	-	-	-	-	-	0	0
Serbia	7	-	9	22	-	1	16	23
Turkey	-	-	-	-	-	-	0	0
Cambodia	-	-	-	-	-	-	0	0
Total	181	1,054	128	555	21	91	330	1,700
% of total terminations	9%	52%	6%	27%	1%	4%	16%	84%
Outgoing turnover rate	11%	18%	8%	10%	1%	2%	20%	30%

HUMAN RESOURCES - PARENTAL LEAVE

In 2020, there was an increase in the number of employees taking parental leave (+22%), particularly among women. Return to duty after parental leave is 95% in line with 2019, while the retention rate is up at 88%, compared to 82% in 2019.

Table 27 - Return to work and job retention after parental leave in Italy

		2020	2019
Employees entitled to parental leave (no.)		233	210
	women	204	179
	men	29	31
Employees who have taken parental leave (no.)		188	154
	women	184	149
	men	4	5
Employees who returned to work after the end of parental leave (no.)		178	146
	women	174	141
	men	4	5
Employees who returned to work after the end of parental leave and are still employed 12 months after their return (no.)		128	142
	women	124	138
	men	4	4
Total return rate (%)		95%	95%
	women	95%	95%
	men	100%	100%
Total retention rate (%)		88%	82%
	women	88%	82%
	men	80%	80%

HUMAN RESOURCES - TRAINING

Training activities were continued in continuity with 2019 by adapting methodology and dedicated hours to the extraordinary circumstances of the year. We have, therefore, mainly carried out remote training.

Table 28 - Training hours by geographical area

	Total hours of training	Average hours per employee	Total hours of training	Average hours per employee
	2020	2020	2019	2019
Italy	33,187	4.8	83,124	10.9
Spain	850	10.5	130	1.3
Croatia	5	0.1	18	0.2
Serbia	0	0	20	0.3
Bangladesh	399	3.8	565	5.4
India	60	1.3	60	1
TOTAL	34,705	4.7	84,387	10.3

Approximately €180,000 was invested in training in 2020, a sharp decrease compared to 2019 (€458,000), but proportionate to the overall decline in training hours (-58%), mainly due to the Covid-19 pandemic that required remote training and the consequently shorter events to adapt to the different mode of use.

During 2020, an average of 4.7 hours of training were provided per employee, for a total of over 34,000 hours of training.



Table 29 – Average hours of training by professional category and gender

Training hours	Men		Women		Total	
	Hours	Average hours	Hours	Average hours	Hours	Average hours
Managers – Executives	1,950	27	514	22	2,464	26
Professionals – Managers	1,091	13	1,118	16	2,209	15
Employees	1,326	5	3,821	7	5,147	6
Store managers	3,175	10	2,898	8	6,073	9
Other duties	5,009	6	13,803	3	18,812	4
Total	12,551		22,154		34,705	

Compared to the total number of people who participated in training activities, on average women attended 4.2 hours per capita, compared to their male colleagues who attended 8.1 hours per capita. The total training hours for women are 22,154, while training hours for men are 12,551 for a total of 34,705.

In general, at points of sale, where there is a clear prevalence of female staff, training takes place mainly through training-on-the-job which,

in line with GRI standards, is not considered as training hours.

During 2020, only on-the-job training was provided in Pakistan, Turkey and France, which is excluded from the table above in line with the GRI standard.

In general, OVS pays a lot of attention at group level to the development of employees' skills through training and development activities, to make the most of talent and support the

personal and professional growth of each individual.

These initiatives are structured in classroom activities, training on the job, project work and social learning. The main development paths are both inherent to cross-company competencies, such as health and safety, code of ethics, soft skills and language courses, and specific to the role held within the company, i.e. courses dedicated to managers or for professional development.

Table 30 – Hours of training by course type

	2020			2019		
	Men	Women	Total	Men	Women	Total
Managerial Training	1,246	548	1,794	999	1,021	2,020
Professional Training	7,364	9,136	16,501	11,299	15,211	26,510
Linguistic Training	620	2,177	2,796	1,710	3,340	5,050
Training on Code of Ethics (231 Organisational model, etc.)	305	1,080	1,385	547	743	1,290
Health and Safety Training	2,030	6,920	8,950	12,945	20,623	33,568
Operation	132	95	227	1,381	2,792	4,173
Soft Skills	855	2,199	3,053	3,957	7,329	11,286
Total	12,551	22,154	34,705	32,838	51,059	83,897

Table 31 – Number of employees trained by gender and professional category

	2020		
	Men	Women	Total
Managers – Executives	76	26	102
Employees	207	515	722
Store managers	328	308	636
Other duties	362	1,426	1,788
Total	690	1,734	2,424

HUMAN RESOURCES - REMUNERATION

Every year the process of defining the remuneration plans takes into account different variables such as: the remuneration budget, individual results, benchmarking with other realities through market studies. This process includes the definition of variable compensation plans differentiated with respect to the roles of employees. In particular, sales network employees are involved in a variable remuneration plan defined by the Supplementary

Company Contract, which provides for the payment of bonuses upon the achievement of predefined sales objectives of the reference stores. Compensation for head office and sales management roles generally also includes a portion of variable compensation based on individual annual results with an access threshold linked to overall company results.

OVS guarantees that the minimum entry wage is equal for men and

women in full respect of equal opportunities.

A revision of the methodology for calculating the “difference in average pay between men and women for the same role” indicator is underway, which will ensure that the figure is more representative. In the next fiscal year we will therefore report the indicator in line with the new classifications, also providing the recalculated data for previous years.

Table 32 - Comparison of minimum entry wage between women and men

	2020		2019	
	Men	Women	Men	Women
Standard salary for new recruits (Euro)	21,198	21,198	21,198	21,198
Minimum wage in Italy (Euro)	21,198	21,198	21,198	21,198
Standard minimum wage ratio by gender to minimum wage in Italy	1	1	1	1

As a complement to the salary, all OVS S.p.A. employees are offered a **supplementary pension fund with free membership** and a health care program guaranteed to all employees regardless of the type of contract (fixed-term/permanent and part-time/full-time). All employees are also offered a wide range of perks with gyms, fitness centres and shopping opportunities made available through a dedicated web portal.

HUMAN RESOURCES - HEALTH AND SAFETY

OVS S.p.A. has set up a Prevention and Protection Service, as required by law, and in accordance with article 17, letter b, paragraph 4 of the T.U.S. (Consolidated Health and Safety Law), has appointed an external Prevention and Protection Service Manager (RSPP), who has the requirements of professionalism, experience and training. The specific competences and attributions of the RSPP, designated by the employer to whom he answers and whose service the Employer avails himself of, consist in the coordination of the Risk Prevention and Protection Service, whose tasks in particular consist in

identifying risk factors, assessing risks and identifying measures for the safety and healthiness of work environments, in compliance with current legislation, based on specific knowledge of the company organisation;

drawing up, to the extent of its competence, the preventive and protective measures resulting from the risk assessment (RAD) and the control systems for such measures;

developing safety procedures for the various company activities;

offering training and information programs for workers;

participating in consultations on occupational health and safety protection, as well as regular annual safety protocol meetings;

providing workers with information:

- on the occupational health and safety risks associated with the company's activities in general,

- on first aid, fire-fighting and evacuation procedures,

- concerning the names of the workers in charge of first aid and fire prevention and of the competent doctor.

The management methods described below are also the subject of specific instructions for subsidiaries, which implement them taking into account the specific local regulatory features.

OCCUPATIONAL SAFETY MANAGEMENT SYSTEM

It should be noted in particular that, in line with the provisions of the Safety Consolidation Act (Legislative Decree 81/2008), the Risk Prevention and Protection Service (i.e. the set of people, systems and means, external or internal to the company, aimed at preventing and protecting workers from occupational risks) has taken steps, improving its effectiveness over time, to implement a Workplace Safety Management System that provides, in addition to compliance with current regulations, the performance of a series of activities, coordination meetings and checks aimed at ensuring periodic monitoring of the state of worker safety in the workplace. Consistent with the provisions of Legislative Decree 81/2008, OVS has followed the UNI INAIL Guidelines for the drafting of the procedures of its own Occupational Safety Management System.

RISK ASSESSMENT AND IDENTIFICATION OF HEALTH AND SAFETY PROTECTION MEASURES

The employers, in collaboration with the person in charge of the prevention and protection service ("RPPS") and with the competent doctor, after consulting the safety representative (where present), carry out the risk assessment and prepare the Risk Assessment Documents (hereinafter also "RAD") in compliance with the provisions of the law in force and the company safety policy. These documents are prepared both for the Company's head office and for each Store (or warehouse, if any) and are kept respectively at the registered office or at the POS (or warehouse) concerned. The document contains: a report on the assessment of the risks to health and safety at work, the identification of the prevention and protection measures adopted on the basis of the assessment carried out and the individual protection devices used, the program of measures considered appropriate to guarantee the improvement of safety levels over time, the identification of

the procedures for implementing the measures to be implemented as well as the roles within the company organisation that must provide for them, the indication of the name of the person in charge of the prevention and protection service, of the workers' representative for safety or of the territorial representative and of the competent doctor who participated in the risk assessment, and finally the identification of the tasks that may expose workers to specific risks that require recognised professional skills, specific experience, adequate education and training. The Risk Assessment Documents are updated whenever there is a substantial change in the work activity.

EMERGENCY MANAGEMENT ACTIVITIES AND FIRST AID ACTIVITIES

In consideration of the fact that OVS carries out activities with a low risk of triggering and with a low presence of manual activities, procedures have been adopted for the management of emergencies aimed mainly at prevention, a prompt request for intervention to the bodies in charge (e.g. Fire Brigade, etc.), a definition of tasks and

responsibilities in the management of emergencies, as well as a rapid evacuation of the premises in case of need. The emergencies for which the procedures have been implemented are: lack of electricity, start of fire, alarm from smoke detector system, alarm from automatic fire extinguishing system (sprinkler), earth tremor, failure of the air conditioning system (ventilation).

Every year, the Manager in charge of Technical Services checks the state of implementation of the procedures and sends the Supervisory Body a report on the controls carried out. Inside the premises and the Points of Sale, the Company shall ensure that fire safety signs are placed on the emergency exits, fire extinguishers and fire hydrants. In addition, sound diffusion systems have been installed in order to emit messages aimed at the eventual evacuation of the unit and, finally, inside each unit there is a medication pack for first aid cases.

PERIODIC SAFETY MEETINGS

The periodic safety meeting is held annually and is attended by: the Employers, the RSPP, the competent doctor, the workers' safety representative (where present) and the Supervisory Body pursuant to Legislative Decree no. 231/01 which, however, is reported. During this meeting, the Company checks that the risk assessment document is up-to-date, the accident trend, the training and information programs and any measures to be implemented in the field of safety.

HEALTH SURVEILLANCE ACTIVITIES

Health surveillance shall be carried out by a competent doctor. For each worker subjected to health surveillance, the competent doctor shall keep under his responsibility a health record in which the results of the checks carried out shall be reported and the results of the health checks shall be attached. The doctor carries out medical examinations: before admission to work in order to ascertain the absence of contraindications to the work for which the worker is

destined, and to assess his/her suitability for the specific task; periodically during the course of work, at the worker's request, if correlated to work hazards on the occasion of a change of task, in order to check his/her suitability for the specific task, on termination of the employment relationship, in the cases provided for by current regulations. Medical examinations, by and at the expense of the Company, include clinical and biological examinations and diagnostic investigations aimed at the risk and deemed necessary by the competent doctor. The competent doctor shall visit the workplace at least twice a year, together with the person in charge of the Risk Prevention and Protection Service.

TRAINING AND INFORMATION ACTIVITIES

On the basis of the prevention and protection system adopted by the Company and in accordance with the provisions of articles 36 and 37 of the T.U.S. (Consolidated Health and Safety Law), the Company carries out adequate training and information activities, as indicated in the tables above. Training and information activities shall focus in particular on: (i) the importance of the compliance of the Recipients'

actions with the company's safety policy; (ii) the consequences of the conduct and activities to be carried out; (iii) the consequences in the event of deviation from safety regulations. Training activities are the responsibility of the Human Resources and Organisation Department, in collaboration with the RSPP and the Sales Department.

The implementation of training is delegated to Store Managers, with the exception of courses for the Safety Team, which are coordinated by the Technical Services and also carried out through external consultants. At the Headquarters level, training is provided at the time of hiring and is handled by the Human Resources and Organisation Department. In addition to the specific training activities on topics related to health and safety at work, OVS offers supplementary training programs, on a voluntary basis, for its employees. These programs cover training in first aid, healthy lifestyle, healthy eating, tobacco dependence reduction, and other topics updated annually. In addition, there is a free medical clinic at the headquarters available to staff.

COORDINATION AND CONTROL ACTIVITIES IN CASE OF ENTRUSTING OF WORKS TO THIRD PARTIES

In compliance with the provisions of Legislative Decree 81/2008, in the event of work being assigned within the company, or the production unit, to contractors or self-employed workers, the Technical Services staff, also in consultation with the Legal and Corporate Affairs Department:

verify, also by means of registration with the chamber of commerce, industry and handicrafts, the technical-professional suitability of the contractors or self-employed workers in relation to the works to be entrusted under contract or work contract;

provide the same parties with detailed information on the specific risks existing in the environment in which they are to operate and on the prevention and emergency measures adopted in relation to their activities;

cooperate in the implementation of the measures of prevention and protection from the risks of occupational accidents that is the subject of the contract;

coordinate the protection and prevention of risks to which workers are exposed, informing each other also in order to eliminate risks due to interference between the work of the various companies involved in the execution of the overall work.

The integrated Risk Assessment Document (RAD) is attached to all contracts or their implementing documentation. The personnel of the contractor must be provided with a special identification card with a photograph, the employee's personal details and an indication of the employer. Workers are required to display this identification card.

During the fiscal year, there were 55 accidents at work (-41% compared to 2019), of which no serious accidents and no fatal accidents at work. It should also be noted that as far as OVS S.p.A. is concerned, there was no recognition of occupational diseases.

Table 35 - Employee Accident Index Italy

	2020	2019
Total hours worked	8,159,090	11,065,590
No. of employees accidents (>1 day of absence)	55	94
Of which serious injuries	0	0
Accident frequency index (no. of accidents x 1,000,000/hours worked)	6.7	8.5
Serious accident frequency index	0	0

In addition, for 2020, it should be noted that no accidents were recorded for external employees working at the Pontenure depot, against 795,885 hours worked

HUMAN RESOURCES - PERFORMANCE APPRAISAL

In order to encourage the development of employees, a structured Performance Management system has been implemented, aimed at periodically assessing work performance through formal meetings with managers to analyse the level of achievement of expected objectives and career growth. This system, in 2020, covered all head office staff and about 13% of the people working at the point of sale network. In particular, it should be noted that the formal performance evaluation process covered 98% of male Store Managers and 92% of female Store Managers. In general, the process involves the evaluation of 100% of the store managers; any deviations are due to the entry of new employees close to the end of the year. A non-standardised appraisal process is in place for staff who perform other duties at the stores.

In general, OVS performance management involves periodic formal meetings with the manager, individual or group evaluations and observations in the field by the direct supervisors or by the staff of the human resources function.

Table 36 - Number of people at headquarters receiving performance evaluations

	2020		2019	
	Men	Women	Men	Women
Managers - Executives	65	20	64	15
Professionals - Managers	81	72	106	85
Employees	299	547	179	529
Total	445	639	349	629

Table 37 - Number of people in stores receiving performance evaluations

	2020			
	Men	Women	Men	Women
Store managers	320	316	324	268
Other duties	26	81	8	12
Total	346	397	332	280

ENVIRONMENT - ENERGY CONSUMPTION AND EMISSIONS

The total energy consumption of the OVS Group, determined by the consumption of electricity and fossil fuels, amounts to **596,651 GJ** of which **470,320 GJ** comes from renewable sources (**78.8%**), in particular from certified electricity. Renewable energy is currently purchased only in Italy, but the Group is considering extending it to foreign locations and stores. Total energy consumption in Italy was reduced by 18% compared to 2019, in part due to head office and store closures during national lockdown periods (1% on a like-for-like basis).

Table 38 - Aggregate energy consumption in Italy

Values in GJ	Fiscal Year 2020			Fiscal Year 2019		
	Headquarters	Points of sale	Total	Headquarters	Points of sale	Total
Electricity	9,668	515,109	524,777	9,931	628,146	638,077
Fossil fuels	14,810	44,940	59,750	15,391	70,668	86,059
District heating	0	12,124	12,124	0	13,402	13,402
Total	24,478	572,173	596,651	25,322	712,216	737,538
Energy/Personnel (GJ/hc)	15	104	93	16	105	95
Energy/m2 (GJ/m2)	0.57	0.98	0.97	0.61	0.99	0.98

Table 39 - Aggregate energy consumption in other countries

Values in GJ	Fiscal Year 2020		
	Locations	Points of sale	Total
Electricity	1,512	7,871	9,383
Fossil fuels	503	0	503
District heating	0	25	25
Total	2,016	7,896	9,912
Energy/Personnel (GJ/hc)	6.52	35.89	18.74
Energy/m2 (GJ/m2)	0.37	1.04	0.76

Table 40 - Consumption of fossil fuels in Italy (standard m3 for Methane, Lt for Diesel, Petrol and LPG)

	2020			2019		
	Locations	Points of sale	Total	Locations	Points of sale	Total
Natural gas	66,169	841,798	907,967	71,514	963,389	1,034,903
Automotive petrol	6,228	-	6,228	-	-	-
Heating oil	-	442,485	442,485	-	913,931	913,931
Automotive diesel	343,493	-	343,493	350,650	-	350,650
LPG	-	5,300	5,300	-	6,300	6,300

For the headquarters in Spain, 13,977 litres of heating oil must be added to the consumption of fossil fuels in Italy.

As far as monitoring electricity consumption is concerned, it should be noted that most stores are equipped with systems capable of measuring and monitoring the electricity consumption of lighting and air conditioning systems. The activity of constant monitoring of the data relating to the individual points of sale involves sending reports of consumption anomalies to our technical structure, which can then verify the causes.

In 2020, OVS S.p.A. produced 325 GJ of electricity from photovoltaic

panels, in line with the previous year.

Since 2017, OVS S.p.A.'s electricity requirements (headquarters and points of sale) are covered by certified green energy. The total value of electricity from renewable sources is 470,320 GJ out of 534,160 GJ of total consumption (88%, net of 325 GJ of electricity generated by independent photovoltaic systems).

The difference of 63,841 GJ between the total electricity and that certified from renewable sources mainly refers to the consumption of electricity by users not registered in the name of OVS S.p.A., whose consumption is in any

case recharged or, residually, to replacements in supply contracts for which the change has not yet been negotiated. In fact, 100% of the electricity purchased directly by OVS S.p.A. comes from certified renewable sources.

In 2020, the OVS Group's CO2 emissions, referred to the headquarters and points of sale, are equal to 8,490 tCO2e of direct emissions, deriving mainly from the combustion of diesel, LPG and natural gas for heating the headquarters and the network of points of sale, as well as petrol and diesel for the company car fleet.

Table 41 – Scope 1 emissions in Italy

Source	Unit of measurement	2020		2019	
		Consumption	Emissions (t CO2e)	Consumption	Emissions (t CO2e)
Natural Gas	sm3	907,967	1,837	1,034,903	2,102
Automotive petrol	l	6,228	14	-	-
Heating oil	l	442,485	1,220	913,931	2,521
Automotive diesel	l	343,493	875	350,650	967
LPG	l	5,300	8	6,300	10
Coolant gases	kg	2,298	4,498	2,872	5,900
TOTAL			8,451		11,500

To the emissions shown in the table must be added 39 tCO2 e deriving from the consumption of diesel fuel for heating in the Spanish headquarters.

A reading of the table suggests an important result in terms of reduction in consumption linked both to the closure of offices and stores during lockdown periods and to important Group initiatives such as the Energy Saving program. It also shows an improvement in refrigerant gas emissions, which decreased by 24% compared to 2019.

Table 42 – Scope 2 emissions – Market based in Italy

Source	2020		2019	
	Consumption (kWh)	Emissions (t CO2)	Consumption (kWh)	Emissions (t CO2)
Non-renewable electricity	15,127,188	4,485	10,307,350	2,922
District heating	3,367,671	581	3,722,828	655
Total	18,494,859	5,066	14,030,178	3,578

Table 43 – Scope 2 emissions – Market based in other countries

Source	2020	
	Consumption (kWh)	Emissions (t CO2)
Non-renewable electricity	2,606,387	774
District heating	7,000	1
Total	2,613,387	775

In relation to indirect emissions, the value of CO2 emissions (Scope 2) in Italy is 5,066 tons, an increase compared to last year. This increase is due to the consumption of electricity by stores whose utilities titles are not in the name of OVS S.p.A..

Scope 2 location-based emissions, in Italy and abroad, amount to 43,776 and 775 tons of CO2 in 2020, respectively. Thanks to the purchase of only certified green energy by OVS S.p.A., emissions into the atmosphere of 38,708 tCO2 have therefore been prevented.

With reference to the Pontenure depot, energy consumption is broken down as follows: 135,433 standard m3 of natural gas (+15% compared to 2019) which generated emissions of 274 tCO2 and 5,092,568 kWh of non-renewable electricity (-7% compared to 2019) for a total of 1,510 tCO2.

Table 44 – Energy consumption in warehouses (GJ)

	2020	2019
Natural gas	4,644	4,040
Non-renewable electricity	18,333	19,689

In order to better understand the sources of emissions and to define the most effective strategies to reduce the company's carbon footprint, some years ago OVS started measuring indirect emissions relative to Scope 3. In 2020, this measurement was extended to additional categories, attributable to the various activities and actions that are indirectly carried out for the realisation and production of OVS products. From the table below, it can be seen that over 60% of Scope 3 emissions are directly related to raw materials and their processing and over 20% to product logistics. The remainder is attributed to packaging, waste and POP material.

Table 45 – Scope 3 emissions

	tCO2e	%
Raw materials	97,273	33.6%
Processing raw material	79,824	27.6%
Logistics	63,195	21.9%
Primary packaging	22,293	7.7%
POP material	10,022	3.5%
Waste	8,939	3.1%
Tertiary packaging	7,279	2.5%
Mobile combustion	261	0.1%
Total	289,086	100%

Compared to 2019, the incidence of Scope 3 emissions decreased by 22% (370,156 tCO2e).

ENVIRONMENT – WATER CONSUMPTION

The direct use of water by OVS is very limited, as it does not directly manage the production activity. However, a staff awareness program has been initiated that includes communication materials specifically designed and placed in areas where most of the water is consumed (snack areas, bathrooms). In its first year of implementation, the campaign reduced water consumption by 23% compared to the previous year.

With reference to production activities, OVS has always been committed to reducing the

impacts associated with its products, through research into virtuous materials and production processes that allow a lower use of natural resources, in particular water. In fact, one of the main risk categories related to product development is water consumption, for which pervasive solutions have been studied and implemented with respect to the OVS collection. A plan has been established to use water-efficient processes for 100% of denim by 2025. In the Fall/Winter 2020 collection, 34% of the denim assortment is made with water-efficient systems using

technologies such as reverse osmosis systems to recycle wastewater, reduced liquor ratio jet dyes and/or ozone bleaching.

In 2020, the **water consumption** of the OVS Group was 728,938 cubic meters as broken down below. 99% of water consumption is concentrated in Italy, with a consumption of 722,136 cubic meters, down 10% compared to 2019 (800,065 cubic meters). It should also be noted that, with reference to the Pontenure Logistics Hub, the water consumption for 2020 is 7,220 cubic meters of third-party water.

Table 46 – Fresh water consumption

Consumption (m3)	2020		2019
	Groundwater	Third-party waters	
Headquarters	0	23,334	25,830
Stores	159,894	545,711	774,235
TOTAL	159,894	569,044	800,065

Water data were calculated from the readings of the relevant meters where these were available. For the remainder, consumption has been estimated using an average per square metre which, for Italy, excludes stores with special characteristics (e.g. evaporation towers, condensation systems), for which the precise figure is used instead.

722.136

SQM OF WATER CONSUMED IN ITALY

-10%

WATER CONSUMPTION IN ITALY

62

MILLION SQM WATER CONSUMPTION IN THE SUPPLY CHAIN

The water used is mainly taken from municipal water networks. As far as water consumption in Italy is concerned, it is necessary to point out that the data recorded at the points of sale consists of the sum of consumption directly attributable to OVS S.p.A. and other consumption, not attributable to OVS S.p.A., which cannot be measured at the moment. This circumstance arises in cases where OVS S.p.A. sub-contracts part of the premises to third parties, without the installation of a dedicated meter to measure the consumption of the third party. OVS S.p.A. recharges the aforementioned consumption in a way which is not necessarily related to the actual consumption.

It should also be noted that some of the Group's offices and stores are located in areas of the world that are subject to water stress. Although water consumption is mostly associated with domestic office and store use and production is outsourced, OVS uses the Aqueduct Tool developed by the World Resources Institute to identify potential risk areas. The water-stressed categories, refer to the "extremely high" (extreme shortage) and "high" (shortage) categorisation of the instrument. According to the analysis conducted, 698 cubic meters of water withdrawn for locations (3%) and 230,539 cubic meters of water withdrawn for stores (33%) came from water stressed regions.

On the other hand, with regard to the water used in the supply chain, consumption in the year was estimated at approximately 62 million m³ (of which 98% in the production of raw materials and 2% in manufacturing processes), applying the ReCipe2016 calculation method. In line with sector data, OVS pays particular attention to and prioritises initiatives to reduce water consumption along the entire value chain. In the identification of actions in response to the risk, the risks with quantitative and qualitative impact are analysed using the tools made available by the World Resources Institute (Overall Water Risk - www.wri.org).

Lastly, OVS has included a specific section in the Code of Conduct which requires its suppliers to comply with the limits expressed in the Manufacturing Restricted Substance List of ZDHC (an international program whose acronym stands for Zero Discharge of Hazardous Chemicals) regarding the detection of chemical substances in waste water. Consistently with this commitment, OVS has activated a program to monitor its suppliers by collecting and reviewing the tests carried out on the wastewater and, in the event of critical issues, it initiates a constructive collaboration to research the causes and identify solutions.

ENVIRONMENT - WASTE

In recent years, OVS S.p.A. has paid increasing attention to the containment of waste produced throughout the production cycle, and in particular we have undertaken some important actions:

we have activated the collection of used clothing since 2013, and until 2020 we have collected over 1,200 tons of garments avoiding their disposal in landfills;

we have optimised the life cycle of packaging through the use of reusable poly bags and more efficient management of clothes hangers to reduce waste production;

our logistics use secondary packaging that is reused several times in distribution processes; moreover, their design is optimised to reduce paper waste during production;

we adopt 'green purchasing' policies starting with the prevalent purchase of recycled ecological paper (the remainder is FSC certified).

In addition, a program to raise the awareness of headquarters staff on environmental issues and a plan of operational actions affecting all Group operations have been implemented. In particular, micro-filtered water dispensers have been installed and carbon-neutral steel flasks have been distributed to all employees to reduce the consumption of disposable plastic bottles.

Below, we report the OVS Group's waste production of 10,042 tons, slightly down as compared to 2019 (-1%). The waste generation for the year 2020 is mainly related to the closing of more stores during the year due to the Covid-19 pandemic, for which it was, therefore, necessary to dismantle and dispose of the material contained therein.

Table 47 - Total waste production

Values in tons	2020			2019		
	Deposits	Headquarters	Stores	Deposits	Headquarters	Stores
TOTAL WASTE	3,637.56	67.87	6,336.42	3,812.72	102.77	6,202.66

The information shown in the table above has been determined on the basis of actual data for the head office, depots and part of the store network.

Table 48 – Non-hazardous waste production (t)

Non-hazardous waste	2020			2019		
	Deposits	Headquarters	Stores	Deposits	Headquarters	Stores
Paper and Cardboard	3,043.79	32.4	1,337.18	2,867.28	46.73	743.33
Mixed Packaging	536.78	6.64	3,702.63	839.99	10.56	4,824.52
Plastic		0	758.97		0.08	422.97
Clothing						
Wood	56.99		37.09	98.47		40.21
Toner		0.02	299		0.03	3.11
Metal-iron and steel		0	78.49	6.98		45.07
Non-hazardous batteries		0.25	0.27		0.11	0.22
Bulky Waste			357.61			119.66
Discontinued equipment		1.07	36.86		0.18	0.68
Fire extinguishers						
Glass		0.24			0.30	
Undifferentiated (non-recyclable)		12.48	17.74		24.82	0.30
Staff		14.40			19.80	
Fluorescent Tubes						
Packages containing hazardous substances						
TOTAL NON-HAZARDOUS WASTE	3,637.56	67.51	6,329.83	3,812.72	102.60	6,200.06

Table 49 – Hazardous waste generation (t)

Hazardous waste	2020			2019		
	Deposits	Headquarters	Stores	Deposits	Headquarters	Stores
Dangerous batteries		0,06				
Fluorescent tubes		0,17	1,89		0,15	2,59
Glass						
Packages containing hazardous substances						
Discontinued equipment		0,12	4,69		0,02	
Total	0	0,36	6,59	0	0,17	2,59

For some categories of waste there was an increase in 2020, due to extraordinary cleaning and refurbishment activities carried out in the course of the year, taking advantage of the imposed closing periods.

Regarding the production of waste along the supply chain, OVS has estimated a total production of 9,189 Mt thanks to the support of the HIGG platform.

In general, the challenge for OVS in this area is to follow a new concept of production and consumption, moving from a linear input-output model to a circular one, in which each element has a new life, and can be regenerated. The basic principle is that what is not consumed is assimilated in another process.

Consistently with the objective of not dispersing the value of garments which have reached the end of their life, OVS's strategy of minimising stocks foresees that once the possibility of using commercial channels to sell the stock has been exhausted, OVS will resort to philanthropic channels such as the donation of garments to people in need or the response to international emergencies.

Production samples are also recovered through donations to local charities or through staff-only in-house sales.

In the two-year period 2018-2019, the total amount of goods directed to the

pulp was only 138,687 items, while in 2020 they were zero.

OVS is also part of the Circular Fashion Partnership, which will develop a new alliance between brands and producers to use recycled yarn in the creation of new collections through the activation, in Bangladesh in collaboration with BGMEA (Bangladesh Garment Manufacturers and Exporters Association) and later in other countries, of a circular and traceable production system based on the recovery of waste from the cutting phases. In this way, the production surpluses will provide the raw material for the creation of new collections, avoiding the dispersion into the environment of thousands of tons of unused fabrics and avoiding the impacts due to the production of new materials.

PRODUCT AND PACKAGING

OVS S.p.A. constantly monitors the use of logistics packaging, reusing as much of it as possible. For many years now, it has been running the RIUTILIZZAMI (REUSE ME) project for the recovery and reuse of packaging used in the logistics centre and of packages sent to stores. During 2020, the **REUSE ME Program** allowed for the reuse of **1,697,473 cardboards**, of which about 91% came from suppliers and the remaining 9% from stores; the Program therefore allowed for the reuse of **62% of cardboards received**, resulting in an overall recycling of almost 30%. The reduction in reuse rates (compared to 50% in 2019) is due to the reduced transfer of materials from stores to depots that occurred during the pandemic period: the significant reduction in volumes therefore also led to less reuse.

It was possible to limit the number of new cartons purchased to 3,108,720 units, saving about **1,425 tons of paper**. At the Pontenure depot, the process of reconditioning wooden transport pallets continued, involving the repair of damaged pallets in order to avoid their disposal as waste.

OVS does not give customers hangers so that they can be reused in normal store operations. Hangers that are no longer usable, because they are broken or obsolete, are sent for recycling thanks to a partnership with one of our suppliers who uses them to produce new hangers. In 2020, 195 tons of plastic hangers were recycled, for a total of approximately 11 million recycled hangers.

In 2019, the replacement of 100% plastic display packaging with cardboard or recycled plastic backings was initiated, resulting in the elimination of more than 27,000 kg of previously used plastic between bags and product boxes in 2020.

As for the raw materials used in the production of OVS products, over 70% of these come from renewable sources.



Table 50 - Breakdown of materials (ton) (1)

Material	Derived from renewable sources	2020	%2020	2019	%2019
Cotton	Y	19,691	64.46%	21,504	62.89%
Polyester	N	4,913	16.08%	6,065	17.74%
Polyamide	N	1,026	3.36%	1,241	3.63%
Viscose	Y	1,538	5.04%	1,866	5.46%
Acrylic	N	981	3.21%	1,195	3.50%
Elastane	N	320	1.05%	397	1.16%
Polyurethane	N	140	0.46%	258	0.75%
Linen	Y	240	0.79%	191	0.56%
Wool	Y	142	0.47%	78	0.23%
Other Renewables	Y	697	2.28%	1,067	3.12%
Other Non-Renewables	N	858	2.81%	331	0.97%
Total		30,547	100.00%	34,192	100.00%

The main material is cotton, which is sourced according to a sourcing policy that favours **Better Cotton Initiative (BCI)** certified crops, organically grown cotton or recycled fibre. Specifically, in 2020, 11,034 tons of cotton will come from organic crops. In addition, through the Better Cotton Initiative's mass balance traceability system, OVS has obtained credits corresponding to 7,638 tons of cotton.

As for other materials derived from renewable sources, 34% of viscose comes from FSC-certified cellulose sources.

In order to improve the sustainability of its products made with non-renewable materials,

OVS favours the choice of recycled fibres: 6% of the polyester used in 2020 comes from recycled post-consumer packaging.

In the 2020 collections we produced over 1 million garments made from recycled materials. For the next few years, OVS intends to progressively increase the use of fibres from recycling processes in order to give value to the process of recovering clothes at the end of their life cycle and to experiment with innovative technologies that allow each piece of waste to be put to good use. Furthermore, aware that one of the ways to minimise the waste of resources is to offer the customer a durable product and with it the means to make it so, OVS has launched a number of specific initiatives:

in the OVS e-commerce site you can find tips for the consumer on how to take care of the garment and extend its life cycle;

increase in the number of OVS stores offering a tailoring and repair service;

many items are sold with some spare parts (for example: buttons, or accessories) to facilitate any minor repairs.

PERIMETER OF THE MATERIAL ASPECTS OF OVS

The table below shows the perimeter of the impact generated by the OVS Group with reference to each issue considered relevant, distinguishing between internal impact within the OVS Group (including the impact on the stakeholder category 'Collaborators') and external impact, i.e. referring to one or more categories of reference stakeholders.

Table 51 - Boundary of impact of material topics

OVS material topic	GRI Topic specific disclosure	Relevance to					
		OVS	Collaborators	Customers	Suppliers	Territory	Associations
Sustainable products	GRI 417: Marketing and labelling						
	GRI 416: Consumer health and safety						
	GRI 301: Materials	X		X	X		
	GRI 303: Water and waste water GRI 306: Waste						
Transparency and sustainable communication	GRI 202: Market presence						
	GRI 201: Economic performance						
	GRI 207: Taxes	X		X		X	
	GRI 415: Public policy						
	GRI 417: Marketing and labelling						

Ethical and sustainable business management	GRI 205: Anti-corruption						
	GRI 206: Non-competitive behaviour						
	GRI 307: Environmental compliance	X	X				X
	GRI 419: Socio-economic compliance						
Caring for people and developing potential	GRI 401: Employment						
	GRI 404: Training and education	X	X				X
	GRI 403: Occupational health and safety						
Sustainable supply chain and respect for human rights	GRI 414: Social evaluation of suppliers						
	GRI 308: Environmental assessment of suppliers						
	GRI 204: Procurement practices	X					X
	GRI 408: Child labour						
	GRI 409: Hard labour or mandatory labour						
	GRI 411: Rights of indigenous peoples						
GRI 412: Assessment of respect for human rights							

Fighting the climate crisis and managing the environmental footprint	GRI 301: Materials						
	GRI 302: Energy						
	GRI 303: Water and waste water						
	GRI 305: Emissions	X	X	X	X	X	
	GRI 306: Waste						
GRI 307: Environmental compliance							
Attention to diversity and inclusion	GRI 405: Diversity and equal opportunities	X	X				X
	GRI 406: Non-discrimination						
Sustainable stores	GRI 301: Materials						
	GRI 302: Energy						
	GRI 305: Emissions	X		X	X		
	GRI 306: Waste						
Listening to the customer	GRI 417: Marketing and labelling						
	GRI 419: Socio-economic compliance	X	X	X	X		
	GRI 416: Consumer health and safety						

Community Support	GRI 203: Indirect economic impacts						
	GRI 201: Economic performance	X	X				X
	GRI 207: Taxes						
	GRI 413: Local communities						X
Innovation orientation	N/A	X	X	X	X		
Circular design	GRI 301: Materials						
	GRI 306: Waste						
	GRI 201: Economic performance	X		X	X	X	X
	GRI 419: Socio-economic compliance						
Industrial and institutional relations	N/A	X					X
							X

GRI CONTENT INDEX

The indicators used refer to the 2016 standard, with the exception of GRI 403 indicator (Occupational Health and Safety) and GRI 303 indicator (Water and Water Discharges), which receive the 2018 standard, and GRI 306 (Waste) indicators, which have been updated to the 2020 version.

GENERAL INFORMATION

Organisation profile		Paragraph, Notes
GRI 102-1	Name of the organisation	About us
GRI 102-2	Main brands, products and/or services	Group Brands
GRI 102-3	Headquarters	Methodological note and reading guide
GRI 102-4	Location of operations	OVS Group profile
GRI 102-5	Ownership and legal form	Group structure
GRI 102-6	Markets served	About us

GRI 102-7	Scale of the organisation	About us Table 10 Table 16
GRI 102-8	Characteristics of the workforce	Tables 17, 21 and 22
GRI 102-9	Description of the organisation's supply chain	Supply chain
GRI 102-10	Significant changes in size, structure, ownership, or supply chain of the organisation during the reporting period	About us OVS Group Profile Supply chain
GRI 102-11	Application of a prudential approach to risk management	Enterprise Risk Management and management of non-financial risks (Table 9) OVS adopts a prudential approach to reducing the environmental impact of its production processes and products, according to principle no. 15 of the UN Declaration of Rio de Janeiro
GRI 102-12	Subscription or adoption of codes of conduct, principles and charters developed by external bodies/associations relating to economic, social and environmental performance	Ethical and sustainable business management Sector collaborations
GRI 102-13	Participation in national and/or international trade associations in which the organisation holds a position in the governing bodies	OVS, through the Director of Human Resources and Organisation, holds a position within the Executive Committee of Federdistribuzione

Strategy		Paragraph, Notes
GRI 102-14	Statement from the highest decision-making authority about the importance of sustainability to the organisation and its strategy	Letter to the stakeholders

Ethics and Integrity		Paragraph, Notes
GRI 102-16	Values, principles, standards and rules of conduct of the organisation	Mission and values

Governance		Paragraph, Notes
GRI 102-18	Governance structure of the organisation	Organisation structure (Figure 2)
GRI 102-21	Stakeholder consultation	Stakeholders and materiality (Table 6)
GRI 102-22	Composition of the highest governing body and its committees	Composition of the Board of Directors and the Board of Statutory Auditors (Tables 1 and 2)
GRI 102-32	Role of the highest governance body in sustainability reporting	Sustainability governance

Stakeholder Engagement		Paragraph, Notes
GRI 102-40	Categories and stakeholder groups	Stakeholders and materiality
GRI 102-41	Collective bargaining agreements	OVS complies with the requirements of collective bargaining agreements by applying the relevant National Labour Collective Bargaining agreement (CCNL)
GRI 102-42	Identifying and selecting stakeholders	Stakeholders and materiality
GRI 102-43	Approach to stakeholder engagement	Stakeholders and materiality
GRI 102-44	Key aspects that emerged	Materiality Matrix (Figure 3)

Reporting Practice		Paragraph, Notes
GRI 102-45	Entities included in the Financial Statements	Methodological note and reading guide
GRI 102-46	Definition of the content perimeter	Methodological note and reading guide
GRI 102-47	List of material topics	Materiality analysis
GRI 102-48	Changes in information compared to the previous Sustainability Report	Methodological note and reading guide
GRI 102-49	Significant changes in terms of targets and scope compared to the previous Sustainability Report	Methodological note and reading guide
GRI 102-50	Reporting period of the Sustainability Report	Methodological note and reading guide
GRI 102-51	Date of publication of the previous Sustainability Report	Methodological note and reading guide
GRI 102-52	Reporting period	Methodological note and reading guide
GRI 102-53	Contacts and addresses	Methodological note and reading guide
GRI 102-54	Statement of compliance with GRI Standards	Methodological note and reading guide
GRI 102-55	GRI content index	GRI content Index
GRI 102-56	External assurance policies and practices	External assurance

SPECIFIC INFORMATION

Material aspect - Community support/Care for people and development of potential		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	People On the side of the community Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 201-1	Direct economic value generated and distributed	Economic and financial performance, Table 10
GRI 201-3	Coverage of pension plans defined by the organisation	Human resources - Remuneration
GRI 201-4	Funding received from public bodies	OVS did not obtain any funding from public bodies during 2020

Material aspect - Care for people and development of potential		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	People Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 202-1	Ratio of the standard salary of new hires by gender to the local minimum salary in the most significant operating locations	Human resources - Remuneration

Material - Support for Communities		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	On the side of the community Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 203-1	Development and impact of infrastructure investments and services supported primarily for "public utility".	On the side of the community

Material Aspect - Sustainable Supply Chain and Respect for Human Rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply Chain Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 204-1	Percentage of expenditure concentrated on local suppliers in relation to the most significant operating sites	Table 12

Material Aspect - Ethical and Sustainable Business Management		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Ethical and sustainable business management Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 205-2	Communication and training on anti-corruption policies and procedures	Organisation and management model Table 30
GRI 205-3	Number of corruption cases and measures taken	No cases of corruption were reported during 2020
GRI 206-1	Unfair competition and antitrust lawsuits and their outcomes	During 2020, there were no legal actions relating to unfair competition or antitrust
GRI 207-1	Approach to taxation	Approach to taxation
GRI 207-2	Tax governance, control and risk management	Approach to taxation
GRI 207-3	Stakeholder engagement and management of tax concerns	Approach to taxation

Material Appearance - Sustainable Products/Circular Design		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Product and materials Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 301-1	Materials used	Product and packaging, Table 50
GRI 301-3	Percentage of reclaimed products and related packaging materials by product category	Product and packaging, Table 50

Material aspect - Combating the climate crisis and managing the environmental footprint		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Product and materials Stores Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 302-1	Energy consumption within the organisation	Environment - Energy consumption and emissions, Tables 38 and 39
GRI 302-4	Reduction of energy consumption	Environment - Energy consumption and emissions
GRI 303-1	Interaction with water as a shared resource	Environment - Water consumption
GRI 303-2	Management of footprints related to water discharge	Environment - Water consumption
GRI 303-3	Water withdrawal	Environment - Water consumption, Table 46
GRI 305-1	Direct greenhouse gas emissions (scope 1)	Environment - Energy consumption and emissions, Table 41
GRI 305-2	Greenhouse gas emissions from energy consumption (Scope 2)	Environment - Energy consumption and emissions, Table 42
GRI 305-5	Reduction of greenhouse gas emissions	Environment - Energy consumption and emissions
GRI 305-6	ODS (Ozone-depleting substances) emissions	In 2020, there were no ODS emissions

Material aspect - Sustainable products/Circular design/Climate crisis control and environmental footprint management		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Product and materials Stores Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 306-1	Waste generation and significant waste-related impacts	Environment - Waste
GRI 306-2	Management of significant waste-related impacts	Environment - Waste
GRI 306-3	Waste produced	Environment - Waste, Tables 47, 48 and 49

Material Aspect - Ethical and Sustainable Business Management/ Fighting the climate crisis and managing the environmental footprint		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Ethical and sustainable business management Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 307-1	Monetary value of significant fines and total number of non-monetary penalties for non-compliance with environmental laws and regulations	During 2020, OVS received no fines or penalties for non-compliance with environmental laws and regulations

Material Aspect - Sustainable Supply Chain and Respect for Human Rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply chain Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 308-1	Percentage of new suppliers screened based on environmental criteria	Supply chain, Table 13

Material aspect - Care for people and development of potential		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	People Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 401-1	Total number of new hires and turnover by age group, gender and geographic area	Human Resources - Turnover, Tables 23, 24, 25 and 26
GRI 401-3	Return to work and rate of return after parental leave	Human resources - Parental leave, Table 27
GRI 403-1	Occupational health and safety management system	Human Resources - Health and Safety
GRI 403-2	Risk identification, risk assessment and incident analysis	Human Resources - Health and Safety
GRI 403-3	Occupational health services	Human Resources - Health and Safety
GRI 403-4	Worker participation and consultation on health and safety at work	Human Resources - Health and Safety
GRI 403-5	Worker training on occupational health and safety	Human Resources - Health and Safety
GRI 403-6	Promoting workers' health	Human Resources - Health and Safety
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly related to the business	Human Resources - Health and Safety
GRI 403-9	Accidents at work	Human Resources - Health and Safety, Table 35
GRI 403-10	Occupational diseases	Human Resources - Health and Safety
GRI 404-1	Company staff training	Human resources - Training
GRI 404-2	Training to improve staff skills	Human resources - Training
GRI 404-3	Percentage of employees evaluated on performance and career development	Human resources - Performance appraisal
GRI 405-1	Composition of governing bodies and breakdown of staff by gender, age, membership of protected categories and other indicators of diversity	Composition of the Board of Directors and of the Board of Statutory Auditors Human Resources - Workforce, Tables 18, 19 and 20

Material Aspect - Ethical and Sustainable Business Management		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	People Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 406-1	Number of incidents related to discriminatory practices and actions taken	OVS did not record any incidents of discriminatory practices during 2020

Material aspect - Sustainable supply chain and respect for human rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply chain Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 408-1	Identification of operations and major suppliers with a high risk of child labour and measures taken	There are no providers considered to be at significant risk for child labour incidents and/or young people exposed to hazardous work.
GRI 409-1	Identification of operations and major suppliers with a high risk of forced labour, and measures taken	There are no suppliers considered to be at high risk for the use of forced labour

Material aspect - Support to Communities/Sustainable supply chain and respect for human rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply chain On the side of the community Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 411-1	Number of violations involving rights of indigenous people and actions taken	During 2020, OVS did not record any incidents of human rights violations

Material aspect - Sustainable supply chain and respect for human rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply chain Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 412-1	Percentage and total number of activities subject to human rights monitoring and/or impact assessments	100% of the new suppliers are assessed for human rights impacts. The existing supplier fleet is periodically revalued annually to the extent of about 80% of the production volume generated.

Material - Support for Communities		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	On the side of the community Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 413-2	Activities with current or potential negative impacts on the local community	No activities with negative impacts on the local community were noted in 2020.

Material aspect - Sustainable supply chain and respect for human rights		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Supply chain Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 414-1	Percentage of new suppliers that were screened using social criteria	Supply chain, Table 13

Material - Support for Communities		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	On the side of the community Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 415-1	Political contributions	OVS did not receive any political contributions during 2020

Material aspect - Listening to the customer/Transparency and sustainable communication		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Customers Product and materials Enterprise Risk Management and management of non-financial risks (Table 9)
GRI 416-1	Assessing the impacts of products and services on customer health and safety	Product and materials
GRI 416-2	Cases of non-compliance with regulations on health and safety of products and services during their life cycle	During 2020, OVS did not record any incidents of non-conformity with regard to the health and safety of products and services during their life cycle
GRI 417-2	Cases of non-compliance in relation to product information and labelling	During 2020, OVS did not record any incidents of non-compliance in relation to product information and labelling
GRI 417-3	Cases of non-compliance in relation to marketing communications	During 2020, OVS did not record any incidents of non-compliance in relation to marketing communications

Material aspect - Innovation orientation		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Closer with digital Enterprise Risk Management and Management of Non-financial Risks (Table 9)

Material aspect - Industrial and institutional relations		Paragraph, Notes
GRI 103-1; 103-2; 103-3	General information on management procedures	Sector collaborations Other collaborations

EXTERNAL ASSURANCE



Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario

ai sensi dell'art. 3, c. 10, D.Lgs. 254/2016 e dell'art. 5 Regolamento CONSOB adottato con delibera n. 20267 del gennaio 2018

Al Consiglio di Amministrazione di OVS SpA

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento CONSOB n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della dichiarazione consolidata di carattere non finanziario di OVS SpA e sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 gennaio 2021 predisposta ex art. 4 Decreto e approvata dal Consiglio di Amministrazione in data 15 aprile 2021 (di seguito "DNF").

Responsabilità degli Amministratori e del Collegio Sindacale per la DNF

Gli Amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016, e aggiornati al 2020, dal GRI – Global Reporting Initiative (di seguito "GRI Standards"), da essi individuati come standard di rendicontazione.

Gli Amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli Amministratori sono, infine, responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.990.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Belotti 5 Tel. 035 229691 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7532311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Pascolle 43 Tel. 0432 23789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it



Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi di limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

- analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche del Gruppo rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'art. 3 Decreto e tenendo presente lo standard di rendicontazione utilizzato;
- analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
- comparazione tra i dati e le informazioni di carattere economico-finanziario inclusi nella DNF ed i dati e le informazioni inclusi nel Bilancio Consolidato del Gruppo OVS;
- comprensione dei seguenti aspetti:
 - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
 - politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - principali rischi, generati o subiti connessi ai temi indicati nell'art. 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF e effettuate le verifiche descritte nel successivo punto 5, lett. a);



5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF.

In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione di OVS SpA e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di gruppo,
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare a modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati;
- per OVS SpA, sede centrale di Mestre (Venezia), che abbiamo selezionato sulla base della sua attività, del suo contributo agli indicatori di prestazione a livello consolidato e della sua ubicazione, abbiamo effettuato incontri nel corso dei quali ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo OVS relativa all'esercizio chiuso al 31 gennaio 2021 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Treviso, 7 maggio 2021

PricewaterhouseCoopers SpA

Massimo Dal Lago
(Revisore Legale)

Paolo Bersani
(Procuratore)

NOTES

1 December 2020, source: Sita Ricerca

2 December 2020, source: IPSOS – advertising tracking December 2020

3 <https://www.unep.org/news-and-stories/story/putting-brakes-fast-fashion>

4 100% of the energy purchased directly comes from renewable sources, equal to 88% of the total used.

5 Textile Exchange – Organic Cotton Round Table 2016

6 Textile Exchange – Organic Cotton Round Table 2016

7 Textile Exchange – LCA of Organic Cotton – https://textileexchange.org/wp-content/uploads/2017/06/TE-LCA_of_Organic_Cotton-Fiber-Summary_of-Findings.pdf

8 BCI data – https://bettercotton.org/wp-content/uploads/2019/10/BCI-Farmer-Results_2017-18_Combined.pdf

9 Shen L, et al. Open-loop recycling: A LCA case study of PET bottle-to-fibre recycling. *Resour Conserv Recy* (2010) <http://eco-core.eu/LCA%20Article%20in%20Press%2007.09.10.pdf> <http://www.wellman-intl.com/wp-content/uploads/2017/03/LCA-Article-in-Press-07.09.10.pdf>

10 Internal survey on more than 600 suppliers with 177 valid answers, conducted by OVS in late 2020.

11 Comparative Greenhouse Gas Footprinting of Online versus Traditional Shopping for Fast-Moving Consumer Goods: A Stochastic Approach – <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7081612/Walmart-The-Emissions-Implications-of-Modern-Retailing-Omnichannel-vs-Stores-and-Online-Pure-Plays> <https://cdn.corporate.walmart.com/05a/3c20743a4f0db2d00c452aeb95/omni-channel-emissions-modeling-whitepaperfinal04182017.pdf>

12 <https://www.istat.it/it/violenza-sulle-donne/il-fenomeno/violenza-dentro-e-fuori-la-famiglia/numero-delle-vittime-e-forme-di-violenza>

13 <https://thenaturalstep.org/approach/the-system-conditions/>

14 For more information: see our “Report on Corporate Governance and Ownership Structure”, available on the Company website: www.ovscorporate.it, under the Governance section

15 **Copyright ©2021 Sustainalytics. All rights reserved.** This [publication/article/section] contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary to Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for information purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at: <https://www.sustainalytics.com/legal-disclaimers>.

16 The Group has begun the process of analysing and collecting data and information relating to GRI 207-4 indicator “Country-by-country reporting”, which will be disclosed in future reports.

17 Local suppliers are companies based in Italy or in the European Union. Expenses for goods and

ancillary services not related to the product (e.g. consultancy, leases, furniture, etc.) are categorised as “non-goods” purchases.

18 The figure does not include non-EU countries, which account for over 95% of the OVS Group’s total costs.

19 The data shown in the table refer to suppliers of products resold under the OVS brand.

20 The data shown refers only to OVS S.p.A.

21 The data shown refers only to OVS S.p.A.

22 Total production volume covered by controls is greater than production volume because the same supplier may have been subject to both internal and external controls. The data shown refer only to OVS S.p.A.

23 The breakdown of personnel in Italy by professional category refers to persons with permanent contracts. A process of improvement of the data collection system is underway, which will make it possible to extend this information to all personnel in Italy in future reports.

24 See note above.

25 The breakdown of personnel in Italy by age group refers to staff with permanent work contracts. A process of improvement of the data collection system is underway, which will make it possible to extend this information to all personnel in Italy in future reports.

26 In order to calculate inbound and outbound turnover, the number of employees hired/leased is compared to the total number of employees, with relative details by contract type, age group and gender.

27 In order to calculate inbound and outbound turnover, the number of employees hired/leased is compared to the total number of employees, with relative details by contract type, age group and gender.

28 This figure does not include foreign companies, this reporting perimeter represents approximately 93% of the OVS Group’s employees as at 31/12/2021.

29 In general, for 2020, training focused on permanent staff; for this reason, the calculation of average hours broken down by professional category does not include fixed-term contract staff in Italy.

30 The figure does not include foreign companies for which, given the number of people employed, it is not statistically significant. This reporting boundary represents approximately 93% of the OVS Group’s employees as at 31/12/2021.

31 This figure does not include foreign companies for which risk assessments have been conducted that have determined a low level of health and safety risk. This reporting boundary represents approximately 93% of the OVS Group’s employees as at 31/12/2021.

32 The total number of injuries does not include commuting injuries, which for 2020 was 45, 1 of which was serious. A ‘serious’ injury, as defined by GRI Standards, is an injury that results in an absence of 180 days or more.

33 Hours worked by outside contractors are estimated.

34 The figure does not include foreign companies. This reporting boundary represents approximately 93% of the OVS Group’s employees as at 31/12/2021.

35 In the calculation of per capita consumption, the consumption recorded in the calendar year

is compared with the staff as at 31/01/2021. In addition, it should be noted that in order to ensure comparability of data, consumption relating to motor vehicles has been excluded from the calculation of energy intensity.

36 In the calculation of per capita consumption, the consumption recorded in the calendar year is compared with the staff as at 31/01/2021.

37 It should be noted that the figure for renewable energy produced is an estimate.

38 For the calculation of emissions CO₂e emissions, the DEFRA2020 factor was used.

39 For the calculation of CO₂ emissions, TERNA 2018 and DEFRA 2020 factors have been used.

40 See note above.

41 TERNA 2018 and DEFRA 2020 factors were used to calculate CO₂ emissions.

42 Energy consumption at the depot is considered separately from the Group's consumption, as the utilities

are paid directly to the company that manages the activities within the logistics centre.

43 Fresh water is defined as water containing $\leq 1,000$ mg/l total dissolved solids.

44 The WRI tool, available on the WRI website, was used for the analysis of water stress areas: <https://www.wri.org/our-work/project/aqueduct> and the results in the "baseline water stress" column were taken into account.

45 It should be noted that the data relating to waste refer to the Italian perimeter and include the Pontenure depot.

46 The data shown refers to the purchase of product, which is made only by OVS S.p.A.



Creative concept and design

Arkage

www.arkage.it

Analysis, contents and communication project

Nativa

www.natalab.com

The above mentioned companies are certified B Corporation

Certified



Corporation

Certified B Corporations meet the highest verified standards of social and environmental performance, transparency, and accountability.

OVS

www.ovscorporate.it