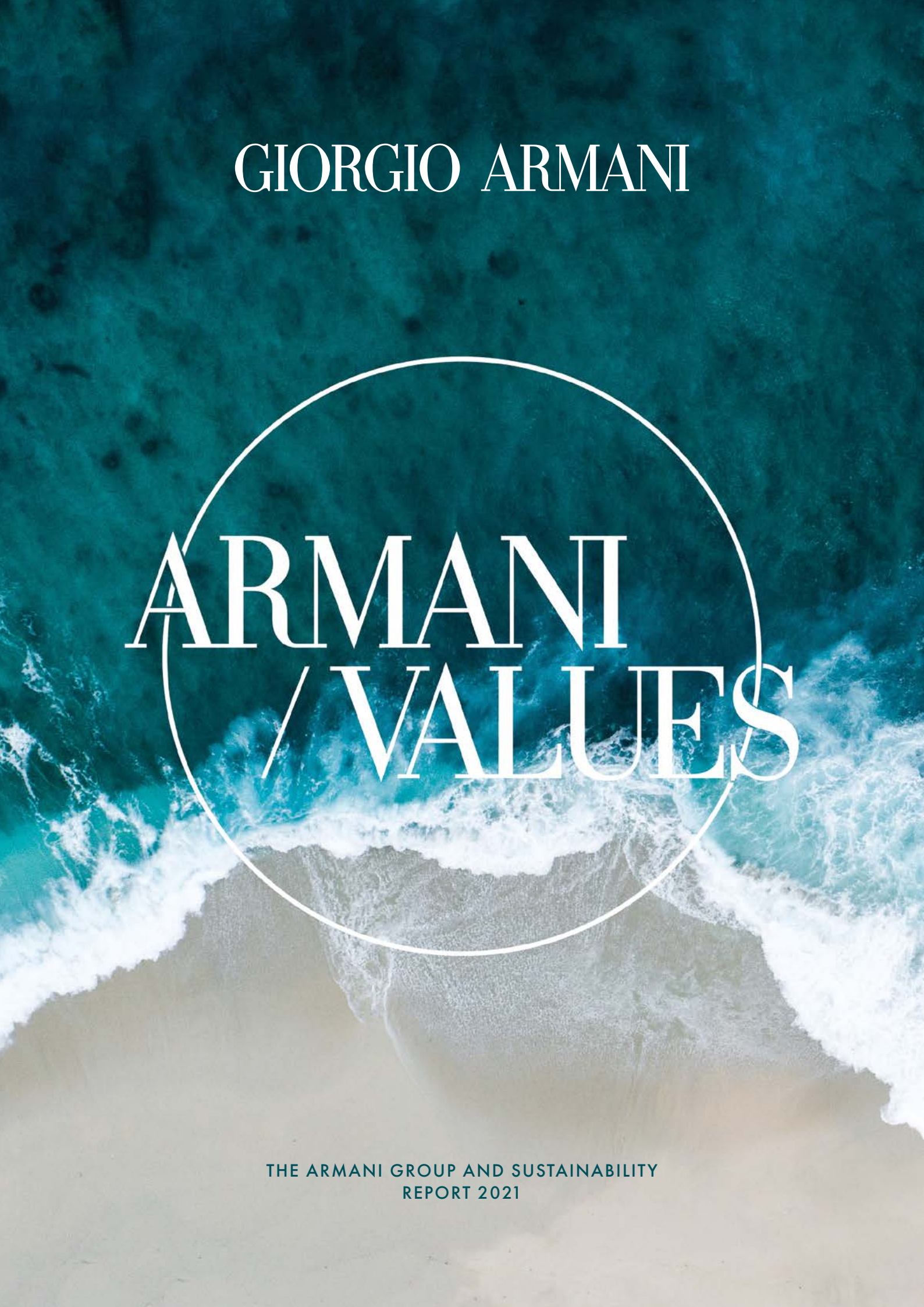
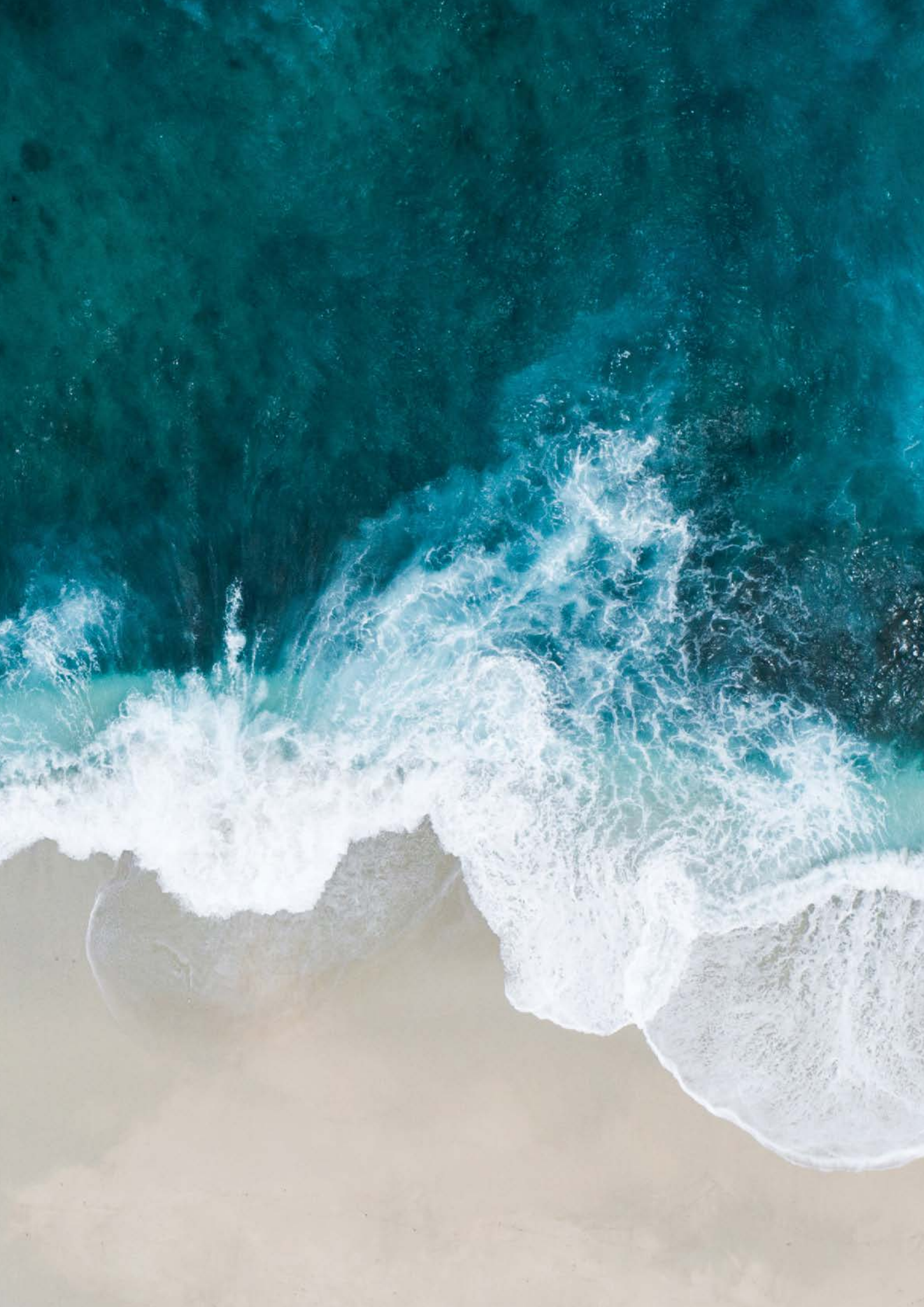


GIORGIO ARMANI



ARMANI
/ VALUES

THE ARMANI GROUP AND SUSTAINABILITY
REPORT 2021



ARMANI / VALUES

Behind the design of our creations there's a remarkable story to tell. Beyond style, there is a lifestyle. Besides our runways there are steps that lead to a more responsible future. Authentic and shared values towards all: the collaborators, the environment, the community.

Armani/Values.
These are our values.
The value of sustainability.



“Meeting the needs of the present generation without compromising the possibilities of the future generations to satisfy theirs” is the imperative of our times.

Lest it remain just a statement of intentions, these concepts need to be integrated into the company’s values and business strategies that guide its development.

This is precisely the commitment that the Armani Group has undertaken from the very beginning, with creations that truly respond to people’s needs and that last over time, to consume less and better, to give value to raw materials and to the expertise of those who know how to transform them into a unique product.

A completely sustainable fashion may be a utopia, but sustainability is a utopia that we must live with and fight for.

We owe it to ourselves, to the planet and above all to the generations to come.

Giorgio Armani

Chairman

OUR COMMITMENT TO SUSTAINABILITY

The distinctive sensitivity towards the changes that society is undergoing and the complex context in which we find ourselves, leads the Armani Group to work towards sustainability with even greater attention and more concretely.

The effort of all those who work in the name and on behalf of the Armani Group is guided by the values formalized in the Code of Ethics: integrity, transparency and sharing, transparency and completeness of information, responsibility towards society, protection and enhancement of diversity, environmental protection and respect.

For the Armani Group, operating in a sustainable way means pursuing the creation of value for the stakeholders through a respect for people, for the environment, and for society as a whole, using resources in a way that does not harm future generations.

Once again this year, and for the future, the Group confirms and reinforces its commitment to giving value to its people, reducing its environmental impact, developing and supporting the territory where it operates, raising awareness among customers on the aspects of social and environmental sustainability, guiding and leading its suppliers on a path of constant improvement.

The sustainability strategy has been designed to be applied globally and structured with specific goals for each Brand and region. This report is the result of a collective effort with contributions from all departments.

More details about these areas - the strategies, objectives and results achieved - can be found in the next pages, which we invite you to read.

Andrea Camerana

Sustainability Managing Director appointed within the Board of Directors



2021 IN NUMBERS AND FACTS



NEW SUSTAINABILITY GOVERNANCE

- Sustainability Managing Director appointed within the Board of Directors
- Group Sustainability Director
- Strategic Sustainability Committee

NEW PEOPLE, PLANET, PROSPERITY STRATEGY

Sustainability Plan 2019-2030

NEW MATERIALITY ANALYSIS

Double materiality
 ~1300 stakeholders involved
 10 stakeholder categories involved
 ~70% response rate



EMPLOYEES

51% of all Senior Executives and Managers are women (out of the total number as of 31/12)
 63% of all employees are women (out of the total number as of 31/12)

DIVERSITY LEADERS RANKING

1st in Italy
 2nd in Europe
 (up 4 positions as compared to 2020)

NEW COVID-19

Covid-19 tests and vaccines made free for all employees

TRAINING

20% more training as compared to 2020



NEW SCIENCE BASED TARGETS (2019 BASELINE)

-50% in Scope 1 and 2 greenhouse gas emissions by 2030
 -42% in Scope 3 emissions, by 2029

RESULTS

-34% in Scope 1 and 2 market-based emissions, as compared to 2019
 -10% in Scope 3 emissions, as compared to 2019 (more maritime shipping)

ENERGY FROM RENEWABLE SOURCES

+26% in energy from renewable sources as compared to 2020

100% electric energy from renewable sources in Italy (goal reached 2 years ahead of schedule)

B2C PACKAGING

90% plastic free, 8% of the remaining 10% is recycled or biobased plastic



NEW CODES, GUIDELINES AND CERTIFICATES

- Sustainability Code for Suppliers
- Sustainable material guidelines for suppliers
- ISO 20121 certification for sustainable events

NEW COLLABORATIONS

- Joining Textile Exchange
- Joining the Fashion Task Force of the "Sustainable Markets Initiative"

MAIN PROJECTS AND SUPPORTED GROUPS

Fondazione Umberto Veronesi, Save the Children, WWF, Fondazione Humanitas, Comunità di Sant'Egidio, Acqua for Life, FAI, Obiettivo 3, ForestaMI, Opera San Francesco, Teatro alla Scala

1. APPROACH TO SUSTAINABILITY

People, Planet, Prosperity

2021 IN NUMBERS AND FACTS

SUSTAINABILITY GOVERNANCE

Sustainability Managing Director
appointed within the Board of Directors
Group Sustainability Director
Strategic Sustainability Committee

MATERIALITY ANALYSIS

Double materiality
~1300 stakeholders involved
10 stakeholder categories involved
~70% response rate

PEOPLE, PLANET, PROSPERITY STRATEGY

Sustainability Plan 2019-2030

1.1 THE GROUP WORLDWIDE: BUSINESS AREAS AND BRANDS

The Armani Group focuses on three key brands: Giorgio Armani, Emporio Armani and A|X Armani Exchange.

The **Giorgio Armani** collection includes suits, accessories, eyewear and the Giorgio Armani Privé Haute Couture Collection, the highest expression of elegance and refinement in the Armani style.

The **Emporio Armani** collection offers a wide choice of ready-to-wear pieces and accessories – including eyewear, watches and jewelry – from the EA7 sportswear collection to the kid's line Emporio Armani Junior. The clothing and accessories of the **A|X Armani Exchange** collection address new generations and take inspiration from street culture.

In addition to these brands, Armani style is also established in the world of **food & beverage**, with restaurants, cafes and Armani clubs, hospitality with **Armani Hotel**, luxury furnishings with **Armani/Casa**, flowers with **Armani/Fiori**, cosmetics with **Armani Beauty** and sweets with **Armani/Dolci**.

Finally, after becoming one of the main sponsors of the **Olimpia Milano basketball team** in 2004, the Armani Group acquired 100% control in 2008, giving rise to a long series of successes, culminating in winning the Italian championship in 2022.

MAIN BRANDS OF THE ARMANI GROUP

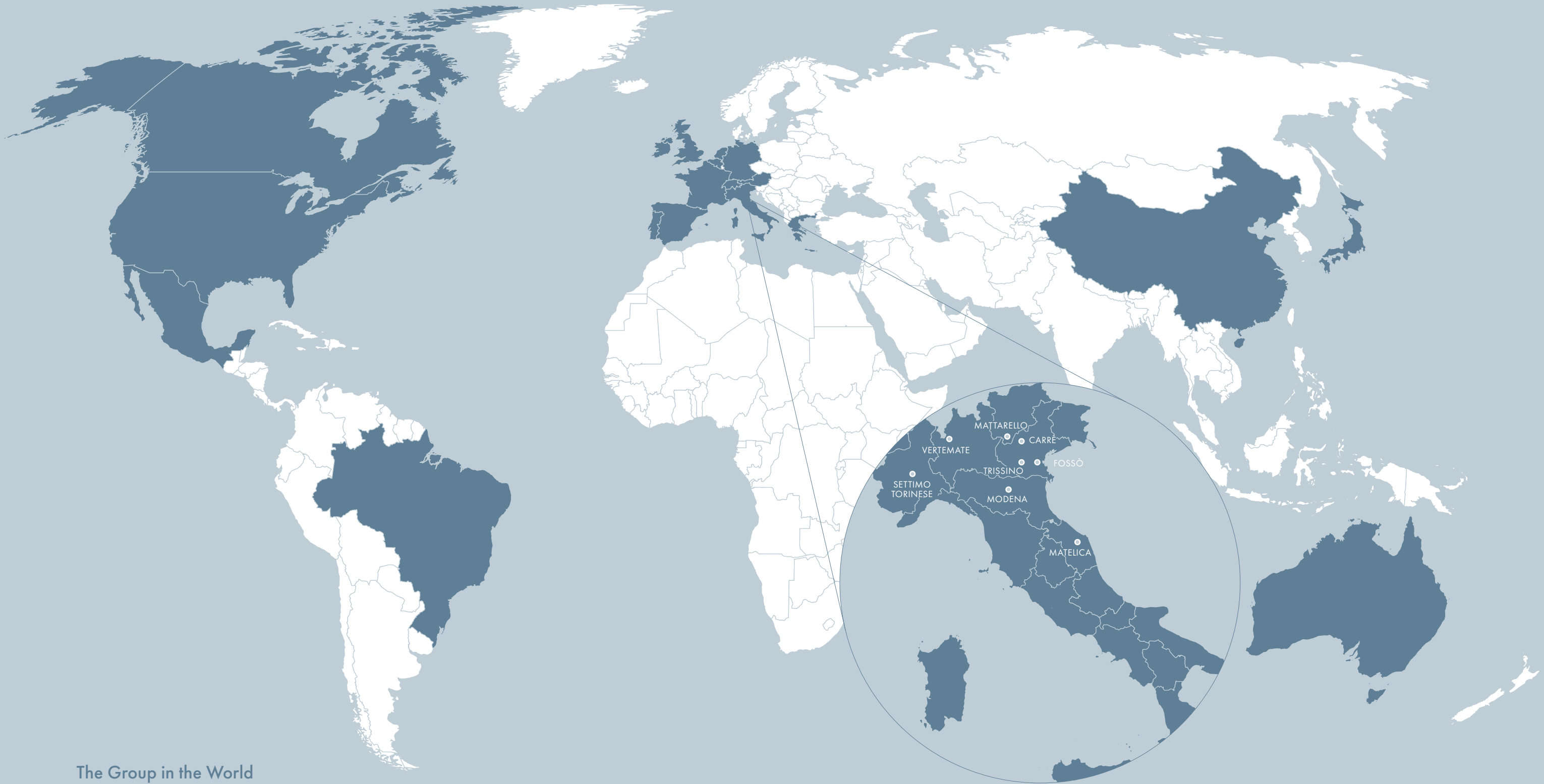
GIORGIO ARMANI

EMPORIO  ARMANI

A | X

ARMANI EXCHANGE





The Group in the World

Solidly rooted in the Italian reality, the company has grown all over the world, expanding its offer from clothes and accessories to cosmetics and perfumes, eyewear, watches, jewelry, furniture and furnishing accessories, taking care of the design, the production and the distribution of products, either directly or through brands licensed to third parties.

● The geographical areas in which the Armani Group directly operates:

Europe: Italy, Belgium, The Netherlands, France, Germany, Austria, Portugal, Spain, UK, Ireland, Switzerland, Munich, Greece

America: United States, Canada, Mexico, Brazil

Asia: Japan, China with the inclusion of Hong Kong S.A. R., Macau S.A.R.

Other: Australia

○ Production sites

Who we are

The Armani Group, leader among companies in the fashion and luxury sector, has displayed elegance to the world for more than 40 years, through a refined and always current lifestyle concept.

Giorgio Armani, Founder, Chairman and Chief Executive Officer of Giorgio Armani S.p.A., is directly involved in all the Group's strategic, stylistic, design and business choices.

Giorgio Armani has created a style which, with great **consistency**, continues to explore the countless changes and possibilities over the years. As an expression of a precise **vision** to the smallest detail, the Armani **style** is a style in the true sense of the word: a way of being and of holding yourself, a style that goes far beyond what you wear.

Convinced that ethics and aesthetics must coincide, Giorgio Armani, through style, expresses lasting and fundamental values. This is done by creating **timeless** objects, whose pure and essential design, enhanced by precious materials and handcrafted works, subtracts from the fleetingness of passing fads. Clothes that favor **a fluidity** that is both soft in the construction as it is a natural and progressive fusion of male and female dress-codes, to convey a mysterious and personal femininity, and a soft and conscious masculinity.

Giorgio Armani has built his own style starting from the body, dressing it with softness, making **comfort** an essential aspect. Imagine discreet clothes, never unnecessarily visible, pleasant to wear, that follow movements naturally; clothes that respond to a function, elegantly. An approach to design that puts the person at the center, offering clothes that are tools of **empowerment** and a new representation of oneself: the power suit of women, now protagonists in the world of work; the soft suit of men far from a rigid and outdated idea of masculinity.



Giorgio Armani believes in an inclusion that is first and foremost mental: rejecting the idea of the generalist status symbol, he speaks to strong personalities, to intelligent characters, to which he offers creations that last throughout time, because they are born from the idea that “less is more”, that is, from the conviction that good design has no expiration date, and nothing comes from irresponsible consumption. Style as a sustainable way of life.

Giorgio Armani exemplifies his unique vision through the utmost **discipline** of an intransigent designer, firstly with himself, taken in the challenge of continuous improvement, and above all through **independence**, a founding and strenuously defended characteristic, the only viaticum of a free and personal expression, of an **authenticity** that has made a style into a lifestyle.

In November 2021, Giorgio Armani received the prestigious award of **Knight Grand Cross decorated with Grand Cordon of the Order of Merit**, from the President of the Italian Republic Sergio Mattarella, in recognition of his civil commitment and contribution to the success of Italy’s international image and prestige.

How we operate

In order to strengthen its governance on the issue of sustainable and responsible development, in 2021 the Group enhanced its Sustainability Department by employing a Group Director and launching a new **sustainability strategy** based on the three pillars “**People, Planet, Prosperity**”. The Group has defined concrete objectives within the company and along the entire value chain, in line with the **ESG approach (Environmental, Social, Governance)** and **with the objectives of the Fashion Pact**¹, an initiative that the Group joined in 2019.

Joining the
Fashion Pact
starting from
2019

1. One of the most important international initiatives to promote the sustainability of fashion, bringing together more than 250 leading brands in fashion and textiles with the will to promote a sustainable and virtuous transformation of the sector.

Through this, the Armani Group has made its commitment even more concrete, announcing its **targets for reducing greenhouse gas emissions (GHG)**, approved by **the Science Based Targets initiative (SBTi)**². The objectives set are considered to be consistent with the containment of global warming below 1,5°C, as provided for in the Paris agreement, which aims to prevent the most damaging effects of climate change.

In light of these commitments, and in line with the strategy and philosophy of “**less is more**”, the Group has implemented a series of actions aimed at a more selective distribution, with smaller collections, a significant reduction of SKUs, deliveries that are not extremely premature and more in line with the rhythms of the seasons.

The Armani Group is an international presence, the result of a long and intense process of commercial expansion, capable of creating and distributing wealth, contributing to the economic growth of the social and environmental context in which it operates and, at the same time, satisfying the economic interests of its stakeholders.

2. SBTi is an institution, formed by a partnership between the Climate Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), that encourages and certifies companies’ public commitment to reducing greenhouse gas emissions by facilitating the transition to a low-carbon economy.



“Countering climate change is a very complex commitment that requires great dedication and must cover the entire production process. The concept of sustainability must be adopted across the board, producing less and better, selecting raw materials with low environmental impact, always looking for innovative processes, reducing waste and scraps, using renewable energy sources and, in this way, decreasing the harmful emissions for the planet.

That is why I am particularly proud of this important path of sustainability that testifies to the Group’s willingness to pursue with determination the commitment undertaken”.

Giorgio Armani

Chairman

The continuous search for style and the diversification of its offer has allowed the Group to respond as quickly as possible to market developments and to be able to turn its attention to a diverse customer base, with different purchasing possibilities, by assigning a distinct and appropriate style and positioning to each of the brands in the portfolio.

These are the keys to success which, despite the difficulties of the international macroeconomic context, have enabled the Armani Group to further consolidate its leadership in the fashion and luxury sector.

The Armani Group is a company with strong roots in the Italian way of life, but with a cosmopolitan vision and culture. It is present in most major countries around the world, with more than **8,300** employees and relies on a relevant distribution network at international level, with flagship stores in the most important and prestigious routes of world luxury.

Global presence
with more
than 8,300
employees

Through the “**Retail**” channel, managed through subsidiaries, the Armani Group distributes product lines realized by the subsidiary **Giorgio Armani Operations S.p.A. (GAO)** directly to final customers. The **directly managed sales outlets (“DMS”)** are present in all the main markets in which the Group operates, in important positions in terms of both image and commercial relevance. The Group’s “**Wholesale**” distribution is mainly aimed at retail traders, typically consisting of Franchisees, Department Stores, specialized multi-brand retailers, Travel Retail and Duty-Free channel operators.

Design and creativity, planning and entrepreneurial intuition are the ingredients that create an articulated universe in which artistic inspirations and functional needs are intertwined.

In this sense, the individual brands apply and implement the sustainability strategies defined at Group level, giving rise to an organic set of specific initiatives and activities.

Partnerships and licensing agreements

In some limited sectors, the Armani Group operates through production and distribution licensing agreements. **These agreements give the Group a leadership position thanks to the specialized competences and technological excellence** that licensees guarantee in categories other than textiles/clothing such as perfumes and cosmetics (L'Oréal), glasses (Luxottica), watches and semi-precious jewellery (Fossil) and sweets (Guido Gobino).

The details of the projects and initiatives developed by the individual brands are given in the following sections of the report. In order to provide a more complete and transparent non-financial disclosure, some information of interest concerning the activities related to Armani Hotels & Resorts, whose data is not included in the reporting scope of this document, is elaborated on in the paragraph below.

Armani Hotels & Resorts

Armani Hotels & Resorts, born in 2005 thanks to an agreement between Giorgio Armani S.p.A. and Emaar Properties, **stand out for the superior level of service offered, for the impeccable design and incomparable luxury**. The exclusive chain, which includes the Armani Hotel Dubai opened in 2010 and the Armani Hotel Milano in 2011, reflects Giorgio Armani's vision of a perfect and harmonious environment.

Green Globe certification in 2017 for the Armani Hotel Dubai

Armani hotels follow sustainability guidelines: the Armani Hotel Dubai, after obtaining **the Green Globe certification** in 2017 (valid for two years and discontinued due to Covid), resumed the path for recertification in 2022. Armani Hotel Milano is working to obtain the same certification by 2023.

Armani Beauty

Nature is the purest form of beauty and has always been the source of inspiration for Giorgio Armani. Making cosmetics in a responsible way is therefore the natural reflection of the designer's values and translates into three crucial areas for sustainability: **eco-conception, fighting against climate change, and fighting the scarcity of clean water**.

Eco-conception is reflected in various initiatives, such as refillable products, packaging made of recycled materials, and promoting the use of natural ingredients from sustainable sources.



To help the fight against climate change, Armani Beauty tackles carbon emissions, protecting forests that are fundamental to biodiversity and committing to cutting its carbon footprint.

The fight against water scarcity lies at the heart of the **Acqua for Life initiative**, which has provided the world's poorest communities with access to safe and clean water for the last ten years. With an investment of EUR 7,7 million, the program has already reached 195.000 people worldwide and continues to promote active involvement to raise awareness.

195.000 people
reached by the
Acqua for Life
initiative

Giorgio Armani, Emporio Armani and A|X Armani Exchange eyewear

Giorgio Armani eyewear stands out for elegance, extreme attention to detail, quality and cutting-edge technology. Every single product transmits **characteristics of absolute uniqueness, but also practicality and comfort.**

Designed for young and very young people, Emporio Armani eyewear is dedicated to all those who want an individual and modern style. A|X Armani Exchange eyewear stands out for their youthful and casual style.





Emporio Armani and A|X Armani Exchange watches

The Emporio Armani watch line, created in 1997, is dedicated to men and women who lead a modern, casual, yet sophisticated lifestyle with innovative forms and materials balanced by a classic style.

This was joined by the A|X Armani Exchange watch line, aimed at young people with a style inspired by urban fashion.

Armani/Dolci

Armani/Dolci is the expression of the Armani lifestyle dedicated to the world of taste. It was launched in 2002 with the desire to marry the best flavours and the finest ingredients with the signature Giorgio Armani style and elegant aesthetic.

Armani/Dolci products are created in collaboration with **Guido Gobino S.r.l.**, an award-winning craftsman of the Italian chocolate industry, who blends tradition with a flair for innovation, uniting creativity, flavour and passion to create the highest quality of handmade chocolates, with particular attention to the selection of raw materials. The refinement of the products is also reflected by the use of sophisticated and essential packaging.

1.2 GOVERNANCE, VALUE CREATION AND DISTRIBUTION

1.2.1. Governance and Group structure

The organizational structure of the Armani Group as of 31 December 2021, is composed of companies located all over the world and – in almost all cases – 100% controlled by the parent company Giorgio Armani S.p.A. headquartered in Milan, which guarantees the Group's operations and staff functions at global level. Giorgio Armani, in addition to presiding over the Board of Directors, also holds the position of Chief Executive Officer.

Since the founding of the Giorgio Armani Foundation in 2016, the Group's governance structures have been stable over time. With this, Giorgio Armani wanted to ensure continuous guidance for the company's future management, as well as to foster and protect the values and principles that have always inspired the founder's creative and entrepreneurial activities.

The production process that belongs to the Armani Group is managed by the subsidiary Giorgio Armani Operations S.p.A. (GAO), which relies on its own plants in Italy and producers and partners outside the company. GAO also deals with quality controls on raw materials and finished products, ensuring maximum care in the selection of materials used, from fabric to individual components, in every phase of the production process. GAO's main production centers are in Modena, Trissino (VI), Fosso (VE), Mattarello (TN), Settimo Torinese (TO), Matelica (MC), Carrè (VI) and Vertemate (CO).

Social positions as of 31 December 2021

Board of Directors

Giorgio Armani	Chairman and Chief Executive Officer
Rosanna Armani	Board member
Silvana Armani	Board member
Roberta Armani	Board member
Pantaleo Dell'Orco	Board member
Andrea Camerana	Sustainability Managing Director within the Board
Federico Marchetti	Board member

Board of Directors, composition by gender and age

	31 December 2021		31 December 2020	
	Man	Woman	Man	Woman
Age group				
>50 (number)	4	3	4	3
>50 (%)	57%	43%	57%	43%

Board of Statutory Auditors

Marco Terrenghi	Chairman
Luca Gaiani	Statutory Auditor
Andrea Zoccali	Statutory Auditor
Vieri Chimenti	Alternate Auditor
Maria Cristina Pedroni	Alternate Auditor

Supervisory body

Paolo Pacciani	Chairman
Marco Terrenghi	
Luca Gaiani	

1.2.2 Sustainability governance

In order to turn its commitment into clear and concrete actions aimed at continuous improvement in ESG (Environmental, Social, Governance) matters, the Group strengthened its governance structure throughout 2021.

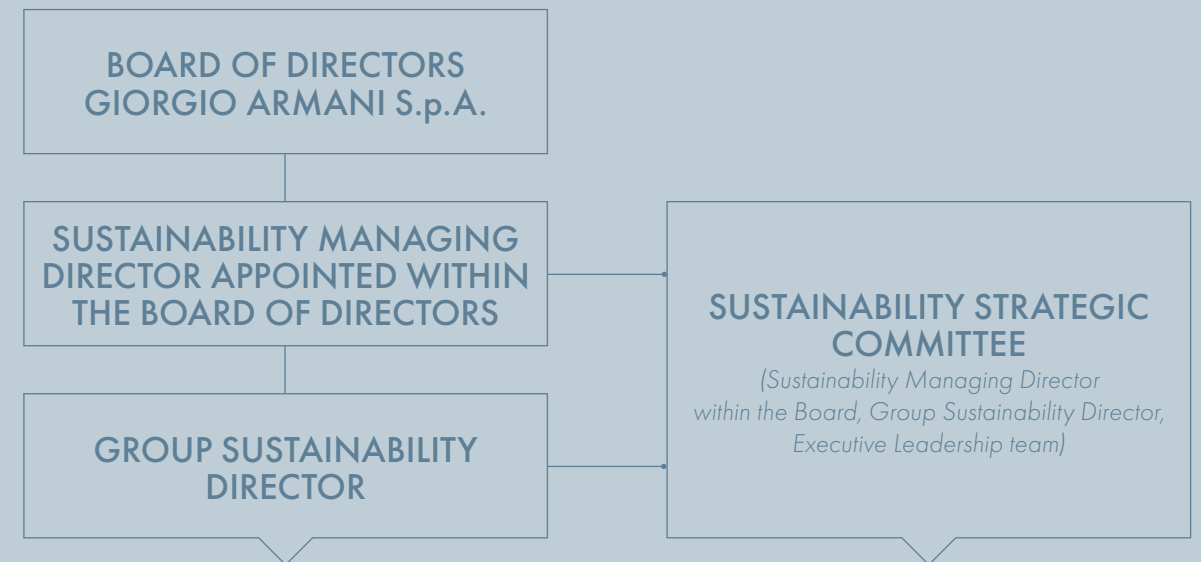
In particular, the Board of Directors has identified a **Sustainability Managing Director appointed within the Board of Directors** (including human rights and the environment) in order to oversee the Group’s commitment to ESG. The Armani Group has also included in the organization a **Group Sustainability Director to head the Sustainability Department**, reporting directly to the Sustainability Managing Director, appointed within the Board of Directors. In addition, a **Strategic Sustainability Committee** was established, composed of the Sustainability Managing Director, the Group Sustainability Director and the **Executive Leadership Team**³. This Committee meets at least once a month with the aim of approving, monitoring and providing specific guidelines in relation to performance objectives and ensuring proper alignment of risk management strategy, activities and functioning to the internal and external context.

The Strategic Sustainability Committee reports regularly to the Chairman of the Armani Group, presenting the achieved results and identifying improvement areas for the future, in line with the business strategy.

3. The Executive Leadership Team is composed of: the Commercial Deputy Managing Director, the Operations Deputy Managing Director, the Industrial Deputy Managing Director, and the Global Human Resources Director.



The sustainability governance model⁴



- Leads the strategic definition process for strategy and, together with corporate functions, develops the initiatives identified in order to meet predetermined objectives, for risk/opportunity management and external reporting
- Manages the identification process of social and environmental risks connected to the business
- Identifies guidelines for managing human and environmental rights connected to the business and verifies conformity over time
- Approves, monitors and provides guidelines on performance targets, such as the strategic sustainability objectives of the Group, in line with the “less is more” business strategy
- Ensures that the company’s strategy, activities and risks are consistent with the internal and external environment
- Approves and ensures that identified social and environmental risks are consistent with the business
- Approves and ensures that guidelines for human and environmental rights are consistent with the business
- Validates the results of the risk management process, ensuring coherence with both the business and the relevant context

It should also be noted that the Group has further developed its Materiality analysis model and identification of ESG risks, of which the main details are presented in paragraph 1.3.1 “The analysis of Materiality, ESG risks and opportunities”.

4. For any information on the Group’s Sustainability governance, please contact the Group Sustainability Director at the following e-mail address: info@armanivalues.com.

1.2.3 The values and the control system

The Group's values are formalized within the Code of Ethics, whose norms are dictated by a specific social and moral commitment and guide the actions of all those who work in the name and on behalf of the company. The Armani Group Code of Ethics is the cornerstone of the business ethics model and contains the ethical principles and rules of conduct that the organization shares with all employees, collaborators and suppliers.

The adoption and application of the **Code of Ethics** favors the processes of long-term value creation and distribution for all stakeholders. The Group promotes its knowledge through various means, such as online publications at www.armanivalues.com and direct communications and, according to procedure, requires the subscription of any supply contract or commercial agreement, making it a prerequisite for the establishment of the contractual relationship.

OUR VALUES



INTEGRITY AND SHARING



TRUST



TEAM SPIRIT



DIVERSITY PROTECTION AND PROMOTION



RESPONSIBILITY TOWARDS THE COMMUNITY



TRANSPARENCY AND COMPLETENESS OF INFORMATION



EMPLOYEE POLICY



PROTECTION AND RESPECT FOR THE ENVIRONMENT



Giorgio Armani S.p.A. has defined a **Model of Organization, Management and Control (Model 231)**, of which the Code of Ethics is an integral part, for the prevention of violations, in accordance with the instructions of Legislative Decree no. 231/2001 and subsequent amendments. The model includes a system of rules and principles that guarantee the respect of the law in the performance of the Group's activities, identifying and preventing risk situations.

In this context, there is an internal control system to ensure that decisions are consistent with business goals and values. The control system consists of tools, procedures and regulations that define and guide the structure of information flows and the process of identifying, managing and monitoring risks, with particular attention to those related to corruption. Specific procedures are in place to monitor issues such as payment authorizations, supplier selection, investments, management of relations with Public Administration and gifts. **The Supervisory Body (OdV) ensures the implementation of Model 231 through regular inspections.**

Zero cases of discrimination and corruption in 2021

Even with the measures taken to implement the principles set out in the Code of Ethics, there were no instances of discrimination during 2021. In 2021, the OdV did not find any episodes of established or alleged corruption on the part of persons working within or on behalf of the Armani Group. Similarly, no cases of non-compliance with existing social, environmental and economic laws has been found. Moreover, in 2021, the Armani Group was not subject to legal action in the field of anti-competitive behavior, antitrust and monopoly practices.

1.2.4 The model for distribution and creation of value

2021 results show a progressive and clear recovery compared to 2020, characterized by the global health emergency caused by the Covid-19 pandemic.

The pandemic reminded everyone how fragile and vulnerable modern globalized societies and economies are in the face of sudden and unexpected shocks and prompted reflection on the timelines and pace of the fashion industry, from the proliferation of collections to major events, on the need for a careful and intelligent re-modulation of the commercial pace, realigning the commercial seasons with the natural ones, on inherent environmental and social responsibilities. The crisis has also proved to be an opportunity to give and rediscover the value of the authenticity of products and the way they are presented to the public, with greater awareness and sensitivity to the issues of transparency and sustainability.

Despite this difficult geopolitical situation, the Group continued **its investment plan in 2021 for the expansion and renewal of its distribution network.**

In 2021, the Group's consolidated net revenues amounted to 2,019.2 million euros, an increase of 26.3% compared to 2020, recovering almost entirely to the levels recorded before the Covid-19 pandemic (-6.3% compared to 2019). Consolidated net profit amounted to 169.9 million euros, much higher than pre-pandemic levels.

2021 revenues
2,019.2 € / mln
+ 26% vs 2020

The Group's financial and capital data remain solid and enable the management and self-financing needs of its investment programs to be adequately supported: at the end of 2021, net cash and cash equivalents amounted to 1,120 million euros (925 million euros in 2020), while net equity amounted to 2,108 million euros (2,010 million euros in 2020).

2021 equity
2,108 € / mln

Summary financial results (Mln €)

	2021 ⁵	2020 ⁵	2019 ⁵
Consolidated Revenues	2,019.2	1,599.1	2,155.8
Gross Operating Profit before Depreciation and Amortization (EBITDA)	435.2	263.1	494.1
Operating Profit (EBIT)	171.2	(29.5)	172.8
Net Income	169.9	89.8	119.1

5. The 2019, 2020, and 2021 results take into account the effects of IFRS16. For more information on economic performance, please refer to the Group Financial Report 2021.

Value added

Value added indicates the difference between the value and the intermediate costs of production and, through its determination, the Group is able to measure both the economic performance of management and its ability to create the conditions for the generated economic value to be distributed to stakeholders.

The economic value has been divided into three levels: generated, distributed and retained by the Group. The latter will enable the Group to increase its financial and economic stability, allowing it to last over time.

Economic value generated and distributed (000€)

	2021 ⁵	2020 ⁵	2019 ⁵
Economic value generated by the Group	2,055,577	1,594,343	2,143,680
Revenues	2,019,239	1,599,067	2,155,806
Other income	9,455	12,942	3,848
Financial income	3,995	2,680	5,011
Value adjustments to financial assets	(445)	-	-
Write-down of receivables	(1,687)	(2,418)	(5,174)
Exchange rate differences	29,007	(13,172)	(151)
Income/expenses from the sale of tangible and intangible assets	-	-	-
Value adjustments to tangible and intangible assets	(3,987)	(4,756)	(15,660)
Economic value distributed by the Group	1,724,819	1,302,452	1,850,244
Operating costs	1,139,146	924,500	1,200,770
Employees' compensation	450,370	412,742	455,456
Payments to lenders	12,935	15,997	18,718
Payments to investors	100,035	90,060	134,995
Payments to Government Authorities ⁶	20,898	(145,780)	39,767
Gifts to third parties	1,435	4,933	538
Economic value retained by the Group	330,758	291,891	293,436
Depreciation and amortization	260,050	287,863	305,690
Provisions	852	4,277	3,606
Reserves (variations of)	69,856	(249)	(15,860)

5. The 2019, 2020, and 2021 results take into account the effects of IFRS16. For more information on economic performance, please refer to the Group Financial Report 2021.

6. In relation to the tax aspects, the Group complies with the applicable regulations in the various areas of operations, providing maximum cooperation to the Authorities when issues or in-depth investigations in this regard occur.



THE SUSTAINABILITY TIMELINE

1996

Exhibition of a **recycled jeans model** at the Museum of Science and Technology in Milan

2003

CA-RI-FE Award for the reintroduction of textile hemp in the Italian fashion sector

2010

Birth of the **Acqua for Life** project

2012

Outfit made from **recycled PET** on the **Golden Globes Red Carpet**

2013

Establishment of the **Corporate Social Responsibility** Department

Publication of **PRSL specifications**

2014

Publication of **codes of conduct** and **first social and environmental audits** performed on the supply chain

Installation of the first **photovoltaic systems** in the buildings located in Via Bergognone, Milan

2015

First Life Cycle Assessment (LCA) **studies performed on best sellers** (Project of the Ministry of the Environment)

Armani/Silos opening

2016

Giorgio Armani Foundation establishment

Fur Free Policy and PETA Fashion Award

Publication of the **"Guidelines on the Eco-Toxicological Requirements"** by Italy's Camera Nazionale della Moda Italiana – CNMI (National Chamber for Italian Fashion)

2017

Green Carpet Fashion Award

Publication of the **"Guidelines for Chemical Mixtures"** and **"Guidelines for the Sustainability of Retail"**

2018

Armani Sustainability Project (ASP) pilot project

Olimpia Milan Team uniform made from recycled PET

First year of public reporting (**Sustainability Report 2018**)

2019

Sustainability-themed **"Armani Development Program"**

Signing on to the **Fashion Pact**

Opening of the **first Green concept outlet**

2020

Launching of the **Emporio Armani recycled Capsule collection**

Support for the Covid-19 Emergency

2021

Launch of sustainability strategy – People, Planet, Prosperity – and **strengthening of governance**

ISO 20121 certification of the sustainable event **"One Night Only Dubai"**

Communication of the commitment to not use angora wool for all lines collections from the Fall Winter 2022/2023 season

The Armani Group appointed as **Diversity Leader in the Financial Times** ranking

Launch sustainable capsules with yarns and/or fabrics made of materials such as recycled polyester or organic cotton

Publication of the GHG reduction targets, approved by the **Science Based Targets Initiative (SBTi)**

Membership of the **"Sustainable Markets Initiative"** Fashion Task Force

Textile Exchange Membership

Extension of **stakeholder engagement** activities and update of the **Materiality matrix** with a view to **double Materiality**

“People, Planet, Prosperity
I think that fashion can contribute to the ongoing transformation by realigning itself to the real needs of people, respecting the common goods to be protected: the social fabric and the environment”.

Giorgio Armani

Chairman

1.3 THE SUSTAINABILITY STRATEGY AND PLAN 2019-2030

With the launch of the new sustainability strategy, in 2021 the Armani Group further strengthened the strategic planning process by defining a path based on three priority areas of action consistent with the main international frameworks: Planet, People, Prosperity.

The Group intends to progressively integrate sustainability into its strategic choices on the basis of a holistic approach across the entire value chain and integrating the ambitions defined by the **Sustainable Development Goals** identified by the United Nations (**SDGs**).

For each of the three areas, in line with the results of the Materiality analysis (which will be presented in the next paragraph), specific improvements of a qualitative-quantitative nature have been identified and planned, which are summarized in the Group's new Sustainability Plan. Details of this are given in paragraph 1.3.2 “Achievements and future objectives”.



1.3.1 The materiality analysis, ESG risks and opportunities


In line with the standards used, the Armani Group reports the main sustainability performance and results consistently with the materiality principle, which makes it possible to identify the issues of greatest strategic interest to the Group in order to create value in the medium-long term and most relevant to its stakeholders, considering the related impacts generated and experienced.

The Armani Group has undertaken an important path of deepening its materiality analysis, taking into account the evolution of the Group's strategic perspective, which is reflected in the strategy and the Sustainability Plan, and the expectations of the main stakeholders.

The materiality analysis process was conducted in accordance with the GRI Standards and based on the documentation available in the Corporate Sustainability Reporting Directive (CSRD), and was divided into the following 5 main phases:

 **External and internal context analysis**

 **Stakeholder categories mapping**

 **Sustainability issues identification**

 **Stakeholders involvement**

 **Results analysis and materiality matrix**



External and internal context analysis

In order to identify the main ESG trends, a context analysis – both external and internal – was conducted, which took into account the documentation published by the main actors operating in the Fashion & Luxury sector, the main regulatory aspects of reference (e.g. non-financial reporting, circular economy, human rights, anti-corruption and business ethics regulations), some of the main sustainability reporting frameworks and guidelines (e.g. RobecoSAM Yearbook 2022, SASB, WEF - the Global risks Report 2022) and reference literary documents for the sector (e.g. Fashion Pact, Italian Fashion Sustainability Manifesto). The analysis was also useful in mapping the existing connections between the external context aspects relevant to the Group and the main internal elements of strategy and policy for continuous improvement.

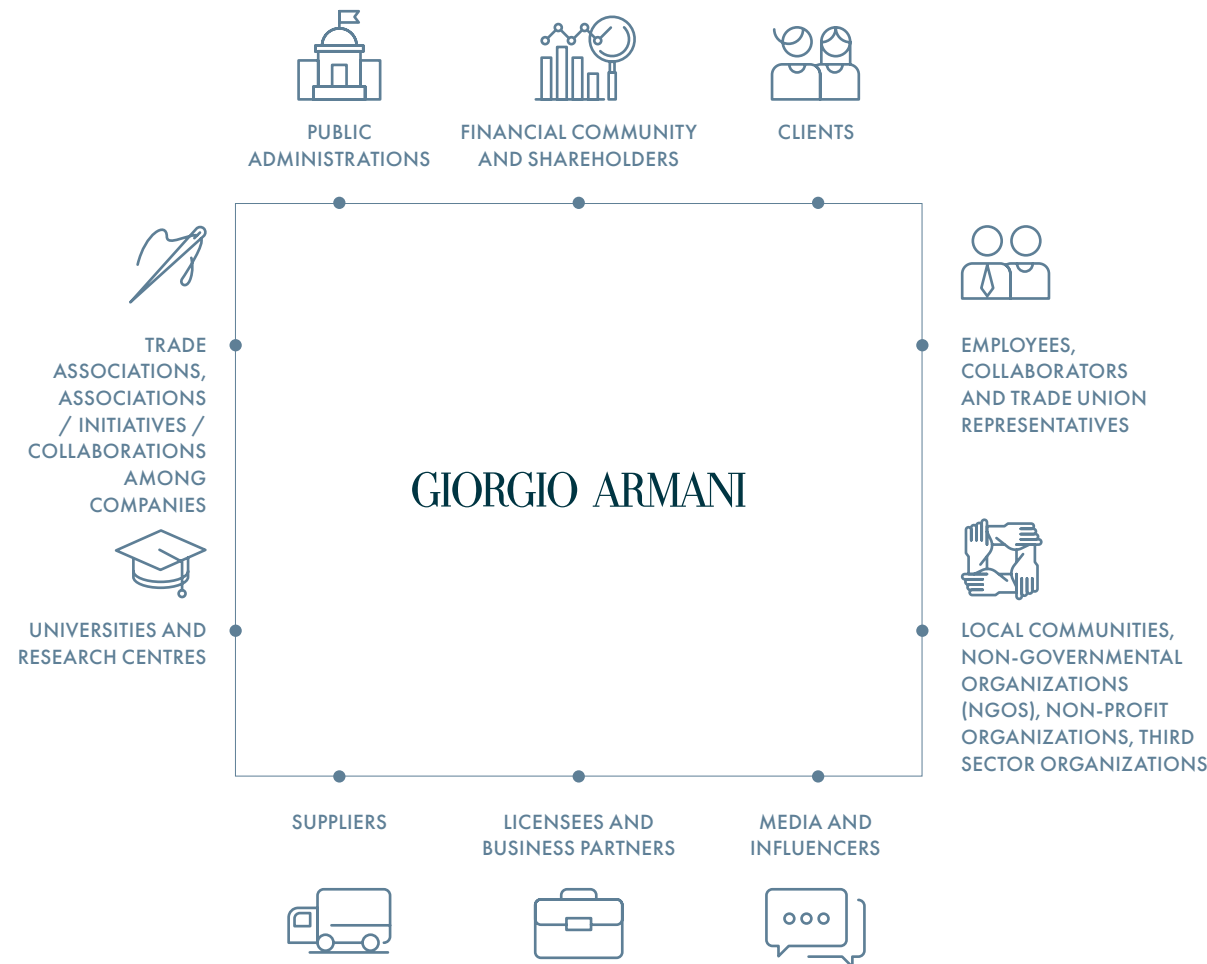


Mapping of the most important stakeholder categories for the Group

On the basis of the results of the external and internal contextual analysis carried out, it was possible to identify the most relevant categories of stakeholders for the Group. This process, in line with the main reference frameworks (e.g., GRI Standards, AA1000), was carried out on the basis of:

- The potential degree of influence/interest that stakeholders have on the organization;
- The potential degree of influence/impact that the organization has on stakeholders, taking into account the Group's activities and products/ services, as well as their performance results.

MAP OF THE STAKEHOLDERS



Throughout the year, stakeholders are engaged in various ways by the Armani Group through key reference points and according to their relationship with business areas.



Identification of sustainability issues of interest and preliminary mapping of their potential/current, positive/negative impacts for the next evaluation phase.

In the light of the results obtained in the previous two phases, it was possible to identify the list of sustainability issues of potential importance for the Armani Group and its stakeholders, preliminarily mapping the relative potential/current, positive/negative impacts on the economy, the environment and people, also in relation to their human rights.

In particular, the following 19 sustainability issues have been identified, linked to the priority areas of action and grouped into six ESG macro-areas:

PRIORITY AREA OF ACTION	ESG MACRO-AREAS	SUSTAINABILITY ISSUES
PEOPLE	Employees' well-being and talent development	Promotion of diversity and inclusion
		Talent attraction and employee well-being
		Employee training and development
PLANET	Environmental protection and efficient use of resources	Health and safety in the workplace
		Climate change and energy efficiency
		Protection of biodiversity
		Protection of the oceans
		Water resource management
PROSPERITY	Support and involvement of Communities	Eco-design, product life cycle and circular economy
		Support to local communities and to the territory
	Focus on the customer	Information management and privacy
		Product quality and safety standards
		Brand enhancement and protection
	Responsible management of the Supply Chain	Product labeling and communication
		Respect for human and workers' rights
Sustainability aspects in the value chain/production chain		
RELEVANT ACROSS THE BOARD		Sustainable procurement of raw materials
		Compliance and Business Ethics
		Creation and distribution of economic value



Involvement of stakeholders through sending out online questionnaires and carrying out one-to-one and group interviews, in order to evaluate the main themes for the identification of material topics.

Once the sustainability topics of potential relevance have been defined, an extensive stakeholder engagement activity was conducted for the purposes of their in-depth evaluation. The process proved to be an important opportunity to listen and engage with the Top Management of the Group and its stakeholders.

Compared to previous years, stakeholder involvement covered **a wider range of stakeholder categories** and had the objective of involving a global sample of stakeholders, representing the many points of view within the Group. This operation has enabled, on the one hand, the spread of a greater awareness and the strengthening of the culture of sustainability and, on the other, the consolidation of the relationship with stakeholders, bringing out different needs and expectations.

Through online questionnaires and one-to-one interviews, about 1,300 stakeholders were involved, with a response rate of about 70% (including about: 100 top management responses between first and second tiers, 680 employees and 100 others from various categories, financial communities, customers, local communities, non-governmental organizations (NGOs), non-profit organizations and third sector entities, media and influencers, licensees and business partners, suppliers, universities and research centers, trade associations, business associations and public administration).

STAKEHOLDER ENGAGEMENT

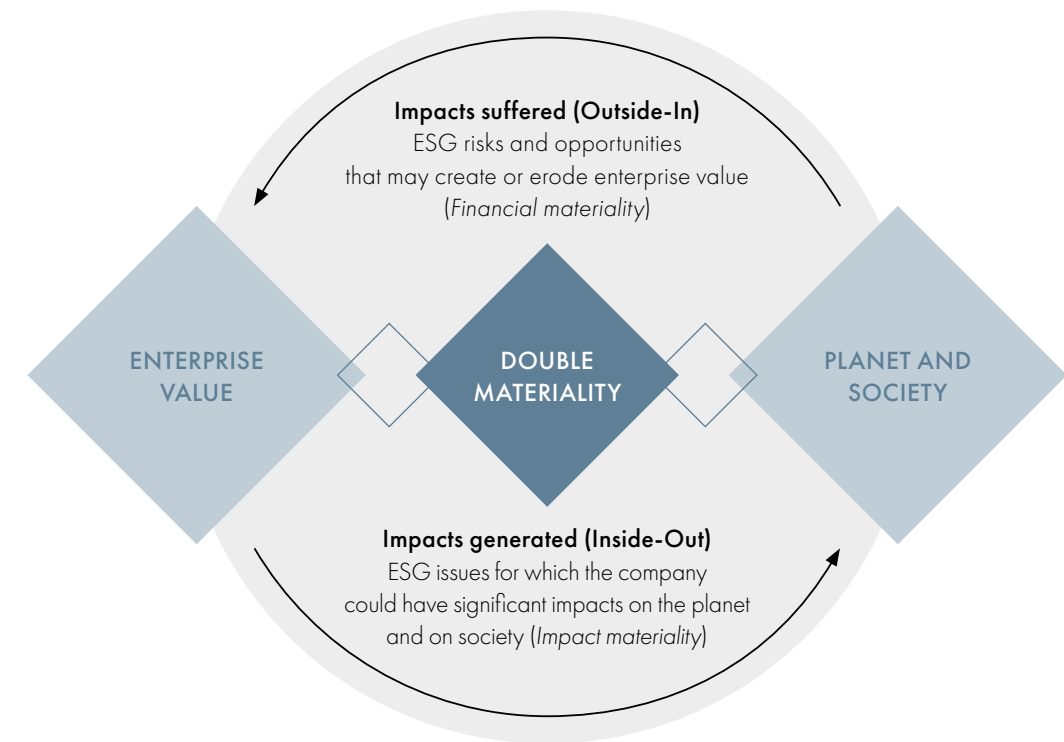
<p>~1,300 stakeholders involved</p>	<p>~70% response rate to online questionnaires</p>	<p>10 categories of stakeholders involved</p>
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This activity has enabled the Group to collect not only assessments on the relevance of the impacts associated with the identified sustainability issues, but also important ideas for medium- and long-term strategic considerations.

In-depth analysis in the context of double materiality and evaluation procedures

In particular, the Group evaluated sustainability issues for the first time from a **double materiality perspective**, that is, from a dual perspective:

- **Impact materiality (inside-out)**, considering the impact these topics can have on the society and the environment;
- **Financial materiality (outside-in)**, considering the ESG risks and opportunities associated with these issues that could affect business value.



By way of example, with reference to the topic of climate change and energy efficiency, among the impacts generated (inside-out perspective) the emissions to air generated/linked to the Group's activities were considered, while among the impacts experienced (outside-in perspective) physical and transition risk elements (e.g., potential sanctions/regulatory compliance, business continuity) were considered. The approach used will be further developed in the future, in line with the evolution of reporting methods in connection with the Corporate Sustainability Reporting Directive (CSRD).

In particular, the Top Management involved evaluated the issues taking into account both the Impact and Financial materiality perspectives. Stakeholders, on the other hand, assessed sustainability issues on the basis of their relevance in the light of their decision-making needs and prospects, considering only the impacts generated (inside-out).

In the Impact materiality assessment, the following parameters were asked to be considered, in line with the requirements of the GRI Standards:

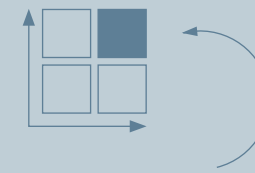
- **Scale:** Severity of impact;
- **Scope:** Perimeter of impact;
- **Irremediability:** Ability to mitigate impact;
- **Probability:** Frequency of occurrence of the impact;
- **Contribution:** The Group's contribution to the impact.



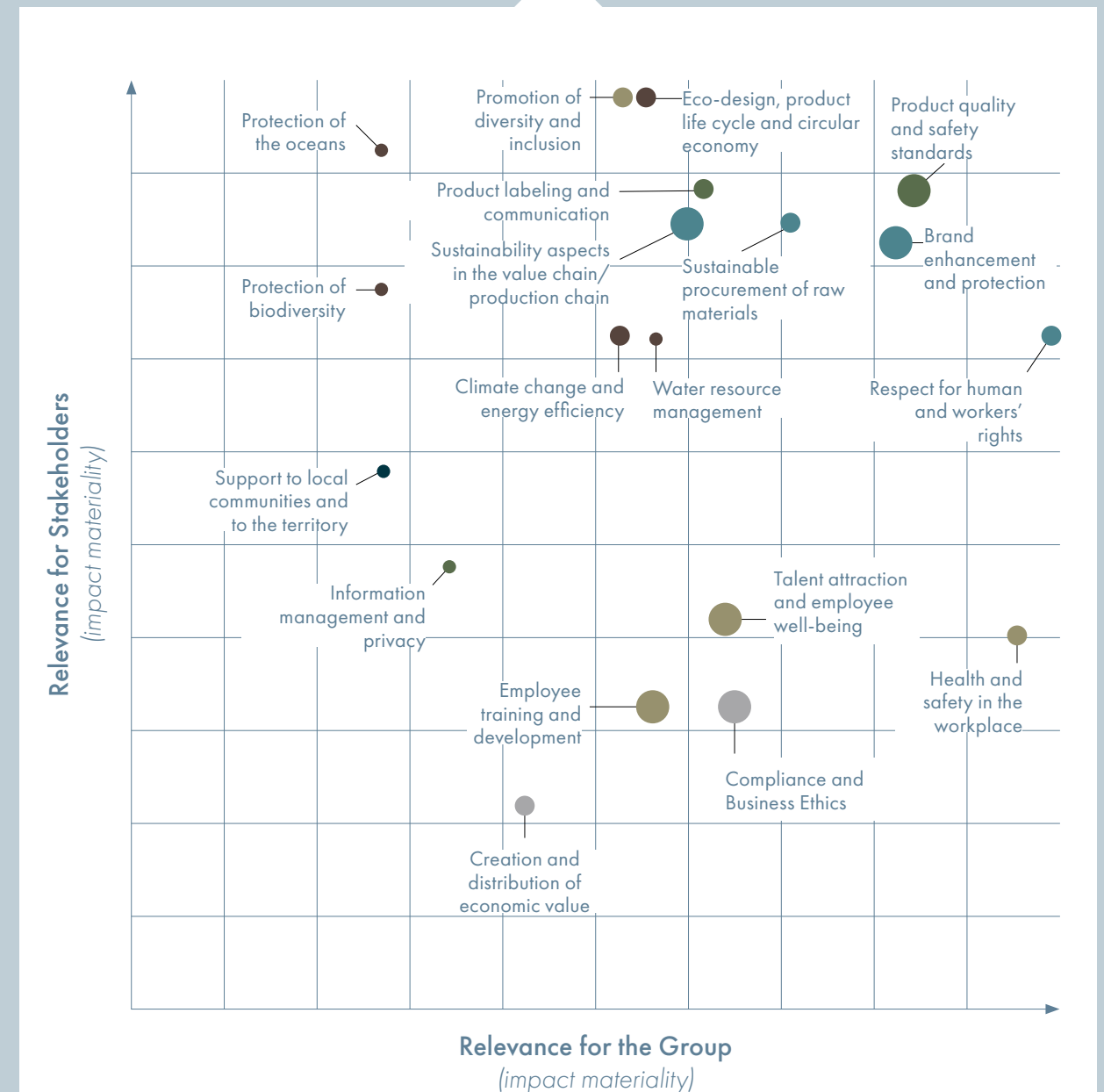
Analysis of the results and preparation of the materiality matrix of the Armani Group.

The assessments collected during the stakeholder engagement process have been consolidated and elaborated in order to synthesize the multiple views and perspectives into a single sharing graphic element: the **materiality matrix**. The materiality matrix, represented below, presents:

- On the x-axis the Top Management vote for each subject on the basis of the impact assessment (Impact Materiality);
- On the y-axis the vote of the stakeholders for each subject on the basis of the relevance of the impacts associated with it, in light of their decision-making needs and prospects (Impact Materiality);
- The size of the circles associated with each topic represents the Top Management's vote on the capacity that the potential/current, positive/negative impacts felt in relation to these issues have to create and/or erode value for the Group (Financial Materiality).



MATERIALITY MATRIX



Legend

Financial Materiality
(Relevance - Size of the circle)



Macro-area of reference
(Colors)

- PEOPLE: ● Employees' well-being and talent development
- PLANET: ● Environmental protection and efficient use of resources
- PROSPERITY: ● Responsible management of the Supply Chain
- PROSPERITY: ● Focus on the customer
- PROSPERITY: ● Support and involvement of Communities
- PROSPERITY: ● Relevant across the board

It should be noted that all sustainability issues assessed have received medium-high scores in terms of relevance. In particular, the most important topic for both the Group and its stakeholders is **the quality and safety standards of the product**.

In relation to Impact Materiality, the ten most important issues are:

- Product quality and safety standards;
- Brand enhancement and protection;
- Respect for human and workers' rights;
- Sustainable procurement of raw materials;
- Product labeling and communication;
- Climate change and energy efficiency;
- Water resource management;
- Sustainability aspects in the value chain/production chain;
- Eco-design, product life cycle and circular economy;
- Promotion of diversity and inclusion.

In relation to the *Financial Materiality*, the six most important issues are:

- Product quality and safety standards;
- Brand enhancement and protection;
- Sustainability aspects in the value chain/production chain;
- Talent attraction and employee well-being;
- Compliance and business ethics;
- Employee training and development.

The Armani Group particularly values the discussion between the Group and its stakeholders, so it is committed to following up on this engagement activity by sending feedback to all participants reached and by carrying out additional feedback moments during the year in order to continue to gather the needs of individual stakeholders.

ESG Risks and Opportunities




Throughout 2021, the Group began mapping the main external risks and opportunities linked to the sustainability context in line with the Group's strategic approach and the analysis of the Double Materiality carried out and described above.

In particular, on the basis of the activities involving internal risk owners and the main ESG risks highlighted in the reference literature – including the documents "Global Risk Report 2022" from the World Economic Forum and "Identifying the major business risks for 2022" from Allianz - it was possible to study the areas of particular importance for the Group **to develop improvement paths in Enterprise Risk Management (ERM) in the near future**, on the basis of the best international reference frameworks (e.g., COSO Framework).



The following is the correlation identified between the strategic areas of interest of the Group, the identified materiality issues and the main inherent risks of external factors mapped until today.

In the future, this representation will be the subject to further updates in the light of progressive understanding and measurement of ESG risks and opportunities on the basis of the impacts that these may have on the Group and its stakeholders.

PRIORITY AREA OF ACTION	ESG MACRO AREAS	RELEVANT SUSTAINABILITY ISSUES	MAIN INHERENT EXTERNAL RISK FACTORS
<p>PEOPLE</p> 	<p>Employees' well-being and talent development</p>	<p>Promotion of diversity and inclusion</p> <p>Talent attraction and employee well-being</p> <p>Employee training and development</p> <p>Health and safety in the workplace</p>	<ul style="list-style-type: none"> • Labor and livelihood crises • Erosion of social cohesion and widespread youth disillusionment • Lack of skilled labor and turnover of staff • Pandemics, epidemics and deterioration of mental well-being
<p>PLANET</p> 	<p>Environmental protection and efficient use of resources</p>	<p>Climate change and energy efficiency</p> <p>Protection of biodiversity</p> <p>Protection of the oceans</p> <p>Water resource management</p> <p>Eco-design, product life cycle and circular economy</p>	<ul style="list-style-type: none"> • Climate change, loss of biodiversity, and collapse of ecosystems • Failure of action for the climate • Extreme weather events • Environmental damage caused by man • Natural disasters • Damage caused by pollution to human health
<p>PROSPERITY</p> 	<p>Support and involvement of communities</p> <p>Focus on the customer</p> <p>Responsible management of the Supply Chain</p>	<p>Support to local communities and to the territory</p> <p>Information management and privacy</p> <p>Product quality and safety standards</p> <p>Brand enhancement and protection</p> <p>Product labeling and communication</p> <p>Respect for human and workers' rights</p> <p>Sustainability aspects in the value chain</p> <p>Sustainable procurement of raw materials</p>	<ul style="list-style-type: none"> • Cyberattacks • Supply interruptions • Human rights violations along the supply chain • Non-compliance, third party ESG non-compliance • Unexpected developments in the reference markets • Unavailability of Raw materials
<p>RELEVANT ACROSS THE BOARD</p>		<p>Compliance and Business Ethics</p> <p>Creation and distribution of economic value</p>	<ul style="list-style-type: none"> • Disruptive legislative and regulatory changes • Debt crisis in large economies • Sustained economic stagnation and inflation • Business interruption due to external factors • Macroeconomic developments

Climate risks and opportunities

The Group identifies potential climate risks and opportunities through the analysis of industry literature, benchmarking analysis, assessment of trends applicable to the business model and corporate governance, with the aim of comprehensively mapping - and subsequently assessing - all climate issues that could have a substantial impact on the Group's strategy.

The Strategic Sustainability Committee assesses every risk and opportunity factor linked to the climate, also thanks to the contribution of stakeholders in terms of their assessment of the relevance of the impacts generated by the Group in relation to environmental aspects.

For important risk and opportunity factors, the Group ensures **constant monitoring** to identify the most appropriate follow-up actions with a view to continuous improvement.

Further information on climate risk assessments is presented in the CDP Climate Change questionnaire prepared and communicated by the Group⁷.

⁷ For further information, please consult the following Web address: www.cdp.net/en/scores.

1.3.2 Achievements and future goals

The main results achieved (2019 - 2020 - 2021)

In the context of a path of continuous and integrated evolution in a strategic field, firmly linked to what has been done in the past and constantly aimed at present and future innovation, some of the main results obtained during the last three years of activity, referring to the three areas People, Planet and Prosperity, are reported below.

People

The objective of starting the analysis of the satisfaction of the **well-being initiatives** for employees has been achieved, as well as the definition of smart working regulation. The scope of analysis of the **Human Capital Development project** has been extended and several initiatives have been planned for diversity and inclusion objectives. The methods of identification and measurement of female empowerment projects are being analyzed. Further internal training and awareness-raising activities on ESG topics have been developed and extended globally.

Defined the
smart working
internal
regulation



Planet

The mapping of the Group's CO₂ emissions has been completed and the mitigation plan for climate-altering emissions is being implemented. The mapping of electricity supply contracts for Italy has been consolidated: the Group will continue along the path of identification and implementation of improvements for the mitigation of environmental impacts. In this context, the target of purchasing electricity from 100% renewable sources for the Group's Italian offices and shops was reached two years in advance of the planned period (previously expected by 2023).

100% of electricity from renewable sources for Italian sites and shops

In terms of material research, the **ASP (Armani Sustainability Project)** protocol has been integrated into the new guidelines for raw materials and production processes shared, until now, internally. With regards to the mapping of packaging materials, the Group is furthering the quantification of positive impacts that, over the years, have been achieved by replacing plastic with recycled plastic or conventional paper with FSC paper. At the same time, a strategy has been set up to ensure protection of biodiversity.

Prosperity

With regard to the Group's supply chain collaborators, a **Sustainability Code has been developed for suppliers**, aimed at progressively raising awareness and engagement levels. In addition, the analysis of the mapping of the supply chain has been furthered from the social and environmental point of view and the methodology of monitoring and auditing has been refined.

Initiatives for community support and involvement are at the heart of the Group's strategy. In 2021, the Group demonstrated its proximity to the most vulnerable groups, to hospitals and non-profit organizations that work to provide people and children in difficulty with essential goods and assistance, as well as to scientific research, cultural activities of the territory and sports.

Customer involvement through the expansion of content available with QR Codes has been planned for some collections, with the aim of extending this functionality to all lines of the Group.

The training of the store teams on sustainability issues was started as planned last year, as well as the improvement of the company website engagement that led to the launch of the new Armani/Values website in 2022.

Armani/Values

In order to promote transparency and dialogue, throughout 2021 the new Armani/Values website was developed and improved in terms of content and launched in 2022. Armani/Values tells the story of the Armani Group through important past projects as well as the present and future projects that are making such fundamental progress, with a particular focus on the commitment shown with regard to Corporate Responsibility.

The website is intended to provide detailed documentation of the Group's values and be a point of reference for anyone interested in news and information regarding the Armani world or about the Group's history. It offers a wide and comprehensive overview and the content is organized into a rational structure with plenty of in-depth information, divided into three main sections: **People, Planet and Prosperity**, preceded by the Overview introduction section.



New goals for the future

Building on past efforts, the new sustainability plan has been further updated and developed with a holistic, cross-cutting approach along the value chain. The plan is powered by internal planning and strategic analysis processes, strengthened by the contribution of stakeholders and participation in national and international worktables, in line with the Sustainable Development Goals (SDGs) defined by the United Nations. **The new Sustainability Plan, as already mentioned, is perfectly integrated into the business strategy** and is included in each of the three areas of strategic interest (**People, Planet, Prosperity**), each linked to specific objectives and indicators.

In particular, the following chart highlights the reference model on which the new sustainability plan is set. The expectations of stakeholders and the evolution of the internal and external context are, within the framework, essential elements for the definition of best governance practices and strategic planning for innovation and continuous improvement. The objectives defined are analyzed and updated periodically in the light of this approach; pursued also through partnerships and continuous training, internal and external, as well as monitored, evaluated and communicated, in a path of continuous refinement and improvement.

STAKEHOLDER EXPECTATIONS / EVOLUTION OF THE INTERNAL AND EXTERNAL CONTEXT

GOVERNANCE, STRATEGY, RISK MANAGEMENT, METRICS AND TARGETS

INNOVATION, CONITNUOS IMPROVEMENT AND SUSTAINABILITY

LESS IS MORE



PEOPLE

People's well-being, talent development and inclusion and uniqueness:

- Pursue the ongoing process of promoting diversity, equity and inclusion through national and international projects;
- Strengthen the process of identification, analysis and measurement of female empowerment projects;
- Identify and extend welfare initiatives worldwide;
- Extend the analysis perimeter of the Human Capital Development project for the performance process;
- Continue the path and development of projects for the continuous improvement of talent identification and attraction;
- Evaluate measuring instruments on the health and safety and well-being of employees at work;
- Continuing the ongoing process of employee awareness and training with integration of sustainability areas.



PLANET

Environmental protection and efficient resources use

- Reduce absolute GHG emissions of scope 1 and 2 by 50% compared to 2019 by 2030:
 - use of 100% electricity from renewable sources for the Group's Italian offices and shops by 2023;
 - use of 100% electricity from renewable sources for the Group's European offices and shops by 2025;
- Reduce absolute GHG emissions from scope 3 by 42 % compared to 2019 by 2029;
- Develop an awareness path in the context of eco-design and circularity projects;
- Start the application of an in-depth measuring instruments for the impact on water resources;
- Achieve the purchase of 100% FSC/PEFC certified paper: B2C by 2025 and B2B by 2030;
- Identify and implement regeneration projects to protect ecosystems, protected and endangered species, and biodiversity;
- Promoting best practices for ocean protection:
 - disposal of single-use plastic from packaging: B2C by 2025 and B2B by 2030;
 - buy 50% recycled plastic for packaging: B2C by 2025 and B2B by 2030.



PROSPERITY

New business models for creating economic, social and environmental value, generating profit and acting for the benefit of the community

- Continue the search for more sustainable raw materials, in line with the goal of achieving 25% of low-impact raw materials by 2025;
- Continue the path towards achieving the target of 100% traceability of key raw materials by 2025;
- Promote fair relationships and sustainable behavior along the value chain, assessing the performance of the suppliers involved also on the basis of social and environmental criteria, through the development of awareness-raising, monitoring, support and communication tools;
- Improve and intensify communication to customers and other stakeholders on sustainability issues through physical and digital channels;
- Pursue the continuous strengthening of product quality, labeling and safety policies;
- Implement the Product Digital Passport and expand the product content available through the QR;
- Continue to identify and adopt global community support and engagement initiatives, integrated with the company's strategy and impact measurement tools.

SDGs of references



PARTNERSHIP, TRAINING, MONITORING, EVALUATION AND COMMUNICATION



2. THE VALUE OF PEOPLE

The well-being of employees has always been at the center of our actions, their growth a constant consideration, their talent development the highest objective.

2021 IN NUMBER AND FACTS

EMPLOYEES

51% of all Senior Executives and Managers are women
(out of the total number as of 31/12)

63% of all employees are women
(out of the total number as of 31/12)

TRAINING

20% more training as
compared to 2020

DIVERSITY LEADERS RANKING



1st in Italy

2nd in Europe

(up 4 positions as compared
to 2020)

COVID-19

Covid-19 tests and vaccines
made free for all employees

2.1 EMPLOYEE WELL-BEING AND TALENT DEVELOPMENT

2.1.1 Employees of the Group⁸

The number of employees of the Armani Group as of 31 December 2021 was **8,304**, a slight increase (+1%) compared to 2020 and a decrease compared to 2019 (-3%). **63% of the Group's staff are women** and, as further evidence of the Group's concrete commitment to promoting gender equality, women represent 48% and 52% respectively within the professional categories of Senior Executives and Managers. **About half of the Group's staff falls within the age group of 30 to 50 years old (55%)** and 2,106 employees are under 30, showing the Group's real interest in providing opportunities for new generations and promoting talent growth. **Most of the contracts are full-time and permanent, representing 89% and 83% of all the contracts**, respectively.

In addition to its employees, in 2021 the Group counts 679 external workers, mainly belonging to the category of agency workers.

63%
employees
women

55%
employees aged
between 30-50
years old

83%
permanent
contracts

89%
full-time
contracts

8. Following the inclusion of new performance indicators linked to the continuous improvement process in non-financial reporting, comparative information for the year 2019 is not available for some indicators.
9. The staff figures for 2020 and 2019 have been updated with respect to what was previously published in the light of the path of continuous improvement of the data collection and processing process. You can refer to the 2020 Sustainability Report, which is on the Group's website, to consult the previously published data.

Number of employees by professional category and gender at 31/12

Professional categories	2021			2020 ⁹			2019 ⁹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior executives	160	145	305	173	155	328	180	152	332
Managers	570	625	1,195	581	629	1,210	582	619	1,201
Office workers	702	1,601	2,303	699	1,617	2,316	713	1,705	2,418
Salesforce	1,168	2,273	3,441	1,148	2,199	3,347	1,246	2,250	3,496
Workers	483	577	1,060	418	603	1,021	438	636	1,074
Total	3,083	5,221	8,304	3,019	5,203	8,222	3,159	5,362	8,521

Percentage of employees by professional category and gender at 31/12

Professional categories	2021			2020 ⁹			2019 ⁹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior executives	1.9%	1.7%	3.7%	2.1%	1.9%	4.0%	2.1%	1.8%	3.9%
Managers	6.9%	7.5%	14.4%	7.1%	7.7%	14.7%	6.8%	7.3%	14.1%
Office workers	8.5%	19.3%	27.7%	8.5%	19.7%	28.2%	8.4%	20.0%	28.4%
Salesforce	14.1%	27.4%	41.4%	14.0%	26.8%	40.7%	14.6%	26.4%	41.0%
Workers	5.8%	6.9%	12.8%	5.1%	7.3%	12.4%	5.1%	7.5%	12.6%
Total	37.1%	62.9%	100%	36.7%	63.3%	100%	37.1%	62.9%	100%



Number of employees by age group and professional category at 31/12

Professional categories	2021				2020			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Senior executives	13	178	114	305	14	202	112	328
Managers	125	831	239	1,195	128	852	229	1,209
Office workers	277	1,415	611	2,303	360	1,477	486	2,323
Salesforce	1,477	1,699	265	3,441	1,253	1,793	302	3,348
Workers	214	482	364	1,060	196	470	348	1,014
Total	2,106	4,605	1,593	8,304	1,951	4,794	1,477	8,222

Percentage of employees by age group and professional category at 31/12

Professional categories	2021				2020			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Senior executives	0.2%	2.1%	1.4%	3.7%	0.2%	2.5%	1.4%	4.0%
Managers	1.5%	10.0%	2.9%	14.4%	1.6%	10.4%	2.8%	14.7%
Office workers	3.3%	17.0%	7.4%	27.7%	4.4%	18.0%	5.9%	28.3%
Salesforce	17.8%	20.5%	3.2%	41.4%	15.2%	21.8%	3.7%	40.7%
Workers	2.6%	5.8%	4.4%	12.8%	2.4%	5.7%	4.2%	12.3%
Total	25.4%	55.5%	19.2%	100.0%	23.7%	58.3%	18.0%	100.0%

Number of employees by age and gender at 31/12

Age group	2021			2020 ⁹			2019 ⁹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 30 years	868	1,238	2,106	757	1,194	1,951	900	1,392	2,292
30-50 years	1,646	2,959	4,605	1,747	3,047	4,794	1,808	3,111	4,919
> 50 years	569	1,024	1,593	515	962	1,477	451	859	1,310
Total	3,083	5,221	8,304	3,019	5,203	8,222	3,159	5,362	8,521

Number of employees at 31/12 by contract type (permanent and temporary), gender and geographical area

Geographical area	Contract type	2021			2020		
		Men	Women	Total	Men	Women	Total
ITALY	Permanent	982	1,933	2,915	992	1,967	2,959
	Temporary	55	71	126	63	76	139
	Total Italy	1,037	2,004	3,041	1,055	2,043	3,098
AMERICA	Permanent	807	967	1,774	795	951	1,746
	Temporary	76	113	189	14	32	46
	Total America	883	1,080	1,963	809	983	1,792
EUROPE	Permanent	341	494	835	334	503	837
	Temporary	93	113	206	71	109	180
	Total Europe	434	607	1,041	405	612	1,017
ASIA PACIFIC	Permanent	464	759	1,223	491	749	1,240
	Temporary	227	698	925	225	749	974
	Total Asia Pacific	691	1,457	2,148	716	1,498	2,214
REST OF THE WORLD	Permanent	38	73	111	34	67	101
	Temporary	0	0	0	0	0	0
	Total rest of the world	38	73	111	34	67	101
TOTAL¹⁰	Permanent	2,632	4,226	6,858	2,646	4,237	6,883
	Temporary	451	995	1,446	373	966	1,339
	Total	3,083	5,221	8,304	3,019	5,203	8,222

9. The staff figures for 2020 and 2019 have been updated with respect to what was previously published in the light of the path of continuous improvement of the data collection and processing process. You can refer to the 2020 Sustainability Report, which is on the Group's website, to consult the previously published data.

10. As of 31.12.2019, there were 8,007 employees with permanent contracts (of which 2,970 men and 5,037 women) and 514 fixed-term / temporary contracts (of which 189 men and 325 women). The data about workforce for the year 2019 have been updated with respect to what was previously published in the light of the continuous improvement of the data collection and processing process. You can refer to the 2020 Sustainability Report, which is on the Group's website, to consult the previously published data.

Number of employees at 31/12 by contract type (full-time and part-time) and gender

Contract type	2021			2020 ⁹			2019 ⁹		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	2,814	4,556	7,370	2,775	4,504	7,279	2,806	4,489	7,295
Part-time	269	665	934	244	699	943	353	873	1,226
Total	3,083	5,221	8,304	3,019	5,203	8,222	3,159	5,362	8,521

Number of external workers at 31/12 by gender and category

Category of external workers	2021			2020		
	Men	Women	Total	Men	Women	Total
Agency workers	184	419	603	70	219	289
Self-employed persons (e.g., VAT number)	0	0	0	0	1	1
Trainees	23	53	76	11	33	44
Others	0	0	0	0	0	0
Total	207	472	679	81	253	334

In 2021, 198 employees of the Armani Group took parental leave, of which 82% were women and 18% were men.

2.1.2 Diversity, inclusion and equal opportunities

Gender, skin color, ethnicity, social background, age, as well as the sexual, political and religious orientation of each person represent elements of richness for the Armani Group. The commitment to act in a manner free from all forms of discrimination is deeply rooted in the Group's value system.

Professional and growth opportunities are guaranteed for everyone in the company: individual abilities and initiatives are the driving force for this. Diversity is a resource to be cultivated and enhanced; inclusion is a moral and professional duty. To support this commitment, following the creation of the **Diversity and Inclusion function** within the Group Human Resources Department (which took place in 2020), several initiatives were launched in 2021:

- Work on drafting a Group Policy; the launch of the Armani/Global Inclusion project, dedicated to HR figures from all branches and to the HQ population;
- The collaboration with the Fondazione Umberto Veronesi for the realization of the "Diversity and Prevention" webinars;
- The beginning of the collaboration with the Milan Polytechnic Institute for the development of some training initiatives on the topic of diversity;
- Participation in the HR roundtable of the National Chamber of Italian Fashion on D&I issues;
- The drafting of a Whistleblowing policy; the support and collaboration with all areas of the company on D&I issues.

1st in Italy and
2nd in Europe in
the ranking for
Diversity Leaders
of Financial
Times

The Armani Group was named among the top two in the Financial Times Diversity Leaders ranking. The **Diversity Leaders** were identified through an independent survey of more than 100,000 employees in all countries and industries considered.

2.1.3 The training offered

The Armani Group cares about the professional growth and development of the people who, in various capacities, contribute to the company's success.

For this reason, the **Learning & Development (L&D)** team is constantly engaged in the search for the best training solutions that meet the needs of the different business functions, to accompany them in strengthening skills that are useful today and in the search for skills that will be useful tomorrow.

⁹ The staff figures for 2020 and 2019 have been updated with respect to what was previously published in the light of the path of continuous improvement of the data collection and processing process. You can refer to the 2020 Sustainability Report, which is on the Group's website, to consult the previously published data.

2021 saw the reintroduction of in-person training activities, which were combined with virtual training, for a true blended approach.

Main areas of investment



TECHNICAL, LINGUISTIC AND IT AREAS



AREAS OF ACTED AND EXPECTED BEHAVIORS, BOTH AT INDIVIDUAL AND TEAM LEVEL



AREAS OF LEADERSHIP DEVELOPMENT

GROW@Armani, the online platform dedicated to the training of corporate workers, production sites Directors and their teams, after its launch in 2020, has expanded the training offered, with new e-learning paths, divided into five areas:

— **LEARN2BELONG**

dedicated to corporate content and the history of Giorgio Armani and his Group (videos, documentaries, books, etc.).

— **LEARN2LEAD**

designed for Managers, with courses in Leadership Development – Personal and Managerial – and staff Management.

— **LEARN2BE**

focused on the development of behavioral skills.

— **LEARN2DO**

rich in various kinds of technical content: from language and computer courses to courses for public speaking, effective communication and other skills of trade.

— **LEARN2THINK**

where you can access a library of contents to set your thoughts in motion.

Throughout 2021, the Armani Group provided 138,702 hours of training, with an average of approximately 17 hours of training per employee. The training activities carried out in 2021 mainly concerned professional training programs, dissemination of the principles of the Code of Ethics and other aspects of governance and health and safety issues.

Average hours of training per employee, by professional category and gender¹¹

Professional category	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior executives	27.6	35.3	31.3	25.2	32.1	28.5	21.0	24.2	22.5
Managers	24.6	27.8	26.3	19.6	23.7	21.7	20.5	23.5	22.1
Office workers	7.7	6.2	6.7	6.3	6.1	6.2	9.0	8.9	8.9
Salesforce	22.6	18.2	19.7	17.4	15.3	16.0	23.2	18.8	20.4
Workers	12.5	14.9	13.8	12.3	5.5	8.3	12.3	5.4	8.2
Total¹²	18.2	15.8	16.7	15.0	12.8	13.6	17.8	14.8	15.9

Hours of training by competence area

Competence area	2021	2020 ¹³	2019 ¹³
Training to Senior Executives	19,739	18,762	11,475
Professional training	45,968	33,360	43,972
Language training	5,397	4,531	2,878
Code of Ethics (Organization Model 231, etc.)	31,590	23,676	38,404
Health and safety	28,418	23,826	27,547
Other	7,591	11,037	11,335
Total	138,702	115,191	135,610

11. In order to best represent the average number of hours of training provided to Group employees in 2021, the calculation methodology was updated, and the 2020 and 2019 values were restated with respect to what was previously published. The new methodology provides for the division of the hours of training provided by occupational category and gender with respect to the number of employees at 31/12 belonging to these specific categories.

12. In the 2020 Sustainability Report, the average hours of training provided to employees in 2019 were calculated using a different method from those reported in the 2021 Sustainability Report, as they were obtained by dividing the total training hours by the number of employees involved in the training activity. The average hours of training provided in 2019, in line with this methodology, were 12 for men, 11 for women, and 11 in relation to the total company workforce.

13. Data related to the number of hours of training by competence area for 2020 and 2019 have been updated with respect to what was previously published in the light of the path of continuous improvement of the data collection and processing process. You can refer to the 2020 Sustainability Report, which is on the Group's website, to consult the previously published data.

~500 employees involved in activities aimed at raising sustainability awareness

In addition to what was previously reported, in 2021 the Sustainability Department carried out internal awareness activities on sustainability issues, involving each business unit/office, based on specific issues (sustainability code for suppliers, materials, stakeholder involvement as customers, non-profit organizations, etc.) and reached nearly 500 employees at different levels.

Talent growth

Enhancing the talent of each person is both a starting point and a point of arrival for the L&D team’s daily work. In 2021, the team, in collaboration with the other HR functions, focused on identifying key people and roles to be included in various development paths, which will see full implementation starting in 2022. Aware that talent is present everywhere, the investment was initially focused on people in the Milan office, people working in the retail sector, and people working in subsidiaries around the world.

The performance dialogue

64% of employees has received a performance assessment

Throughout 2021, more than half of **Armani Group employees** (64%) received a **performance review**, of which 79% of Senior Executives, 94% of Managers, 36% of office workers, 78% of sales people, and 42% of workers respectively.

Employees who have received a performance and career development assessment

Professional category	2021		Total
	Men	Women	
Senior executives	111	130	241
Managers	502	619	1,121
Office workers	268	571	839
Salesforce	927	1,762	2,689
Workers	247	201	448
Total	2,055	3,283	5,338

The new **performance review** process (called Human **Capital Development**) involves **about 65% of the people working in the Group’s headquarters and Italian stores**. This process, focusing on continuous improvement, aims to consolidate the culture of feedback within the organization. Starting with a model of competencies, which reflect the company’s values, an evaluation form was constructed that allows people to assess themselves, receive an evaluation from their managers, and in turn evaluate their managers. In addition, the performance review process makes it possible to make individual and team goals even clearer, contributes to the creation of personal development and training plans, and fits within other important processes led by the Group Human Resources Department, such as the rewarding, job rotation and career development process.

65% of the people working in the Group’s headquarters and Italian stores involved in the new performance review process

All Group subsidiaries have a performance review system in place, and the company’s long-term goal is to unify processes globally through a single HR management system.

Collaboration with the retail world

The L&D team is constantly working with Retail Training facilities at the service of the various Brands. Thanks to this collaboration, several projects were born, among which the training dedicated to the team that opened the first A|X store in Milan, the design of the workshop on the topic of the Pandemic Fatigue, support for the online training project on Omnichannel services plus various individual training and development paths dedicated to different figures in the stores.

2.1.4 Welfare initiatives

A significant contribution to employee welfare is made by a set of services and initiatives aimed at improving their living and working conditions.

Renewed
'Armani People
Care' welfare
plan

First and foremost is the renewal of the "Armani People Care" welfare plan, thanks to which employees hired on a permanent basis benefit from an annual fund to spend, for themselves and their families, **on medical, social welfare, educational and transportation expenses and purchasing activities related to leisure, sports, travel and culture**. The initiative was also renewed for employees of Giorgio Armani Operations industrial entities, who could choose whether to receive the bonus in cash, convert it to welfare or a supplementary pension.

Within the People Care portal, **the Group also expanded the proposal of partnerships, discounts and offers addressed to employees**, engaging companies operating in different sectors, such as in food, technology, health, training, wellness and leisure.

In order to adapt its welfare tools to the emergency situation, the company had already converted its dedicated corporate gym spaces from the beginning of the pandemic into a **space to periodically perform Covid-19 tests** for employees. At the end of 2021, the company was able to reopen the **Armani/Fitness gym** in the premises of 46 Via Bergognone, adapting the rules of use to Covid-19 protocols. Today the company gym is open 5 days a week and has over 200 members, 6 trainers and 6 time slots distributed throughout the day.

The emergency situation has also sped up reflections on the need to encourage greater reconciliation between the personal life and work life of employees. Therefore, even in the face of easing Covid-19 provisions, the company has decided to maintain **smart working**, on a voluntary basis, and the **flexibility on office entry and exit times**.

A sign of attention to health and prevention was the launch **of three webinars in collaboration with the Fondazione Umberto Veronesi**. The meetings have given the opportunity to study topics such as health for men and women, correct nutrition for different age groups and gender medicine. There is a strong link between the initiative and the topic of diversity, which has always been of great importance to the Group.

3 webinars
organized on
topics linked
to health and
prevention

Again in 2021, the company made the social security consulting service launched in 2019 available to employees. It provides remote individual meetings with specialized consultants on topics like pensions, contribution calculation, and graduation years redemption.

Regarding transport, the company's advance payment service for public transport season tickets has been renewed: a benefit that allows employees to ratify the subscription cost and to have access to subsidised fares.

In order to continue to improve welfare services, **the company launched a questionnaire at the end of the year in order to understand the level of satisfaction with regards to the initiatives** in place and to gather ideas for the introduction of new benefits in the future. The survey, distributed among employees in offices, shops and production sites, was very positive. Thanks to the data collected, the company has established a welfare plan for 2022 that will improve and expand the package of initiatives for the welfare of employees.

The Armani People Care Plan: three years in comparison (2019-2021)

The overall use of the Armani People Care welfare plan was about the same from 2019 to 2021, although there was a reduction during the first lockdown (March-May 2020). Over the three-year period, 2021 saw the highest adoption, due to increased training on welfare-related opportunities that created greater awareness of the services offered and how to use them. The most popular spending categories from 2019 to 2021, in order, were: reimbursement of medical expenses, purchase of travel tickets and vacations, reimbursement of transportation expenses, and reimbursement of educational expenses. Specifically:



MEDICAL EXPENSES

Claims for reimbursement of medical expenses increased year by year partly due to the inclusion of Covid-19 emergency-related products such as masks, disinfectant gels, tests, and swabs.



TRAVEL AND VACATION EXPENSES

The Covid-19 emergency resulted in a significant reduction in travel and vacations in 2020 and 2021 compared to 2019. Consumption is highest in the summer months and in November.



SCHOOL EXPENSES

September and October are the months where school expenditures are the highest. Reimbursement for the purchase of schoolbooks decreased in 2020 due to remote education and the resulting increased use of digital school material, which is often more easily accessible. Other expenses included for reimbursement are related to canteen services, transportation, and before- and after-school services: these were also lower in 2020, probably due to lockdowns.



PUBLIC TRANSPORTATION EXPENSES

Public transportation expenses were slightly reduced in 2020 and 2021, but still remain one of the most popular reimbursement categories.

2.1.5 Health and safety

The protection of health and safety at work is considered of fundamental importance to the Group: an essential requirement to ensure the best standards of reference for all personnel.

The initiatives introduced by the Group in this area are the result of a **careful risk analysis, updated annually by the Group based on the characteristics of its locations, from production sites to sales outlets**, in accordance with the legislation in force in the individual countries where the Group operates. The activities of periodic health surveillance and personnel training as well as structural interventions for the improvement of the environments aim to prevent the identified risks and include initiatives and changes in the company, new spaces, installations and equipment.

In 2021, the Group had to face, as in 2020, the risk of infection from Covid-19, by adopting exceptional measures to protect the health of its employees and non-employees and to adapt to the restrictions imposed by government decrees requiring changes in normal working conditions.

Measures in response to the Covid-19 pandemic

Since the first provisions of the Presidency of the Council of Ministers, the Group has adopted the measures, regulated by the drafting of a protocol, necessary for the prevention and containment of the Covid-19 pandemic in the working environment. In order to disseminate and monitor the application of the Protocol, a committee has been set up, involving the Representatives for Labour Security (RLS) and regularly carrying out workplace inspections.

The measures adopted may be grouped into four main categories:

- **Reorganization of activities:** cautiously, travel abroad was limited, attendance at the workplace was reduced by keeping experimental smart working activated where feasible. Smart working was confirmed to contribute to the well-being and health of employees at a time of health emergencies, as well as a tool for environmental sustainability by decreasing the use of transportation for travel. Classroom training activities and in-person selection interviews gradually resumed when the epidemiological scenario allowed. However, remote connection modes were favored in the conduct of meetings or gatherings whenever possible.
- **Communication and training,** to share knowledge about the virus (symptoms and mode of transmission) and related prevention actions. Activities include the dissemination of the decalogue of hygiene and behavioral measures to be followed and the opening of communication channels to be used for requesting information.
- **Protection of the health of employees,** to prevent the spread and contraction of the virus. Measures include the distribution of masks, gels and other personal protective equipment to all personnel, the measurement of temperature and the sanitation of all working environments.
- **Control of external entities** (suppliers, clients, consultants), for which special notices and provisions have been provided. Among these measures, limitations on the access were reinstated, with access only allowed for activities strictly necessary and necessary for the business operations, and only in total security.



Vaccination campaign against Covid-19, started on a voluntary basis, within the areas of the Group

To ensure safety in the offices, the company gym Armani/Fitness, opened in June 2019, has been temporarily converted into an ad hoc space where periodic and free Covid-19 tests were carried out for employees. Also, part of the employee safeguarding plan saw the administration of flu vaccines, free of charge and on a voluntary basis, an initiative that has been promoted globally. In 2021, the Group launched the free and voluntary **Covid-19 vaccination campaign** on its premises.

To enable headquarter employees to have a safe lunch, starting in November 2020 and until the end of the health emergency, a **catering service was employed** within the spaces of Via Bergognone and a lunch box service was provided for the offices at Via Borgonuovo.

The set of measures taken allowed the Armani Group not only to pass all inspections carried out by the Authorities, but also to keep the situation under control, minimizing contagion and preventing outbreaks within the company.

In addition, throughout 2021 the Group continued strengthening existing privacy safeguards and implemented policies and procedures related to the particular emergency experienced throughout the year. In particular, it was necessary to regulate the processing of employees' personal data for the implementation of the provisions related to the adoption of the Green Pass.

Safety in numbers

In 2021, 66 injuries occurred among Armani Group employees and 0 among non-employees, with a recordable injury rate of 5.63, down from 2020's rate of 6.27. The most common types of injuries during 2021 were cases of fractures or sprains and cuts. **The number of high-consequence injuries¹⁴ was 0 in 2021** and 1 in 2020. Thus, the rate of high-consequence injuries decreased from 0.10 to 0.00.

Hours worked increased from 2020 due to the restart of activities after the pandemic. As for employees, the incidence index is slightly higher compared to the previous year; however, there was a decrease in days of absence due to occupational injuries in 2021, as well as a decrease in injury severity indices and occupational disease rates. These indices were zero for non-employees and therefore were not reported in the report. For this category, the hours worked in 2021 and 2020 were 82,451 and 89,189, respectively.



¹⁴ Occupational injuries that result in the worker's death or inability to return to work sooner than six months. The rate of high-consequence injuries (excluding deaths) is calculated as the number of high-consequence injuries / number of hours worked * 1.000.000.

Injuries at work - Employees¹⁵

	2021	2020 ¹⁶	2019 ¹⁶
Number of recordable occupational injuries	66	65	81
of which: number of deaths due to injuries at work	0	0	0
Hours worked	11,725,431	10,362,723	15,351,753
Rate of recordable occupational injuries	5.63	6.27	5.28
Rate of deaths as a result of occupational injuries	0	0	0

Other health and safety indicators – Employees

Indicator	2021	2020 ¹⁶	2019 ¹⁶
Days of absence caused by occupational injuries	916	2,655	2,142
Cases of occupational diseases	2	2	5
Incidence rate ¹⁷	7.95	7.91	9.51
Severity rate ¹⁸	0.08	0.26	0.14
Occupational disease rate ¹⁹	0.34	0.39	0.65

15. The injury rates are calculated as follows:

- Rate of recordable occupational injuries: Number of injuries at work recorded / number of hours worked *1.000.000;
- Rate of deaths as a result of occupational injuries: Number of deaths from injuries at work/number of hours worked *1.000.000.

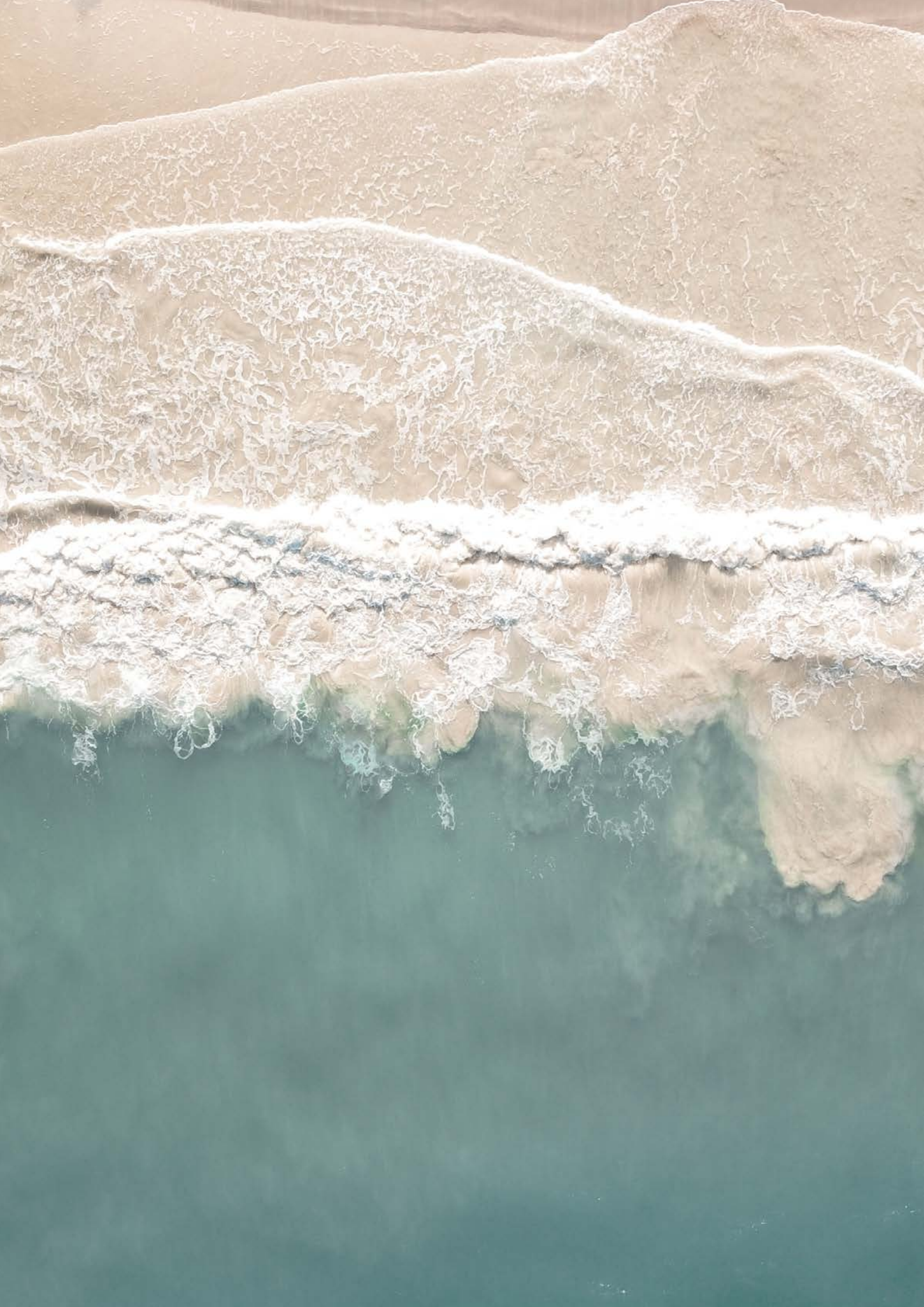
16. With a view to continuous improvement, the health and safety data for the year to the 2019-2020 biennium were reworked in light of a more accurate data collection methodology, which was revised when preparing the 2021 Sustainability Report. Therefore, the data for 2020 to the two years have been restated. For previously published data, please refer to the Sustainability Report 2020 found on the Group's website.

17. The incidence rate shows how many injuries have occurred in a year; it is calculated by dividing the number of injuries multiplied by 1,000, with respect to the number of employees.

18. The severity rate relates the severity of the injury and the measurement of risk exposure; it is calculated by dividing the number of days lost per injury multiplied by 1,000, with respect to hours worked.

19. The occupational disease rate correlates the number of occupational diseases to the measure of risk exposure; it is calculated by dividing the number of occupational diseases multiplied by 2,000,000, relative to the hours worked.





3. THE VALUE OF THE PLANET

Every piece of clothing is made designed as though from water, raw materials and so many elements of the nature that surrounds us.

2021 IN NUMBER AND FACTS


SCIENCE BASED TARGETS (2019 BASELINE)

- 50% in Scope 1 and 2 greenhouse gas emissions by 2030
- 42% in Scope 3 emissions, by 2029


RESULTS

- 34% in Scope 1 and 2 market-based emissions, relative to 2019
- 10% in Scope 3 emissions, as compared to 2019 (more maritime shipping)

ENERGY FROM RENEWABLE SOURCES

- +26% in energy from renewable sources as compared to 2020
-  100% electric energy from renewable sources in Italy (goal reached 2 years ahead of schedule)

B2C PACKAGING

-  90% plastic free, 8% of the remaining 10% is recycled or biobased plastic

3.1 ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES

The protection of environmental resources is a fundamental pillar of sustainability for the Armani Group, an area in which the company is committed to constantly improving its performance.

The first step toward planning effective strategies for reducing its environmental impacts focuses on three macro-areas:



Adoption of appropriate organizational methods to optimize water and energy consumption and to minimize waste;



Transition to the use of renewable energy;



Attention to separate waste collection and staff awareness of environmental protection issues.

It should be noted that in 2021 the Group set ambitious targets for reducing climate-changing emissions to contribute to the containment of global warming in line with the Paris Agreement.

Specifically, compared to the figures recorded for 2019, the Armani Group has committed to:

— **Halve (-50%) absolute Scope 1 and 2 greenhouse gas emissions by 2030;**

— **Reduce absolute Scope 3 emissions coming from goods and services purchased, and from transport and distribution, by 42% by 2029.**

These targets have been approved by the SBTi (Science Based Targets initiative).

3.1.1 Energy consumption and atmospheric emissions

The importance given by the Armani Group to energy saving shows the company's commitment to constantly monitor its consumption, in order to achieve its challenging climate change mitigation goals.

The Group has therefore defined a concrete action plan for the reduction of its direct and indirect emissions and for the purchase of a growing share of renewable energy. In line with the objectives of the Sustainability Plan, **the Armani Group is committed to sourcing from renewable energy sources**, which in 2021 amounted to approximately 27% of total consumption (approximately +26% compared to 2020). In particular, in 2021 the Group purchased enough renewable energy to cover all Italian offices, reaching this previously defined goal two years ahead of schedule (renewable energy coverage of the Italian offices by 2023).

At the Group level, total energy consumption for 2021 was equal to 301,686 GJ, a slight increase compared to 2020 (+7%). Most of this consumption is represented by the electricity purchased by the Armani Group during the year, equal to 225,893 GJ, and by the consumption of natural gas used for heating the offices and production sites, which in 2021 were equal to 74,947 GJ, also a slight increase compared to 2020, in which the organization's activities were reduced due to the Covid-19 health emergency.

At the end of 2020, the diesel used for heating was replaced with natural gas at Vertemate production site. This change led to the elimination of diesel consumption in 2021, and an increase in natural gas consumption.



+26%

energy from renewable energy compared to 2020

Energy consumption²⁰

	UoM	2021		2020		2019	
		Total	Total in GJ	Total	Total in GJ	Total	Total in GJ
Natural gas	m ³	2,080,699	74,947	1,907,468	68,300	1,672,020	66,503
Diesel (for heating or production process)	L	0	0	29,500	1,072	77,350	2,952
Petrol (for vehicles owned by the company or on long-term lease)	L	9,160	299²¹	5,000	161	4,400	168
A. Total energy	GJ	-	75,246	-	69,533	-	69,623
Self-produced electric energy	kWh	152,158	548	150,208	541	133,186	479
Of which from renewable sources (photovoltaic power plant)	kWh	152,158	548	150,208	541	133,186	479
Electricity sold	kWh	0	0	0	0	0	0
Of which from renewable energy sources	kWh	0	0	0	0	0	0
Electricity purchased from the national grid²²	kWh	62,748,088	225,893	58,945,591	212,204	52,560,398	189,217
Of which from renewable energy sources (covered by certificates of origin)	kWh	22,311,596	80,322	391,027	1,408	0	0
B.Total electricity	kWh	62,900,246	226,441	59,095,799	212,745	52,693,584	189,696
Total energy consumed (A+B)	GJ	-	301,687	-	282,278	-	259,319
of which total renewable energy	GJ	-	80,870	-	1,949	-	479
	%	-	26.81%	-	0.69%	-	0.18%

20. It should be noted that the process of collecting energy consumption data was improved in 2021. With a view to continuous improvement, further refinements will be applied in the near future to ensure an increasingly accurate accounting and strategic evaluation. In this context, the data relating to the two-year period 2020-2019 are reported for comparative purposes and may be subject to further verification and elaboration in the future. For further information on the reporting perimeter of the 2019 data, please refer to the Sustainability Report 2020 on the Group website.

21. It should be noted that the reference perimeter of the fuel consumption data of the car fleet is partial. Data collection is being refined to allow refined reporting for the next year.

22. Where not available, data on electricity consumption were estimated in line with the sizing of comparable shops/offices/production sites (belonging to the same Region).

The Armani Group raises employee awareness through tools such as corporate and local communication channels, participation in the CDP, sustainability reporting and local reports.

In particular, **the Group spreads awareness to its employees by sharing its commitment on climate change**, communicating the main environmental objectives set in the short-medium and long term and through participation in international initiatives. The Armani Group also undertakes to organize annual training courses for employees on the expected benefits of energy efficiency programs and on the need to pay attention to these issues, with the aim of encouraging the personal and professional growth of all employees.

Future targets for reducing climate-altering emissions

With reference to the “Planet” scope of action, and as shown by joining the Fashion Pact²³, in 2021 the Group strengthened its commitment to contribute to the containment of global warming in line with the provisions of the Paris Agreement, establishing targets for reducing their own greenhouse gas emissions.

Specifically, compared to the data recorded for 2019, the Armani Group has committed to halve (-50%) the absolute Scope 1 and 2 greenhouse gas emissions by 2030 and to reduce the absolute Scope 3 greenhouse gas emissions resulting from purchased goods and services and from transport and distribution by 42% by 2029²⁴. These targets have been approved by the SBTi (Science Based Targets initiative).

For more information, refer to paragraph 3.2 “Energy consumption and atmospheric emissions”.

23. For further information, please refer to the following web page: <https://www.thefashionpact.org/>.

24. In 2021, the process of collecting data on energy consumption and calculating climate-changing emissions into the atmosphere (Scope 1 and 2) was refined. With a view to continuous improvement, further refinements will be applied for the close future in order to ensure increasingly precise reporting and strategic evaluation. In this context, the data for 2020-2019 are reported for comparative purposes and may be subject to further verification and reworking in the future.

Greenhouse gas emissions are calculated by converting energy consumption into tons of carbon dioxide equivalent (tCO₂eq), thanks to specific emission factors of the different energy sources for each country (natural gas, diesel, petrol). Furthermore, starting **from 2021 the Group has started to monitor the emissions deriving from refrigerant gas leaks**, recording 39 tCO₂eq of R410A and R32. Greenhouse gas emissions are therefore reported according to the methodology of the GHG Protocol and are presented in their subdivision into three Scopes:

Scope 1: Direct emissions from the combustion of fossil fuels used for production processes and for heating of offices and premises, and from the use of company cars;

Scope 2: Indirect emissions from the production of electricity used; the calculation of the Scope 2 "Location-based" emissions provides for the use of average emission factors relating to the specific national energy mix of electricity production; while the calculation of Scope 2 "Market-based" emissions provides for the use of emission factors defined on a contractual basis with the electricity supplier.

Scope 3: Indirect emissions from the company's value chain, upstream and downstream. Although generated by assets or plants or processes not directly controlled by the company, they are related to the company's activities.

In line with energy consumption, both Scope 1 and Scope 2 emissions increased slightly compared to 2020. In particular, in 2021, Scope 2 emissions calculated with the Location-based method increased by 2%, following an increase in the purchase of electricity from the grid; despite this, thanks to the growth in purchasing electricity through guarantees of origin, emissions, **calculated with the Market-based approach, result in a 37% decrease compared to 2020²⁵. Total Scope 1 and Scope 2 (Market-based) emissions result in a 31% decrease compared to 2020, and of 34% compared to 2019.**

-34% Market-based scope 1 and 2 emissions compared to 2019

²⁵The decrease in Scope 2 Market based emissions between 2021 and 2019 is about 36 %, consistent with the 2020 reported. See footnote 24 for further information on the process of continuous improvement in monitoring and reporting of emissions to the atmosphere.



The trend of air emissions generated compared to turnover at 31 December shows a particularly positive trend for all the reference categories: from 17.7 in 2020 to 9.7 in 2021 for tCO₂eq of Scope 1 + Scope 2 Market-based emissions/mln € turnover; and from 224.1 in 2020 to 218.3²⁶ in 2021 in relation to tCO₂eq of Scope 3 emissions/mln € turnover.

Direct GHG emissions (Scope 1) and indirect emissions (Scope 2 and 3)²⁷

	GHG emissions - tCO ₂ eq	2021	2020	2019
Scope 1	Scope 1 ²⁸	4,263	3,950	5,521
Scope 2 ²⁹	Scope 2 - Location-based	21,614	21,265	29,635
	Scope 2 - Market-based	15,306	24,415	24,045
Scope 3	Scope 3	440,860	358,400	489,579
Total	Scope 1, Scope 2 (Location-Based) and Scope 3	466,736	383,615	524,735
	Scope 1, Scope 2 (Market-Based) and Scope 3	460,429	386,765	519,145

26. These intensity indices for 2019 amounted to 13.7 (Scope 1 and Scope 2 emissions in tCO₂eq / mln € turnover), and 227.1 (Scope 3 emissions in tCO₂eq / mln € turnover).

27. It should be noted that during 2021 the process of collecting data on energy consumption and calculating air-climate emissions was refined (Scope 1 and 2). With a view of continuous improvement, further refinements will be applied for the close future to ensure an increasingly precise accounting and strategic evaluation. In this context, the data relating to 2020-2019 (total emissions Scope 1 and Scope 2 Market-based 2020: 28,365 tCO₂eq; total emissions Scope 1 and Scope 2 Market-based 2019: 29,566 tCO₂eq) are reported for comparative purposes and may be subject to further verification and further elaboration. For further information on the reporting perimeter of the 2019 data, please refer to the Sustainability Report 2020 on the Group website.

28. Emission factors provided by DEFRA 2021 "UK Government - GHG Conversion factors for Company Reporting" were used to calculate scope 1 emissions for fossil fuel consumption.

29. Scope 2 emissions are divided, as required by the reporting standard used (GRI Sustainability Reporting Standards), into two calculation approaches:

- Location-based approach: Reflects the intensity of emissions generated by electricity consumption in relation to the production network in which it operates;
- Market based approach: Reflects the intensity of emissions generated by the consumption of electricity purchased by Armani through any specific supply contracts.

The emission factors provided by Terna "International comparisons 2019" were used to calculate scope 2 emissions according to the "Location based" approach.

For the "Market based" approach, the emission factors provided by AIB, European "residual mixes 2020" (Vers. 1.0 of 31 May 2021), for the European GA/legal entities and Terna, "International comparisons 2019" for all other GA/legal entities.

It is noted that Scope 2 emissions are expressed in tons of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂ equivalents) as can be deduced from the technical reference literature.

With reference to Scope 3 indirect emissions, it is noted that **category 1**, relating to the purchase of goods and services, represents about 80% of the Group's total Scope 3 emissions. In this sense, the Group is committed to the gradual identification and implementation of initiatives to reduce these in the future: this commitment has also resulted in the refinement of the quantification methodology, by applying the quantity-based method, replacing the spending-based approach. This refinement covered a small percentage of the Group's expenses in 2021. In the next few years, it will be extended to a larger perimeter to allow the initiatives implemented to be monitored in an increasingly accurate manner (e.g., purchase of recycled and sustainable raw materials).

Throughout 2021, **categories 4 and 9** were also involved in a refinement process for the input data for the quantification of emissions: in the future, this process will lead to the consolidation of data collection methodology and a more precise monitoring of the environmental impact of logistics.



In general, the quantification of Scope 3 emissions was carried out according to the following methodologies, in line with the provisions of the GHG Protocol.

— CATEGORY 1 - PURCHASED GOODS AND SERVICES

The calculation was carried out according to the spend-based approach, with the application of Eurostat's environmentally-extended Input-Output factors to each category of expenditure, and the quantity-based approach, applying specific emission factors (source: Ecoinvent 3.7.1 and related literature) to the quantities in kg of materials purchased, where possible.

— CATEGORY 2 - CAPITAL GOODS

The calculation was carried out through the spend-based approach, with the application of Eurostat's environmentally-extended Input-Output factors to each category of expenditure.

— CATEGORY 3 - FUEL- AND ENERGY-RELATED ACTIVITIES

Quantification was carried out through by applying emissions factors related to the extraction, transport and distribution phases of the energy vectors used by the Group (source: DEFRA 2021 and IEA 2021).

— CATEGORIES 4 AND 9 - UPSTREAM AND DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

The calculation was made on the basis of the routes traveled for the transport and distribution of goods purchased (category 4) and products sold (category 9). Distances traveled and quantities transported were multiplied by specific emission factors according to the means of transport used (source: DEFRA 2021).

— CATEGORY 5 - WASTE GENERATED IN OPERATIONS

The calculation was carried out on the basis of the quantities of waste produced by the Group and the methods of disposal, multiplied by specific emission factors (source: DEFRA 2021).

— CATEGORY 6 - BUSINESS TRAVEL

The calculation was carried out on the basis of work trips, by multiplying the routes traveled by specific emission factors according to the means of transport used (source: DEFRA 2021). In addition, the category includes hotel nights for business reasons, also valued through DEFRA emission factors.

— CATEGORY 7 - EMPLOYEE COMMUTING

Data on employees' home-work movements were collected via questionnaire. The kilometers traveled were multiplied by specific emission factors according to the means of transport used (source: DEFRA 2021). The calculation includes the contribution of the average smart working days per country, according to the Group's internal policies.



Questionnaire on sustainable mobility

Nearly 6,000 employees involved
Response rate of 63%

In addition to selecting the most commonly used means of transport to work, employees were asked to provide suggestions for improving their home-work travel. The Armani Group will take into account the suggestions provided to encourage the use of more environmentally friendly means and to meet the needs of employees.

— CATEGORIES 8 AND 13 - UPSTREAM AND DOWNSTREAM LEASED ASSETS

The calculation was carried out with the Quantis tool, on the basis of the square meters of the spaces rented by the Armani Group (category 8) or owned by the Armani Group leased to third parties (category 13).

— CATEGORY 11 - USE OF SOLD PRODUCTS

The emissions associated with lamps sold, which consume electricity when used, have been quantified by multiplying the average consumption by specific emission factors (source: Terna 2019).

— CATEGORY 12 - END-OF-LIFE TREATMENT OF SOLD PRODUCTS

The quantities of materials used for the packaging of the products sold were collected in terms of the type of material (e.g., paper, plastic, etc.), quantity in kg and/or number of pieces (converted into kg by estimation of an average density), and multiplied by specific emission factors (source: DEFRA 2021).

— CATEGORY 14 - FRANCHISES

The calculation was carried out with the Quantis tool, based on the square meters of the space in franchises.

Categories 10 and 15 are not applicable to the Group's business. The details of the Scope 3 emissions for the years 2021, 2020 and 2019 are given below.

Other indirect GHG emissions (Scope 3)³⁰

Emissions per category – tCO ₂ eq	2021		2020		2019	
1. Purchased goods and services	353,442	80.17%	286,596	79.97%	386,996	79.00%
2. Capital Goods	54,649	12.40%	41,843	11.67%	23,579	4.80%
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	6,994	1.59%	5,027	1.41%	6,846	1.40%
4. Upstream transportation and distribution	3,923	0.89%	5,476	1.54%	17,111	3.50%
5. Waste generated in operations	886	0.20%	705	0.20%	1,705	0.30%
6. Business travel	3,244	0.74%	3,274	0.92%	8,491	1.70%
7. Employee commuting	665	0.15%	666	0.19%	7,447	1.50%
8. Upstream leased assets	302	0.07%	302	0.08%	302	0.10%
9. Downstream transportation and distribution	11,178	2.54%	9,299	2.59%	34,818	7.10%
10. Processing of sold products	Not applicable	-	Not applicable	-	Not applicable	-
11. Use of sold products	107	0.02%	105	0.03%	165	0.03%
12. End-of-life treatment of sold products	4,202	0.95%	3,852	1.07%	1,205	0.20%
13. Downstream leased assets	175	0.04%	175	0.05%	0	0.00%
14. Franchises	1,094	0.25%	1,079	0.30%	913	0.20%
15. Investments	Not applicable	-	Not applicable	-	Not applicable	-
Total	440,860	100%	358,400	100%	489,579	100%

30. The Group has the objective of progressively refining the quality of the data relating to Scope 3, with particular reference to the end of life of the products, for more details on the calculation methods used for each scope 3 category, please refer to the CDP Climate Change 2022 questionnaire. For further information on the reporting perimeter of the 2019 data, please refer to the Sustainability Report 2020 on the Group website.

Commitment to renewable energy

Starting from 2020, the Armani Group began an analysis of its own electricity supplies, with the objective of gradually increasing the coverage of their own needs, with energy coming from renewable sources.

Furthermore, in the last two years, the Group has implemented numerous initiatives to reduce emissions, which also represent an opportunity to reduce energy costs. To date, the Group purchases part of its electricity from renewable sources, with the goal of achieving complete coverage of its own consumption in the coming years, certified by Guarantees of Origin (GO). **In 2021 Armani bought GOs, covering about 26.6% of the total energy consumption of the Group** and allowed a total saving of 9,949 tons of emissions. The Group acquired GOs in Italy, Switzerland, Spain, Portugal and the United Kingdom. In particular:

9,949 tons of emissions saved thanks to GO's bought

— ITALY

100% of the electricity purchased for Italian offices and production sites is renewable. In addition, the Italian office in Via Bergognone produces a portion of its energy needs through the photovoltaic system installed in 2014.

— SWITZERLAND

Only buying energy from renewable sources.

— SPAIN

Satisfying 100% of their own energy needs using energy from various renewable sources.

— PORTUGAL

Buying electricity from renewable sources to cover 98% of their own consumption.

— THE UNITED KINGDOM

Buying 10% of their electricity from renewable sources.

3.1.2 Circular economy and waste management

The Armani Group provides special consideration for aspects of the circular economy and is committed to trying to gradually adopt its principles in the realization of its products.



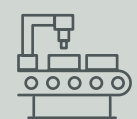
IN THE DESIGN PHASE

promoting the adoption of eco-sustainable practices and designing products and services to last, and which favor their reuse and/or recycling;



IN THE PROCUREMENT PHASE

through the choice of materials with recycled content and/or regenerated materials and/or materials from renewable and sustainable sources;



IN THE MANUFACTURING PHASE

always seeking greater efficiency in production processes and limiting waste and waste products as much as possible;



IN THE SALES AND POST-SALE PHASE

promoting virtuous processes, also useful for extending the life of the products, in line with the less is more strategy.

The Group's operations are naturally connected to the production of waste, with particular reference to the production sites. In particular, the Armani Group produces 99% non-hazardous waste, mainly consisting of paper and plastic. Additional non-hazardous waste, secondary to paper and plastic in terms of product weight, are mixed packaging and inert materials.

In 2021, the overall production of waste increased slightly compared to the previous year in which activities had been discontinued due to the pandemic emergency.

Total weight of waste generated³¹

Waste composition (t)	2021		2020	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Total	11.3	3,216.2	10.2	3,080.0
of which plastic	0.0	1,038.9	0.0	1,063.1
of which paper and cardboard	0.0	1,479.2	0.0	1,447.8
of which electronic waste	0.2	0.5	0.8	2.2
of which metal waste	0.01	19.1	0.0	16.5
of which toner printers	0.0	0.6	0.0	1.9
of which batteries	0.0	0.02	0.03	0.04
of which bulky waste	0.0	17.4	0.0	22.8
of which glass	0.0	1.7	0.0	0.0
of which sanitary waste	0.02	0.0	0.0	0.0
of which wood	0.0	33.03	0.0	26.9
of which inert waste	0.0	181.8	0.0	157.0
of which mixed packaging	1.3	287.0	0.2	274.0
Other	9.8	156.9	9.2	67.81
Annual total³²	3,227.5		3,090.1	
Hazardous waste percentage (%)	0.4%		0.3%	
Non-hazardous waste percentage (%)	99.6%		99.7%	

31. Where not available, data on the quantity and type of waste produced in 2021 were estimated in line with the size of comparable shops/offices/production sites (belonging to the same Region) and the relative composition of waste produced. In order to improve the level of detail of the reporting, the same approach was used for 2020, the data of which have been revised and redisclosed. For Region America (United States, Canada, Brazil, Mexico) and Australia, the waste composition figure reflects an assumption that 50% of waste is paper and cardboard and 50% is plastic. The Cerreto Guidi site was not included in the 2021 data perimeter as it was considered not relevant in terms of waste generated. The Group undertakes to refine the data progressively with a view to continuous improvement.

32. In 2019 the Group produced 2,759 tons of waste. This figure is limited to the reporting period as indicated in the 2020 Sustainability Report, available on the company website.

In 2021, the volume of reused (17%) and recycled (47%) waste increased compared to the previous year, covering 64% of total waste. The remaining part of the waste generated is sent to landfills, and a residual part about 1% is incinerated with energy recovery.

Total weight of waste generated by disposal method³³

Method of disposal (t)	2021		2020	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Reuse	10.6	523.8	8.7	445.7
Recycling	0.3	1521.7	1.1	1415.4
Incineration (with energy recovery)	0.1	31.5	0.0	60.9
Landfill	0.3	1139.2	0.4	1158.0
Total weight of waste generated by disposal method	11.3	3,216.2	10.2	3,080.0

During 2022, the Group will be engaged in the implementation of ever more accurate data collection systems on waste production and waste disposal methods that also take into account the contexts of individual countries. The Group is also committed to the increasing involvement of the supply chain in the development of projects for the reduction and recovery of waste generated in production processes.

33. In the event that no data were available on the distribution of waste by type of disposal, it was assumed, as a precaution, that all the waste produced would be transferred to a landfill. If, on the other hand, the data on waste distribution by disposal method for at least one legal entity was available within a Region, this information was used as a reference for the legal entities of the same Region, whose data were not available. For further information see footnote 31.



3.1.3 Water Resource Management

Water resources are the focus of careful management by the Group: both for the greatest possible containment of withdrawals and for the implementation of strict controls which ensure that water discharges comply with relevant regulations.

The Group's water consumption is mainly linked to health services, conditioning using water from the aqueduct and catering activities. **The Group continues to invest to make the use of water resources more efficient and to reduce waste**, especially through training and awareness events aimed at all staff, and to extend the commitment and attention to water resource management to supply chain production, considered of fundamental importance for the integrated management of the water cycle, in order to identify further improvement projects for a high impact.

Compared to 2020, when values had decreased mainly due to the slowdown in activities due to Covid-19, there was an increase in water withdrawals of about 47% in 2021, in line with the levels recorded in 2019, in which the consumption recorded was equal to 241,878 cubic meters of water from aqueducts. The Group mainly withdraws and discharges water via aqueduct, with a small part of withdrawals coming from groundwater. 13% of withdrawals and discharges from Giorgio Armani Operations (GAO), whose data represent one of the totals shown in the tables below, take place in areas considered at risk of water stress. **As such, the Group is committed to constant monitoring of water withdrawals and the implementation of the best reference practices for the protection of water resources.**

Water withdrawal by source

Source of water withdrawal ³⁴	2021	2020
Total water withdrawal - m³	288,896	196,512
of which third-party water (e.g., aqueduct)	272,338	179,665
of which groundwater (i.e., water retained in an underground formation)	16,558	16,847
of which surface waters (i.e., lakes, rivers and streams)	0	0
of which sea water (i.e., water from sea or of ocean)	0	0
of which water produced (i.e. water derived from extraction (for example, crude oil), from processing (for example, from crushing sugar cane) or from the use of any raw material)	0	0

Water discharge by source

Water discharge ³⁵	2021	2020
Total water discharge – m³	288,896	196,512
of which in sewerage	286,847	193,986
of which in groundwater	2,049	2,526
of which in superficial water bodies	0	0
of which into the sea	0	0

34. Where not available, data on the quantity and source of supply of the water levies were estimated from the annual consumption supplied by one or more offices, dividing it by the m² of those offices and multiplying by the total m². Where the data on water withdrawals were not available for any legal entity office, this was estimated from the specific consumption (M³/m²) for the other legal entities in the same geographical area. In 2019, the Group withdrew 241,878 cubic meters of water from aqueducts; This figure is limited to the reporting period as indicated in the Sustainability Report 2020, available on the corporate website.

35. Where not available, the figure for the volume of water intended for water discharges was estimated to be equal to the volume of water drawn and the destination of such water discharges was assumed to be "third-party water resources".

Water withdrawal by source - Giorgio Armani Operations

Source of water withdrawal	2021		2020	
	All areas	Of which from areas with water stress	All areas	Of which from areas with water stress
Total water withdrawal – m³	36,810	4,856	40,695	5,153
of which third-party water (e.g., aqueduct)	20,252	317	23,848	682
of which groundwater (i.e., water retained in an underground formation)	16,558	4,539	16,847	4,471
of which surface waters (i.e., lakes, rivers and streams)	0		0	
of which sea water (i.e., water from sea or of ocean)	0		0	
of which water produced (i.e. water derived from extraction (for example, crude oil), from processing (for example, from crushing sugar cane) or from the use of any raw material)	0		0	

Water discharge by source - Giorgio Armani Operations

Water discharge	2021		2020	
	All areas	Of which in areas with water stress	All areas	Of which in areas with water stress
Total water discharge	36,810	4,856	40,695	5,153
of which in sewerage	34,761	4,856	38,169	5,153
of which in groundwater	2,049	0	2,526	0
of which in superficial water bodies	0	0	0	0
of which into the sea	0	0	0	0

3.1.4 Biodiversity and ocean protection

The Group’s objective in the coming years, in line with the commitments taken within the Fashion Pact, will be to integrate projects and initiatives aimed at protecting ecosystems as well as protected and endangered species and promoting regenerative practices into its sustainability strategy.

These projects and initiatives will be extended to **the entire value chain**, promoting **a more responsible purchasing of raw materials and a less impactful production process** on ecosystems.

The Armani Group has verified whether Giorgio Armani Operations (GAO) in Italy and Hong Kong are located within protected area³⁶ or areas with a high biodiversity value (Key Biodiversity areas).³⁷ The analysis carried out in 2021 confirmed that no GAO is located in or near one of these areas.

Throughout 2021, various initiatives for the expansion of green areas were financed in areas of the world where the company is present and operates, in collaboration with specific local communities, such as the ForestaMi initiative together with the Municipality of Milan and the Green Roof initiatives in London, Munich, New York as well as specific reforestation initiatives in Mongolia and Australia.

Initiatives to increase green spaces: ForestaMI in Milan, and Green Roof in London, Monaco and NYC

In 2021, the Group continued its commitment to protecting the oceans through the gradual **elimination of single-use plastic in packaging** and **the increase in the use of recycled plastic**, in line with the objectives of Fashion Pact.

36. For this analysis, it was verified that GAO were not located within protected areas of the Natura 2000 or Ramsar network (the Convention on Wetlands of International importance - the Ramsar Convention - allowed to identify, within an international list, the most important wetlands in the world, characterized by ecosystems with high biodiversity).

37. KBA (Key Biodiversity areas) are sites that contribute significantly to the global persistence of biodiversity in terrestrial, freshwater and marine ecosystems. The KBA considered for analysis consists of two subsets: 1) important Bird and Biodiversity areas 2) Alliance for Zero extraction Sites.

ARMANI GROUP COMMITMENTS AND PROJECTS

Emporio Armani Green Project

In 2021, the Armani Group calculated atmospheric emissions produced by Spring/Summer 2021 and Fall/Winter 2021 eyewear collection advertising campaigns, with the aim of compensating the emissions with the support of the Agrocortex REDD+ Project.

The project aims to protect a large area of the Amazon forest from deforestation, safeguarding its biodiversity and contributing to reducing the emission of carbon dioxide into the atmosphere by 14 million tons, over the next 30 years.

ISO 20121 Certified Sustainable Event - One Night Only Dubai 2021

On 26 October 2021, an event was held at the Armani Hotel in Dubai to celebrate ten years since the opening of Armani Hotels. **The event was designed to be able to minimize climate-altering emissions into the atmosphere.** To neutralize residual atmospheric emissions, the Armani Group supported two **REDD+ projects (Agrocortex and Maísa)** aimed at protecting and reforesting the Amazon rainforest. These projects contribute to reducing atmospheric emissions by about 500,000 tCO₂ per year, promoting the protection of biodiversity, the fight against climate change and offering social and economic benefits, in line with the United Nations Sustainable Development Goals. **In addition to offsetting the residual GHG emissions associated with the event, the Group has supported the following nature-based and social impact projects that will begin in 2022:**

- **Forestation in Milano Bruzzano** (North Park): planting 200 trees (such as beech trees, frasses, hornbeam, oak trees, alder trees);
- **Reforestation of Madonie Park** (Geraci Siculo – PA area): planting 600 trees belonging to autochthonous species, thus restoring the flora of the Sicilian area hit by forest fires in the summer of 2021;
- **“Leaders of Change” Emirates Nature-WWF Mission:** an innovative approach to environmental conservation, which mobilizes people, businesses and government agencies in the United Arab Emirates.

Collaboration with National Geographic

In 2021, the Armani Group partnered with National Geographic to create a series of A|X Armani Exchange branded t-shirts and sweatshirts in organic and recycled materials and with prints inspired by the work of Joel Sartore, partner, photographer and founder of National Geographic Photo Ark. The aim of this collection was to **raise awareness among consumers on the issue of endangered species and on the protection of biodiversity.** The purchase of the garments, released to the market for World Earth Day (April 22), went to support the non-profit organization for its global activity aimed at protecting and illuminating the world through the work of scientists, explorers and educators.

Armani Beauty

In 2021, Armani Beauty's commitment **to reducing its carbon emissions into the atmosphere continued through reforestation and forest conservation programs in an area of approximately 14,000 hectares** in Brazil, Peru, northern Zimbabwe and Madagascar, thereby compensating way the estimated 16,000 tCO₂ generated by the MY WAY fragrance since its launch in 2020.

Collaboration with the WWF

In 2021, the Armani Group supported **two projects to protect biodiversity**, in particular some endangered animal species, such as gorillas in Africa and polar bears in the Arctic.

Fur free policy and animal wellbeing

In 2021, the Armani Group announced its commitment not to use angora wool for collections of all lines from the Fall/Winter season 2022/2023. Angora wool was then added to the list of materials excluded from its fur free policy.

Already in 2016, in agreement with the Fur Free Alliance, the Group had announced the abolition of the use of animal fur from all its products, starting from the Fall/Winter season 2016/2017.

With this new commitment, the Armani Group has taken a further and concrete step to witness its deep attention to the delicate problems related to the sustainability of the supply chains with respect to the environment and the animal world.

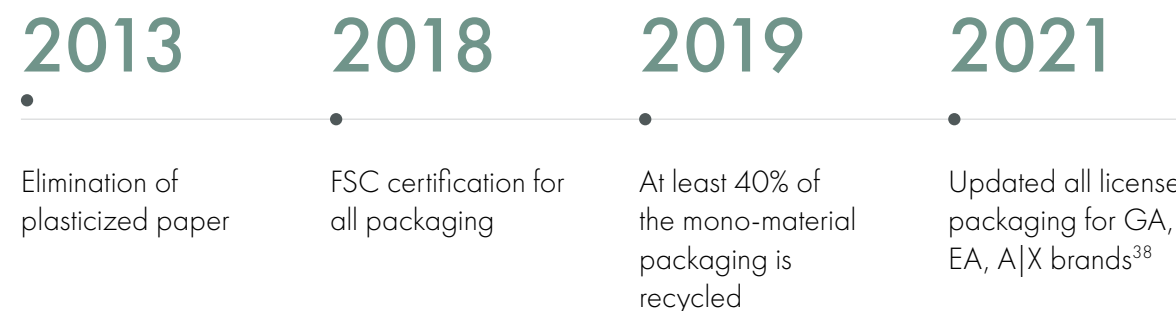
In 2021, **dialogue continued with important environmental associations such as LAV and PETA (People for the Ethical Treatment of Animals).**

3.2 PACKAGING: INNOVATION FOR LOWER ENVIRONMENTAL IMPACTS

Since 2012, the Armani Group has been engaged in a constant process of reviewing and updating the B2C packaging given to clients, made from roughly 90% paper and cardboard, which has been focused on the research, development and creation of packaging with a reduced environmental impact.

This **incremental innovation** has allowed the Group to reach important results, and represents the foundation of projects that are even more ambitious, to be implemented in the coming years, keeping in mind also the B2B packaging used for transport and shipping.

MAIN STEPS UNDERTAKEN (Giorgio Armani, Emporio Armani, A|X Armani Exchange)



Throughout 2021, the Group continued to make improvements to institutional packaging, focused on the reduction of virgin plastic, on the use of recycled or organic raw materials and on the simplification of packaging solutions. **Up to today, the total of B2C packaging that is plastic free is almost 90%. Of the 10% remaining plastic, 8% is made of recycled or biobased plastic.**

Below are the main improvements made to the B2C packaging of the Giorgio Armani, Emporio Armani, A|X Armani Exchange and EA7 brands.

³⁸.The packaging is also expected to be upgraded for the Armani/ Dolci, EA7 and Armani/ Fiori brands by 2023



2012

PACKAGING

Beginning the review of retail packaging for all brands

2013

PACKAGING

Brand: GA, EA, Armani Casa
Launch of the new packaging without plastics

2015

PACKAGING

Brand: Armani/ Dolce
New 30% smaller packs, made in Italy

2016

PACKAGING

Brand: GA Privé
Launch of a new pack without plastification, made in Italy

2017

SHOPPING BAGS

Brand: EA7
Shopping bags made out of 100% recycled plastic, and 90% less ink used

2018

SHOPPING BAGS

Brand: GA EA A|X
Shopping bags made out of 40% recycled paper

SHOPPING BAGS

Brand: A|X
100% recyclable intertwined paper handles

SEALS

Brand: GA EA A|X
Seals made from 50% recycled plastic, and made 50% smaller
Brand: EA A|X
Use of 30% recycled plastic

UNDERWEAR BOXES

Brand: EA A|X
Underwear boxes made from 30% recycled plastic

2019

SHOPPING BAGS

Brand: GA
Shopping bags made from FSC paper, with 50% recycled materials
Substituting the plastic handles for handles made from intertwined paper

SHOPPING BAGS

Brand: EA
Shopping bags made from 100% recycled FSC paper
Substituting the plastic handles for paper handles

SHOPPING BAGS

Brand: EA7
Shopping bags made from 40% recycled paper
New handles made from taped intertwined paper

UNDERWEAR BOXES

Brand: EA A|X
Underwear boxes made from 40% recycled plastic

2019

CLOTHES COVERS

Brand: GA EA
Made from 100% recycled plastic (RPET) and 100% recyclable

STICKERS AND RIBBONS

Brand: GA EA
Replacing plastic stickers for stickers made from certified FSC paper
Ribbons made from 100% recyclable RPET yarn

POLYBAGS AND DUSTBAGS

Brand: A|X
Bags for swimwear made from 100% recycled plastic
Dust bags for leather goods made from 100% recycled TNT

CARE LABEL CLOTHING

Brand: GA
Care labels for clothes made from recycled yarn

2020

SHOPPING BAGS

Brand: GA
New handles made from intertwined FSC paper

UNDERWEAR BOXES

Brand: EA A|X
Underwear boxes made from 50% recycled plastic

2021

UNDERWEAR BOXES

Brand: EA A|X
Use of 40% recycled plastic

SEALS AND LANYARDS

Brand: GA EA A|X
Elimination of plastic seals, and substituting polyester lanyards for those made from paper

GLASSES CASES AND KITS

Brand: GA
Boxes made from 100% recycled FSC cardboard and 50% recycled paper, with a reduction in volume, increasing the amounts that can be shipped, thus reducing their environmental impact
Hard case made from 100% recycled ABS, certified by Global Recycled Standard (GRS)
Soft eyewear pouch made from 100% recycled polyester, and GRS certified

GLASSES CASES AND KITS

Brand: EA
Hard cases in 51.5% recycled polyester, GRS certified
Soft pouches in 100% recycled polyester, GRS certified

GLASSES CASES AND KITS

Brand: A|X
Replacing plastic glasses cases for cases made from paper and FSC cardboard
Cloth made from 100% recycled microfibers

WATCH AND JEWELRY CASES

Brand: EA
Plastic components for watch and jewelry cases eliminated, and replaced with 100% FSC cardboard, of which 75% is recycled

WATCH CASES

Brand: A|X
Plastic cloths for watches replaced with cloths from 100% FSC paper, of which 60% is recycled

3.3 OUR BRANDS, THE CHOICE OF RAW MATERIALS AND THE PRODUCTION PROCESSES

To fight climate change, the Armani Group has long been committed to researching materials with a low environmental impact: there are several initiatives that involve the Group's brands, whose main focus is the selection and use of second-generation raw materials, recycled or regenerated, and from materials that have an organic origin.

With regard to the method of measuring the impact of raw materials, the Group is committed to refining the related analyses, as well as the methodology of calculation and impacts generated.



Joining the non-profit organization **Textile Exchange**³⁹ in 2021 is a further sign of the Group's willingness to **pursue commitments in search for materials that are more sustainable and less environmentally impactful**, in line with the objective of increasing the use of sustainable raw materials by up to 25% by 2025 and with what was undersigned in the Fashion Pact.

In 2021, **the Group also drafted the sustainability requirements for raw materials and production processes**, i.e., updated guidelines that replace the previous ASP (Armani Sustainability Project) protocol and integrate it with new protocols, standards, and sustainability certifications. These guidelines provide instructions for each type of material and are a reference for internal departments – from style, research and development, to manufacturing and merchandising – and for suppliers.

Internal operating instructions were also drawn up for the collection of the necessary sustainability documentation and the approval of the texts for the related labels, to facilitate an increasingly structured approach to the management and traceability of the supply chain.

At the completion of these activities, at the end of 2021, work was carried out on the revision of the ASP logo applied on the tags of products (garments and packaging) made from sustainable materials, which, starting from the Spring/Summer 2023 season, will be replaced, while stocks last, from tags with the ASV - Armani Sustainability Values logo, in order to better align customer communication with the sustainability strategy.



³⁹ Textile Exchange is the global non-profit organization in the fiber and materials sector, which aims to guide companies toward more responsible production from the source of the supply chain. In 2021, the Armani Group joined the initiative, in line with the Group's sustainability strategy, with the aim of contributing to the development of new skills on responsible materials and advanced solutions within the textile industry.

Giorgio Armani

Throughout 2021, a more structured approach to the research and use of more sustainable materials was strengthened internally for the Giorgio Armani line.

The materials on which research has been carried out range from those recycled to those of biological origin and/or in line with protocols of environmental wellbeing and responsible forest management. Both the Spring/Summer and Fall/Winter 2021 eyewear collections were integrated with sunglasses made with a partially bio-based acetate frame.

Emporio Armani and EA7

For the Spring/Summer 2021 season inspired by marine life and nautical adventures, Emporio Armani presented a selection of clothing and accessories with a strictly white and blue color palette, combining textile research with practical and functional design. The materials chosen were organic cotton and post-consumer recycled nylon and polyester derived from plastic waste.

A capsule was also created with yarns and/or fabrics in recycled polyester or organic cotton for the Fall/Winter 2021 season. The offer is closed out by certain models of watches whose straps are made from recycled plastic (RPET) or leather coming from a tannery compliant with international reference protocols. The 2021 eyewear selection integrated various models of both sunglasses and seeing glasses with frames made from recycled nylon, either completely or partially, acetate bio-based, and/or lenses from partially bio-based nylon. Furthermore, the advertising campaign of the Spring/Summer 2021 collection obtained the EMA Gold Seal Green Certification from the Environment Media Association for having adopted a sustainable agency as early as the shooting phase, with considerable resources saved and consequently, a reduction of greenhouse gas emissions. The residual emissions from this campaign as well as those originating from the Fall/Winter 2021 collection were offset through support for the Agrocortex REDD+ Project. The project protects a large area of the Amazon forest from deforestation, safeguarding its biodiversity and contributing, over the next 30 years, to reducing CO₂ emissions into the atmosphere by 14 million tons.



Furthermore, for the World Day of Action for the Amazon, the brand presented the “**Preserve Amazonia**” collection: three glasses that enrich the range of models made with partially bio-based materials. For each pair purchased, a tree was planted in the Amazon and the customer was given the opportunity to follow its growth through the Forest Watch platform. The initiative was supported by a collaboration with Eco Arts, an NGO that works to preserve the Amazon rainforest and support local populations.

The EA7 offer with sustainable features included garments in recycled cotton or polyester.

A|X Armani Exchange

A|X Armani Exchange continues its commitment to the selection and use of recycled and organic materials.

The main materials used for different product categories such as denim, jerseys, outerwear, t-shirts and trousers, were organic cotton, polyester and recycled nylon and cotton.

For the Spring/Summer 2021 season, the brand worked with National Geographic to create a series of organic and recycled T-shirts and sweatshirts and prints inspired by the work of the photographer and founder of National Geographic Photo Ark. For the Fall/Winter 2021 season, A|X Armani Exchange launched its first selection of glasses made from partially renewable materials: the glasses have lenses and/or frames in light nylon fiber, partially biobased. With regard to watches, the selection integrated models whose cases are made of partially recycled steel or plastic partly derived from recovered ocean waste, and straps made of recycled PET.

Finally, the Gift With Purchase provided bags made of 100% recycled nylon/polyester while the Client Engagement gifts rCUP® mugs, made from the recovery of others already in use.

Armani/Casa

The Armani/Casa 2021 collection **planned for the recovery of discarded fabric from other collections** (leftovers from previous collections and no longer usable) for the creation of perfume bags and lining cardboard laundry baskets (from 2021 the boxes are FSC certified). Furthermore, throughout 2021, some products (notebooks, candles in fabric bags, fabric trays) were made for Luisa Via Roma using discarded fabrics. The goal for 2022 is to launch a system for the collection and measurement of the use of recovered fabrics to estimate and expand their impact, with the implementation of further projects.

Armani/Dolci

The Armani Group quantified the environmental impacts associated with the Armani/Dolci Fall 2021 collection (Limited Edition) with the aim of improving its environmental and social performance. **A Carbon Footprint study was subjected to independent third-party verification and was found to comply with the ISO 14067: 2018 Standard**, used to quantify greenhouse gas emissions that occur throughout the entire life cycle of the products analyzed. The 2022 goal is to implement the actions identified in order to promote environmental impact reduction paths.



Armani Beauty

Armani Beauty has launched a new five-year program **to cut its carbon footprint by 25% and to achieve carbon neutrality for all its products by 2025.**

To achieve this, Armani Beauty has decided to focus efforts on reducing its carbon emissions through reforestation and forest conservation programs in Brazil, Peru, northern Zimbabwe and Madagascar. Together, these four projects protect more than 14,000 hectares of forest, capturing the estimated 16,000 tons of residual emissions generated by the MY WAY fragrance since its launch (a fragrance that has achieved carbon neutrality), as well as protecting biodiversity and have a positive impact on local communities.



MY WAY

In 2021, the MY WAY fragrance was awarded with the special recognition of responsible innovation by the Academy of Perfumes. The award was given for adopting a complete vision of responsible innovation, based on the study of the perfume's environmental impacts throughout its life cycle and aimed at integrating sustainability into the formula, packaging and supply chain.

MY WAY INTENSE

In the wake of MY WAY's eco-design, **MY WAY INTENSE was launched in 2021.** Together, a 50ml MY WAY INTENSE bottle and its 150ml refill **represent a 64% reduction in carbon emissions**, allowing for a 55% reduction in the use of glass, a 64% reduction in the use of plastic, a 75% reduction in the use of metal and a 32% reduction in the use of cardboard, compared to the consumption of four 50ml spray fragrances. In addition, the vanilla blended in the composition comes from a responsible and inclusive sourcing program for vulnerable people in Madagascar.

4. THE VALUE OF PROSPERITY

Our sustainability path has always embraced a wider horizon, traveling beyond the boundaries of fashion, exploring new sustainable paths, for a vision of prosperity that wants involve the entire community.

2021 IN NUMBERS AND FACTS

CODES, GUIDELINES AND CERTIFICATES

- Sustainability Code for Suppliers
- Sustainable material guidelines for suppliers
- ISO 20121 certification for sustainable events

COLLABORATIONS

- Joining Textile Exchange
- Joining the Fashion Task Force of the "Sustainable Markets Initiative"

MAIN PROJECTS

AND SUPPORTED GROUPS

Fondazione Umberto Veronesi, Save the Children, WWF, Fondazione Humanitas, Comunità di Sant'Egidio, Acqua for Life, FAI, Obiettivo 3, ForestaMI, Opera San Francesco, Teatro alla Scala

With the adoption of the 2030 Agenda for Sustainable Development and the progressive application of new paradigms regarding the role of private organizations in the broader socio-economic and environmental context, the concept of prosperity has taken on a new connotation: it goes beyond the mere element of “growth” and is embodied in constant value-sharing to promote relationships that aim to improve well-being, equality and the satisfaction of the perspectives and needs of the various stakeholders within communities.

This evolution, particularly linked to SDG 12 “Ensuring sustainable consumption and production patterns”, requires the application of new and virtuous business methods aimed at generating long-term positive impacts, for all stakeholders concerned, particularly for civil society, suppliers, customers and the community in general. An approach of this type requires increased attention to the effective functioning of integrated and multi-stakeholder systems with shared and differentiated responsibilities.

4.1 RELATIONS WITH THE SUPPLY CHAIN

4.1.1 Responsible Supply Chain Management

The increasing attention to supply chain sustainability issues and to technological innovations - with the launch of projects on prototypes and 3D models, traceability systems, RFID projects and Industry 4.0 - is at the base of the new industrial strategy, fully integrated into the sustainability strategy.

Suppliers represent an extremely relevant part of the Armani Group’s business model: through their skills and competences, they enhance the Group’s creations.

The application of increasingly sustainable production models is, therefore, an essential reference point in the development of monitoring activities and promoting the ESG culture that the Group carries out with our suppliers for the creation of mutual and shared benefits.

Primary importance is given to **relationship management with suppliers and a lasting collaboration with them**. The information that the Armani Group collects about the supply chain concerns its context, the stakeholders, NGOs and other internationally recognized sources in order to build a map of social and environmental risks and to guide the Group in monitoring its own supply chain.

Throughout 2021, **the Sustainability Code for suppliers** was drawn up, which replaces the previous social and environmental conduct codes, integrating them into a single document, updating the relevant themes and adding new ones. The objective was to provide each type of supplier with the **most comprehensive and explanatory guidelines as possible, with regards to the containment of the environmental impact** of all its potential activities (from the selection of materials to their reuse) and **respect for the human rights and working conditions of staff employed throughout the value chain**. For the social side, the sections that have been most revised are those on discrimination, diversity and inclusion, salary and living wages, and working time. For the environmental side, the introduction to the section has been completely revised. The following sections have also been added: Procurement of materials, purchase of services, event management and management of buildings and interior design (with reference to the dedicated guidelines).

In addition to the chapter on commitment to sustainability, several appendices have been inserted covering the main conventions and declarations on social and environmental responsibility, the main certification programs, international protocols and initiatives and relevant brands on social and environmental responsibility as well as animal welfare and traceability policies.

The Sustainability Code, together with the technical specifications, the Product Restricted Substances List (PRSL), the Manufacturing Restricted Substances List (MRSL) and the Code of Ethics, is part of the general conditions of purchase and good industry practices in the social and environmental field that the Group’s suppliers undertake to respect, enforce and disseminate to its suppliers and sub-suppliers.

New
Sustainability
Code for
Suppliers
elaborated
in 2021

These initiatives reflect the Group's work and commitment **to ensure respect for human rights, both internally and throughout the supply chain.** The group's activities are subject to human rights and impact assessments, with particular attention given to productive aspects, where the potential risk of child labor or forced labor is higher. Please refer to the following paragraphs for further information on supply chain monitoring and control activities.

4.1.2 The Armani Group supply chain

The Armani Group interfaces with a wide range of suppliers, divided into the following four main categories.

- **SUPPLIERS OF FINISHED PRODUCTS**
who produce the finished apparel item according to a technical design or sample of the product, by autonomously procuring raw materials.
- **SUBCONTRACT MANUFACTURING SERVICES**
to whom the Group entrusts the realization of the finished product, providing the necessary technical information and raw materials.
- **SUPPLIERS OF RAW MATERIALS**
- **SERVICE PROVIDERS**
such as analysis laboratories, consultant companies and providers of general, logistics and transportation services.

In relation to the **geographical distribution** of suppliers' operations, the Group makes use of the expertise of partners operating all over the world, with prevalence in the following geographical areas: Europe (the largest number of suppliers is concentrated in Italy), the Mediterranean basin and Asia. This distribution represents an important strategic choice for the Group, which considers the proximity of the supply chain as a fundamental advantage for monitoring and constant collaboration, while keeping in mind managing risks and opportunities.



4.1.3 Audits and monitoring

Analysis, monitoring and audit activities are constantly evolving.

Pending the launch of an integrated traceability management platform and system, the process of supplier qualifications is carried out through the request of receipt of the **signed Code of Sustainability, the request for documents, certifications and checks on compliance with environmental issues, human rights and health and safety in the workplace** in relation to processes and products supplied, and through the analysis of risks connected to the geographical area and the sector where the activities take place.

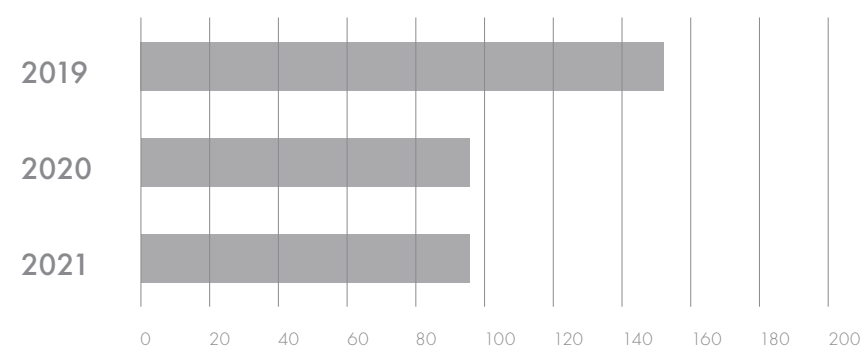
Moreover, when criticalities, inadequacies or anomalies arise, either internally or via an external notification, checks are carried out, potentially more than once a year. In such circumstances, the Group always carries out a further analysis, in order to have immediate comparison and accurate assessment with the counterparties.

Suppliers whose assessment is below an accepted threshold are guided toward improvement through **a plan of corrective action, with deadlines set according to the importance of the irregularity detected**. Suppliers whose overall rating is not in line with the Group's expectations are required to **implement corrective actions immediately** over a very short timeframe. In the event of non-compliance with the standards, the contractual relationship **shall be suspended**.

Both in 2020 and 2021, the control activities slowed down because of the health emergency but, as soon as working conditions allowed, they continued.

The majority of criticalities found throughout 2021 mainly concern sub-suppliers and refer to non-conformity relating to health and safety issues (emergency exits, firefighting equipment, training and procedures for fire safety), hours worked and salaries. Non-compliance, when found and according to the severity, is dealt with through corrective actions as required by internal procedures. Throughout 2021, around 70% of new suppliers were evaluated on the basis of social and environmental criteria.

NUMBER OF AUDITS CARRIED OUT - SUPPLY CHAIN



4.2 RELATIONS WITH CUSTOMERS

4.2.1 Customer Focus, Customer experience and Product Digital Passport

Ensuring the authenticity, quality and safety of the product, as well as protecting privacy, listening and raising awareness for sustainability issues are essential commitments the Group has undertaken toward all of its customers, to ensure the highest levels of customer experience, of innovation and the sharing of common values that can make its link unique.



Since 2021, the Armani Group has been a part of the “**Fashion Task Force**” of the “**Sustainable Market Initiative**” to work on a “**Product Digital Passport**”. The Task Force was created within the “Terra Carta” initiative launched in 2021 by Charles, former Prince of Wales, now King Charles III. The Armani Group has therefore embraced the challenge of the “Product Digital Passport” project, through which it aims to promote more transparent communication with customers, further consumer awareness of environmental impacts related to consumption patterns and the promotion of sustainable and conscious purchasing choices. At the same time, the project aims to extend product longevity and enable brands to scale circular business models, promoting full traceability throughout the product lifecycle. With this initiative, for the first time, the industry is working together to adopt a shared Product Digital Passport that will enable the sustainable transformation of the fashion industry.

After the G20 Summit in Rome on 31 October 2021, the SMI Task Force presented to Charles, former Prince of Wales, a demonstration of the Digital Product Passport through a selection of products that included a part of the Emporio Armani Sustainable Collection Fall/Winter 2021/2022.

4.2.2 Product labeling

The Group operates in a number of markets whose regulations on product labeling differ in a more or less sensitive manner; this implies the need to adopt an extremely versatile and centralized labeling management system.

In order to facilitate the correct flow of data, the Group uses a software that allows it to monitor all the types of labels applied to the products sold in a given market and/or to a specific customer. It is currently under development, and will become a pilot project in 2022, which will lead to a reduction in the consumption of tape used for printing.

In addition, since 2018, the Group has provided internal guidelines for the communication of voluntary and binding environmental information to be applied to packaging. Indications on material, the correct disposal method, the possibility of recycling, and the recycled content of the packaging fall into this, for example.

Thanks to the scrupulous management of the subject under examination, in 2021 the Group received no penalties for product labeling, nor any objections to environmental claims on packaging.



4.2.3 Brand protection

Guaranteeing the value and authenticity of its products has always been a fundamental theme for the Armani Group, which is particularly active in the protection of its intangible assets and in the fight against counterfeiting, and as such the Group dedicates extensive resources to the protection of intellectual property rights and working with the main national and international associations in the sector.

The strategy for the protection of intangible assets and the fight against counterfeiting includes the registration of Intellectual Property securities such as trademarks, patents and industrial models, followed by careful surveillance, including customs surveillance and, where necessary, continuous enforcement activity before the competent administrative and judicial offices in most industrialized countries of the world.

2021 was a year of transition and important recovery for the Armani Group, following the difficulties and new digital challenges faced during the Covid-19 pandemic that led the Group's Intellectual Property Department to intensify its work, dedicating more resources to monitoring activities on online counterfeiting, creating, for example, an internal team in China, dedicated entirely to this country. The Department focused on the new sectors of digital opportunities and counterfeiting, better known as the Metaverse and the world of Non Fungible Tokens (NFT).

Throughout 2021, new themes linked to the increasingly important needs of "**connected product**" and "**traceability**" allowed for **synergy** between the Department of Intellectual property, the world of Operations and the Group Sustainability Department, which, starting from different needs, worked on the development and improvement of the **CERTILOGO**[®] platform, an anti-counterfeiting system implemented from Spring/Summer 2018 on all Group brands with the sole exclusion of Giorgio Armani. This system is based on a technological solution that allows the final consumer, with full respect for privacy, to participate in the process of authenticating the Group's products with a simple scan of the QR Code present on the labels of the garments through a smartphone or any other device connected to the Internet.



The QR Code thus becomes an important connection point between the consumer and the brand able to offer, with the collaboration of partners specialized in the different fields, much more information in relation to the product as well as authentication, such as, for example, in terms of traceability and information on sustainability, **in line with the objective of the "Product Digital Passport" project** described above.

THE CERTILOGO® platform at 31 December 2021

+600,000
authentications
collected
(+1,500 scans per day)

+200
countries
involved

+150 mln
products connected
and traceable to the
Armani Group

In the context of the **fight against counterfeiting**, in 2021, the customs surveillance service and raid activities on the territory gave rise to:

- **Over 5,000 seizures worldwide.** This year, too, the trend of Eastern Europe and its neighboring countries (Bulgaria, Russian Federation, Romania, Poland, Czech Republic, and Hungary) being among the largest collectors of counterfeit products mainly from China and Turkey, continues. Britain, Greece, Spain, Germany and France are also among the major hubs for false product sorting from the Asian, Mediterranean and North African regions. Italy has recorded important numbers between internal and import counterfeiting;
- **Closure of more than 1,000 websites** dedicated to the marketing of counterfeit products with a compliance of 91%;
- **Removal of more than 40,000 ads** to market counterfeit products on digital platforms (marketplaces), achieving 99.9% compliance;
- **Almost 9,000 social media pages banned**, with compliance close to 100%.

In 2021, we saw a shift in online counterfeiting activities from classic websites and marketplaces towards social media platforms.

The Armani Group has long focused on **online security**: the Group has regularly undertaken several actions and a dedicated, in-depth project to test and improve its defenses, review and strengthen policies and procedures. A new awareness and education program will be launched for the entire company population.

4.2.4 Privacy management

Ensuring the correct management of privacy in the interests of customers and in accordance with recent developments in relevant legislation is certainly an aspect of fundamental importance in the markets of this century, influenced by technological evolution and digitization.

Policies have been updated and revised in order to transpose community-origin requirements such as the new rules on video surveillance and cookie exploitation and to complete the delivery of training held on an online platform for all Group employees.

As per the annual monitoring plan shared with the Data Protection Officer (DPO), the Group has continued to update the information on the processing of personal data, policies and records relating to the processing of personal data as well as the monitoring and execution of requests from interested parties received through dedicated e-mail boxes (privacy@giorgioarmani.it and dpo@giorgioarmani.it) and other communication channels made available.

All the actions listed are regularly shared with the Privacy Board, which, within the organizational model of the Armani Group has the function of defining policies and directing privacy objectives.

In 2021 Giorgio Armani S.p.A. did not have to make notifications of personal data breaches to the Personal Data Protection Supervisor.

4.2.5 Product safety

Attention to the issue of the safety of chemicals used in the manufacturing of clothing has grown considerably in recent years thanks to the increasing number of awareness campaigns.

In order to ensure the safety of the product and production processes, specific standards have been established to encourage the elimination and/or substitution of substances potentially dangerous to people and the environment.

More specifically, in order to increase the product safety, the Group asks to its suppliers a constant commitment to comply with the limits reported in the **PRSL (Product Restricted Substances List)** and monitors the possible presence of substances prohibited through test protocols managed by Operations and carried out by ISO 17025 certified laboratories. Products that are not in line with the PRSL parameters are, case by case, reconditioned in such a way as to eliminate non-conformity or taken to be macerated. The PRSL list is periodically updated on the basis of the results obtained from the tests and eventual modifications of international regulatory frameworks.

Since 2022, the **MRSL (Manufacturing Restricted Substances List)** has been added to the PRSL list with the aim of defining the parameters of emissions in water and atmosphere that suppliers are required to comply with.

All these procedures guarantee a systematic control of the Group's supply chain, which, in 2021, found no incident of non-conformity with the current regulations on product safety.

The Product Restricted Substances List (PRSL) and the Manufacturing Restricted substances List (MRSL)

PRSL and MRSL are the two main documents that aim to guide the entire supply chain towards the reduction and progressive elimination of potentially dangerous chemicals, in line with regulatory updates and the best available technologies.

The result of the collaboration with all the actors involved in the production process, in particular suppliers and chemical laboratories as well as the National Chamber of Fashion, the documents list the substances subject to restriction, the maximum permitted limits, the acceptable ranges and methods of analysis for each substance.

Publication of 'Good practices for manufacturing' from the CNMI Chemicals Commission, of which the Group is a member

To complete the work linked to the Sustainability Commission of the Italian National Chamber of Fashion, the work of drafting "Good manufacturing practices – guidelines on the use of chemical products in the production lines of fashion" that began in 2020 was published in 2021. This document, made for the sector and sponsored by the Ministry of Ecological transition, was the result of the commitment of the CNMI Chemicals Commission to which the Group is a member.

These new guidelines, which follow those already published in previous years on the use of chemicals in products ("Guidelines on eco-toxicological requirements for clothing, leather goods, footwear and accessories") and in production processes ("Guidelines on eco-toxicological requirements for chemical mixtures and industrial discharges"), are designed to help companies implement policies and controls that enable them to produce quality products that meet the most advanced sustainability requirements. This gives the measurement not only of the chemical parameters to be observed on the article but also of those inherent in the chemical mixtures usable in the production phases along the chain in order to minimize the associated environmental and social risks.

4.2.6 Sustainable store management

Throughout 2021, the **Protocol on Sustainability Requirements for Shops** and **Guidelines for Real Estate and Interior Design** were drawn up, which take into account what is indicated in the Code of Sustainability for Suppliers with a particular focus on specific environmental management systems for shops, buildings and interior design and related environmental certifications and protocols. **The drafting of these guidelines is parallel to the Group's desire to undertake a certification path, in line with the best international standards (WELL, LEED), of the headquarters and of the main existing and future stores.**

Green Outlets

Since 2019, the principle behind the **Green Outlets** has included the design of a concept of space dividers made entirely of **natural materials**, where possible certified, recycled and/or recyclable, which are assembled without the need for glues or additives, trying to build the minimum necessary, where fire protection or safety regulations so require.

In 2021, the following activities were carried out:

7 new openings or restructured of sales outlets managed directly by the group and franchised **according to the principle underlying the Green Outlets in Italy** (Castel Romano, Agira, Leccio), Austria (Pandorf), China (Hangzhou, Nanning) and France (Lyon), reaching a total of 18 since 2019; the same model is also planned for openings in 2022.

4.2.7 Sustainable event management

The Armani Group renews its commitments to contribute to positive change in the context of sustainable events.

This commitment is carried out through concrete actions implemented in the daily management of its own business, adopted in individual business processes and throughout all functions:

- **Raise awareness and involve all stakeholders** on the subject of Sustainability, inviting the main suppliers to look at the Sustainability Code for suppliers;
- **To ensure compliance with current rules**, regarding environmental, health and safety and labor laws;
- **To promote the reuse and recovery of the materials used for events**, for example by preferring renting rather than customized development of materials and internally reusing or donating the materials once dismantled; to favor the use of recycled and recyclable materials;
- **Eliminate the use of single-use plastic in catering** and limiting the use of plastic material in general;



Event management

In order to minimize negative environmental and social impacts as much as possible, while maintaining the full creative power of the artistic direction, the Group decided to align itself with the ISO 20121 standards and pursue its principles. **Guidelines for the Management of Sustainable Events** have been drawn up, providing recommendations for all suppliers, sub-suppliers and partners involved, to be taken into account in all phases of an event – design, implementation and decommissioning – in order to control and contain environmental impacts, this will have a positive impact on people and the environment.

After 11 years, the Armani Group returned to Dubai to celebrate with a new “One Night Only” event for the tenth anniversary of the opening of Armani Hotels. The event was held on October 26 at the Armani Hotel Pavilion. **“One Night Only” Dubai was designed to minimize its environmental impact, in accordance with ISO 20121 – Sustainable Event Management.**

The Armani Group planned not to use disposable plastic, to avoid food waste, to favor renting equipment, to encourage the reuse of materials, to promote the separation of waste and the use of hybrid or electric cars and use LED lighting.

Suppliers were required to comply with specific social and environmental clauses. In addition, in order to compensate for the residual GHG emissions linked to the event, **the Armani Group decided to support two REDD+ projects (the Agrocortex project and the Maísa project)**. These projects, which concern the Amazon rainforest and collectively reduce more than 500,000 tCO₂ per year, contribute to the conservation of biodiversity, the global fight against climate change, and offer social and economic benefits, in line with the United Nations Sustainable Development Goals, as described in the section on biodiversity projects.

Diversity and inclusion awareness campaigns

In addition, throughout 2021, in view of the Group's growing attention to diversity and inclusion issues, and in order to raise awareness for these issues, the following projects were launched:

— EMPORIO ARMANI LAUNCHES CROSSROADS, A NEW PROJECT CENTERED AROUND FEMALE EMPOWERMENT

There are 14 women, each photographed in a different city, invited to tell their own story focusing on a key moment in their lives where they found themselves at a crossroads, allowing them to grow and, in many cases, engage in society. Called Crossroads for this reason, the project wants to give a voice to modern women and celebrate their personality, femininity and abilities.

— EMPORIO ARMANI JUNIOR LAUNCHES THE FIRST EDITION OF PARENTS TALKS

Five video-stories that transmit the spirit of openness and connection with the present of Emporio Armani and talk about being parents today through different personal experiences and points of view, in order to promote the value of diversity and to raise awareness on the theme of contemporary parenting.



4.3 RELATIONS WITH COMMUNITIES

The Armani Group recognizes one of the founding values of its business in their responsibility towards the community. For this reason, it has supported and promoted important projects for years, in fighting against inequality, medical and scientific research, protecting the environment, culture, sports and equal opportunities.

The involvement in these projects is the result of the strong bond that the Group and its founder has with the community in which it operates, as well as the feeling of being an integral part.

The effectiveness of the actions undertaken is constantly monitored by the Armani Group through regular contact with the relevant associations, trimestral or semestral reports from the associations themselves and through possible field visits that allow the Group to verify the modus operandi of the associations and the progress of the projects they support.

4.3.1 Territory and community support

With the intention of giving back to the community some of the value created also thanks to it the Group is committed to meeting the communities needs and in particular, those for its most vulnerable groups, like food, housing, health, education and work.

12,500 meals offered in 2021 to Opera San Francesco for those in need

Due to this, the support offered for years to **Opera San Francesco per i Poveri** has been continuous, an association that not only offers free meals to those in need in Milan, but also essential services such as showers, a wardrobe service, a polyclinic for medical care, and a social orientation service. In 2021, a donation was made to offer 12,500 meals in the two canteens in the city.

In 2021 the **Giorgio Armani Go Ahead project of Comunità di Sant'Egidio** was developed, launched in 2020 and supported by the Armani Group with L'Oréal, Luxottica and Fossil Group, with the intention of implementing a social housing plan in the city to accommodate homeless people in

conditions of greater fragility and a support plan for children of family groups in difficulty to counter the phenomenon of early school leaving. Part of the support was given to the Via Giusti Scuola della Pace in Milan, which aims to avoid isolation and promote the integration and schooling of the most disadvantaged children of the Chinese community in Milan.

Supported the Scuola della Pace of Milan with the Comunità di Sant'Egidio

The commitment to **Save the Children** has also been renewed: studying and working are values that the Armani Group feel its own. For this reason, through Armani/Silos, for years the Group has been supporting one of the "Points of Light" in Milan, a meeting center for children and young people (50 were reached in 2021) who, after school, can enjoy school support and free activities, from sport to music to art. In addition, since 2020, the collaboration with Save the Children was extended to the **association's international projects, with an important contribution in 2021 to the most isolated and vulnerable regions of Afghanistan** and, as in 2020 in Mozambique, dedicated to motherhood and neonatal health. The project plans to reach about 30,000 people in two years, with food security and training, information and assistance programs. The Group's directors have again decided to participate in the donation, with a share of their compensation.

50 minors helped in Milan, with one of the 'Points of Light' from Save the Children

30,000 people in Afghanistan will be helped over 2 years

The Food and Beverage department has also been involved in community projects. In 2021, in fact, all the Italian restaurants of the Group again collaborated with the humanitarian organization **Action against Hunger**, which is involved in raising funds for projects against hunger and child malnutrition in the world, donating the proceeds earned from one specific dish towards the association's funds. In particular, the seventh edition of the initiative has helped to support interventions in Sahel, Lebanon, India and, for the first time, Italy.

In addition, at the end of 2021, more than 6,000 non-food items (accessories and crockery) that are no longer in use, worth almost €10,000, were donated to **Banco Alimentare**, a non-profit organization that promotes and manages the recovery of food and non-food surpluses and their recovery, collection and redistribution to dedicated charitable structures.

6,000 non-food items donated to Banco Alimentare

4.3.2 Initiatives for medical and scientific research

Aware of the fact that health is another fundamental asset to be protected and to which access must be guaranteed, the Armani Group has continuously supported scientific research, contributing to the advancement of medical research and the development of professionalism in the younger generations of researchers.

3 scholarships for research thanks to the donation to the Fondazione Umberto Veronesi

In 2021 the donation to the **Fondazione Umberto Veronesi** was allocated to three scholarships for research in the oncological field dedicated to the recurrence of breast cancer, while the **Fondazione Humanitas** allocated the funds received to immunologic research by young researchers led by Professor Mantovani. Donations for research have also been offered this year to the IEOCCM Foundation, which supports research from the European Institute of Oncology (IEO) and the Monzino Cardiology Institute. In addition, donations were made in kind, in support of the fundraising promoted by many national and territorial associations such as LILT, Panda Onlus, the De Marchi Foundation. An in-kind donation of about 1,000 winter clothes was sent to the Italian Red Cross, for their interventions to help refugees in various parts of the world.

4.3.3 Environmental protection

At the end of 2021, the results of the **research on the use of EM**, special micro-organisms, in the treatment of water and organic waste were provided by the Federico II University of Naples and the CNR of Pozzuoli and financed among others by the Giorgio Armani Foundation.

The study, started in September 2020 and carried out in experimental phase on the island of Pantelleria, with the support of the Municipality and the WWF, aimed to verify the effectiveness of the use of special mixtures of actual micro-organisms (EM) in the purification of wastewater and in the treatment of organic waste for their transformation into compost for agriculture.

The results of the research will allow in the long term to define protocols for a more extensive application of these techniques.

Still in the environmental field, the Armani Group reaffirms its active involvement in collaboration with the **WWF**, who it has supported in two different projects to protect biodiversity and in particular some species at risk, such as gorillas in Africa and polar bears in the Arctic, whose habitats are threatened by climate change.

Acqua for Life initiative

Acqua for Life (AFL) is an initiative focused on universal access to water in areas suffering from water scarcity. The project began in 2010, the year in which the United Nations recognized the right to water and sanitation as a human right. AFL activities are identified and developed in collaboration with **UNICEF**, **WaterAid** and **Water.org**, the three main partners operating all over the world, through an approach that aims to install systems that can clean water, improve hygiene, provide sanitary and hygiene services, promote education and awareness for behaviors in terms of Water, Sanitation and Hygiene (WASH), and maintain the activity for at least three consecutive years.

To date, **AFL has invested more than €10 million in water projects worldwide, resulting in over 390,000 people in 20 countries on 3 continents getting access safe water sources.** In 2021, in addition to providing continuity to ongoing initiatives, AFL launched three new projects in India, Madagascar and Malawi, which together plan to reach more than 125,000 people. Several AFL projects have a particularly profound impact on the lives of women, particularly pregnant and breastfeeding women and children under the age of five.

To maximize the impact of their own contribution, the AFL launched a new project with Water.org to offer an innovative financing solution (microcredits) that by 2023 will provide affordable financing to develop sustainable water and domestic sanitation solutions to 85,000 people in Tanzania.

4.3.4 Initiatives to support culture

In 2020 and 2021, cinemas, theaters and museums, were closed due to the health emergency and cultural activities stopped or had to be converted with online offers.

The restrictions and closures, which are intended to protect the health of citizens, have particularly affected the world of culture and workers in the sector, who have had to suffer through months of confinement.

Decorations for the opening of the Teatro alla Scala were gifted by Armani/Fiori

To contribution concretely, but also a strong signal of recovery and confidence, the Group decided to support one of the symbols of Italian and Milanese culture, returning to be part of the **Founders and Supports of the Teatro alla Scala in Milan**. The reopening of the theater was supported not only economically but also through a communication campaign, to underline the strong link of the Armani Group with the city and its theater. In order to embellish the theater's stages for the first 2021, the floral decorations made by Armani/Fiori with different varieties of roses and orchids cultivated by suppliers certified for the environmental and social practices put in place were presented as a gift.

Turning its attention to cultural activities outside Milan, the Armani Group has renewed its subscription to "**Amici del MAXXI**", the program supporting the activities of the Roman museum dedicated to contemporary creativity and has renewed its collaboration with the **Italian National Trust (FAI)**, of which a group of great historical donors – The 200 of the FAI – Giorgio Armani has always been a part.

For years the FAI has been dedicated to preserving, protecting and opening to the public not only important historical and artistic goods but also natural areas of the country that deserve to be protected from exploitation that is hurts the environment. The new edition of the book wants to disseminate the message of the FAI, and to make known the properties of the association and the protection carried out over the years, and this was achieved with the contribution of the Armani Group.

4.3.5 The values of sport and attention to diversity

Armani Group's relationship with the world of sport is a story in continuous evolution that is expressed through shared values, technical clothing and collaborations. This bond arises from a common way of being and living, made of commitment, hard work and loyalty to one's own values.

This vision found its culmination in the July 2021 Olympics and Paralympics, developing into a relationship that began with the Tokyo Games, continuing with the Beijing 2022 Winter Olympics. During the games, **EA7 Emporio Armani officially dressed the Italian Team**, in collaboration with CONI (Italian National Olympic Committee) and CIP (Italian Paralympic Committee). The idea is to convey an important message during a particularly difficult moment in time that requires commitment and team spirit in the community, through the most direct means: clothing. In this sense, the verses of the national anthem, which are reported within the clothes, are a reaffirmation of energy, a sense of unity and belonging.

The strong link with the world of sport has its roots in a profound sharing of values such as honesty, courage, team spirit, that everyone shares, without exception.

For this reason, the Armani Group, committed to collaborate with both Olympic and Paralympic sports, has inaugurated in 2021 a collaboration with **Obiettivo 3**, the association created by the racing champion Alex Zanardi that aims to launch athletes with disabilities into sports (to date it has helped more than 60 athletes, engaged in 6 different sports) and will accompany the best to the Paralympics. Born from Zanardi's desire to share his experience and goals with others, Obiettivo 3 wants to offer athletes with disabilities the possibility to approach sport and develop their potential, beyond any barrier and any unfounded prejudice. The Armani Group's support for Obiettivo 3 also has an important purpose of informing and raising awareness about the sensitive issue of disability and sport as an opportunity to overcome barriers.

Olimpia Milano Basketball team

Sponsored by the Armani Group since 2004 and fully acquired in 2008, the Olimpia Milano Basketball team has regained an important and popular role in European and national basketball thanks to an investment plan and the careful choice of players and technical staff.

The company has continued to invest resources in the youth sector the culture of basketball and sports in general with children. Consistent with the values of the Armani Group, the company promotes initiatives for the sports training of children and young people and is in turn directly engaged in fundraising actions and support for sports initiatives of some local communities.

From 2019 to 2021 the number of amateur basketball companies in Italy supported by Olimpia thanks to the **Armani Junior Program** project increased from 110 to 126. There are also 30 schools in Milan and the surrounding area involved in events promoting basketball and values related to Olimpia.

Since its founding in 2012, the **Euroleague basketball One Team social responsibility program**, supported by Turkish Airlines and the major European teams, including Olimpia, has directly or indirectly reached 19,000 participants through different projects from the individual teams. Some of the topics included in the program are social inclusion, disabilities, gender diversity, and substance abuse.

The **“positive supporter” project**, which is aimed at boys, girls and their parents, is also being continued and proposes the values of sport as an inspiration for human relations, bringing the phenomenon of supporting back to the sport and to cultivate the passion of sport without forgetting the mutual respect.



126
companies'

amateur basketball teams supported by Olimpia



30 schools

involved in events promoting basketball



METHODOLOGICAL NOTE

This document represents the sixth annual edition of the Armani Group Sustainability Report.

This document has been prepared in accordance with GRI Standards: Core option and refers to the period from 1 January to 31 December 2021. The process of collecting and processing non-financial data was refined in 2021. With a view of continuous improvement, further refinements will be applied in the near future in order to ensure an increasingly precise accounting and strategic evaluation. In this context, the data relating to the two-year period 2020-2019 are reported for comparative purposes and may be subject to further verification and elaboration in the future. The evolution of performance in the three-year period 2021-2020-2019 is to be interpreted in the light of changes in the Group's perimeter. The GRI Content Index, detailing the contents reported in accordance with GRI, can be found in the appendix to this document.

In line with GRI Standards, the Armani Group has been inspired by the principles of materiality, stakeholder inclusiveness, sustainability and completeness for the definition of content; the principles of balance, clarity, accuracy, timeliness, comparability and reliability, to ensure the quality of the information and the adequacy of the presentation arrangements. The content reported was selected on the basis of the materiality analysis launched in 2021, which made it possible to identify the material aspects for the Group and its stakeholders. The results of the materiality analysis are presented in paragraph 1.3.1 "The materiality analysis, ESG risks and opportunities" of this document.

In particular, for 2021, the scope of the data reported in this document is related to all the companies listed at the bottom of the methodological note. Any additional perimeter limitations are indicated in the text. During 2021, there were no significant changes in the supply chain and ownership of the Group.

Where it was not possible to obtain quantitative data with the reporting tools available to the Group, the reporting necessarily made use of estimates, appropriately reported, based on the best available methodologies to guarantee the reliability of the reported information. Any restatement of the comparative data previously published has

been highlighted in the text. The periodicity of the publication of the Armani Group Sustainability Report is set at an annual rate. This document was submitted for approval by the Board of Directors of the Armani Group on 4 October 2022.

With a view of continuous improvement, drawing on **the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**, this report contains information of interest in relation to the four areas of attention identified by the framework, in particular:

- Governance: of the organization on climate risks and opportunities;
- Strategy: current and potential impacts of climate risks and opportunities in relation to the organization's business activities, strategy and financial planning;
- Risk Management: how the organization identifies, assesses and manages climate-related risks;
- Metrics and targets: used to assess and manage relevant climate risks and opportunities.

The table below lists references to sections of this document that contain relevant information with reference to the TCFD disclosure recommendations.

TCFD AREA	REFERENCE CHAPTER/PARAGRAPH
GOVERNANCE	1.2.1 Governance and structure of the Group
	1.2.2 Sustainability governance
	1.3.1 The materiality analysis, ESG risks and opportunities
STRATEGY	3.1.1 Energy consumption and atmospheric emissions
	1.3.1 The materiality analysis, ESG risks and opportunities
	1.3.2 Achievements and future goals
RISK MANAGEMENT	1.3.1 The materiality analysis, ESG risks and opportunities
	1.3.2 Achievements and future goals
	3.1.1 Energy consumption and atmospheric emissions
METRICS AND TARGETS	4.2.7 Sustainable event management
	3.1 Environmental protection and efficient use of resources

In addition to the information contained in this document, please refer to the Armani Group's CDP 2022 (Carbon Disclosure Project) questionnaire, available on the website of the CDP. The Group is committed to improving and refining over time the disclosure in climate.

This document is also available to the public at:

[armanivalues.com](https://www.armanivalues.com)

For any information regarding Armani Group's Sustainability Document, please contact the Group Sustainability Director at the following email address: **info@armanivalues.com**.

Reporting perimeter of the social and environmental data and information presented in the 2021 Sustainability Report:

Giorgio Armani S.p.A., Giorgio Armani Retail S.r.l., GA Operations S.p.A., Alia S.r.l., Giorgio Armani Hong Kong Ltd, GA Operations Hong Kong Ltd, Giorgio Armani Shanghai Trading Co., Giorgio Armani Canada Corporation, Giorgio Armani Australia Pty Ltd, Giorgio Armani Corporation, Giorgio Armani Japan Co. Ltd, Pallacanestro Olimpia Milano Ssrl (environmental data excluded), Giorgio Armani Brasil Comércio Importação e Exportação Ltda, Caffè 42 Croisette Sas, Giorgio Armani Mexico Import, Giorgio Armani Mexico Retail Corporation, Giorgio Armani Mexico Servicios, Giorgio Armani Macau Ltd, Ultimate SA, Giorgio Armani Monaco SAM.



GRI - PERIMETER AND TYPE OF IMPACTS GENERATED

Material topics	Reconciliation with GRI Standards	Perimeter of impact	Role of the Armani Group
Compliance and Business Ethics	GRI 103 (2016): Management Approach GRI 205-3 (2016): Confirmed incidents of corruption and actions taken GRI 206-1 (2016): Legal actions for anti-competitive behavior, anti-trust, and monopoly practices GRI 307-1 (2016): Non-conformity with environmental laws and regulations GRI 419-1 (2016): Non-compliance with laws and regulations in the social and economic area	Armani Group	Direct – generated by the Armani Group
Creation and distribution of economic value	GRI 103 (2016): Management Approach GRI 201-1 (2016): Direct economic value generated and distributed	Armani Group	Direct – generated by the Armani Group
Talent attraction and employee well-being	GRI 103 (2016): Management Approach GRI 401-2 (2016): Benefits provided to full-time employees that are not provided to temporary or part-time employees	Armani Group	Direct – generated by the Armani Group
Employee training and development	GRI 103 (2016): Management Approach GRI 404-1 (2016): Average hours of training per year per employee GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews	Armani Group	Direct – generated by the Armani Group
Promotion of diversity and inclusion	GRI 103 (2016): Management Approach GRI 405-1 (2016): Diversity on governance bodies and employees GRI 406-1 (2016): Incidents of discrimination and corrective actions taken	Armani Group	Direct – generated by the Armani Group
Health and safety in the workplace	GRI 103 (2016): Management Approach GRI 403-1 (2018): Occupational health and safety management system GRI 403-2 (2018): Hazard identification, risk assessment, and incident investigation GRI 403-3 (2018): Occupational health services GRI 403-4 (2018): Worker participation, consultation, and communication on Occupational health and safety GRI 403-5 (2018): Worker training on occupational health and safety GRI 403-6 (2018): Promotion of worker health GRI 403-7 (2018): Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-9 (2018): Work-related injuries	Armani Group Partners and Suppliers	Direct – generated by the Armani Group Indirect – connected to the Armani Group's activities through business relationships

Material topics	Reconciliation with GRI Standards	Perimeter of impact	Role of the Armani Group
Climate change and energy efficiency	GRI 103 (2016): Management Approach GRI 302-1 (2016): Energy consumption within the organization GRI 305-1 (2016): Direct (Scope 1) GHG emissions GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions GRI 305-3 (2016): Other indirect (Scope 3) GHG emissions	Armani Group Electricity suppliers	Direct – generated by the Armani Group Indirect – connected to the activities of the Armani Group through business relations
Eco-design, product life cycle and circular economy	GRI 103 (2016): Management Approach GRI 306-1 (2020): Waste generation and significant waste-related impacts GRI 306-2 (2020): Management of significant waste-related impacts GRI 306-3 (2020): Waste generated	Armani Group Partners and suppliers	Direct – generated by the Armani Group Indirect – connected to the activities of the Armani Group through business relations
Water resource management	GRI 103 (2016): Management Approach GRI 303-1 (2018): Interactions with water as a shared resource GRI 303-2 (2018): Management of water discharge-related impacts GRI 303-3 (2018): Water withdrawal GRI 303-4 (2018): Water discharge	Armani Group Water service providers	Direct – generated by the Armani Group
Protection of biodiversity	GRI 103 (2016): Management Approach GRI 304-1 (2016): Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Armani Group Partners and suppliers	Direct – generated by the Armani Group Indirect – connected to the activities of the Armani Group through business relations
Protection of the oceans	GRI 103 (2016): Management Approach	Armani Group Partners and suppliers	Direct – generated by the Armani Group Indirect – connected to the activities of the Armani Group through business relations
Sustainable procurement of raw materials	GRI 103 (2016): Management Approach	Armani Group	Direct – generated by the Armani Group
Sustainability aspects in the value chain/production chain	GRI 103 (2016): Management Approach GRI 308-1 (2016): New suppliers that were screened using environmental criteria GRI 414-1 (2016): New suppliers that were screened using social criteria	Armani Group Partners and suppliers	Direct – generated by the Armani Group Indirect – connected to the activities of the Armani Group through business relations
Respect for human and workers' rights	GRI 103 (2016): Management Approach GRI 412-1 (2016): Operations that have been subject to human rights reviews or impact assessments	Armani Group Partners and suppliers	Direct – generated by the Armani Group
Product labeling and communication	GRI 103 (2016): Management Approach GRI 417-2 (2016): Incidents of non-compliance concerning product and service information and labeling	Armani Group	Direct – generated by the Armani Group

Material topics	Reconciliation with GRI Standards	Perimeter of impact	Role of the Armani Group
Information management and privacy	GRI 103 (2016): Management Approach GRI 418-1 (2016): Substantiated complaints concerning breaches of customer privacy and losses of customer data	Armani Group	Direct – generated by the Armani Group
Product quality and safety standards	GRI 103 (2016): Management Approach GRI 416-2 (2016): Incidents of non-compliance concerning the health and safety impacts of products and services	Armani Group	Direct – generated by the Armani Group
Brand value and protection	GRI 103 (2016): Management Approach	Armani Group	Direct – generated by the Armani Group
Support to local communities and to the territory	GRI 103 (2016): Management Approach GRI 203-2 (2016): Significant indirect economic impacts	Armani Group	Direct – generated by the Armani Group

GRI CONTENT INDEX

GRI Standard	Disclosure	Page	Notes/Omissions
GRI 101: Foundation (2016)			
GRI 102: General Disclosures (2016)			
	Organizational profile		
	102-1 Name of the organization	pg. 148	-
	102-2 Activities, brands, products, and services	pgs. 12, 21-27	-
	102-3 Location of headquarters	pg. 28	-
	102-4 Location of operations	pgs. 14-15	-
	102-5 Ownership and legal form	pg. 16	-
	102-6 Markets served	pgs. 14-15, 21	-
	102-7 Scale of the organization	pgs. 21, 35	-
	102-8 Information on employees and other workers	pgs. 62, 65-66	-
	102-9 Supply chain	pg. 122	-
	102-10 Significant changes to the organization and its supply chain	pg. 148	-
	102-11 Precautionary Principle or approach	pgs. 51-54	-
	102-12 External initiatives	pgs. 18-19, 105, 110-111, 126, 137, 143	-
	102-13 Membership of associations	pgs. 18, 110-111	-
	Strategy		
	102-14 Statement from senior decision-maker	pg. 5	-
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	pgs. 6, 16, 18, 33-34,	-
	Governance		
	102-18 Governance structure	pgs. 18, 28-31	-
	Stakeholder engagement		
	102-40 List of stakeholder groups	pg. 44	-

GRI Standard	Disclosure	Page	Notes/Omissions
	102-41 Collective bargaining agreements		In Italy, the percentage of employees covered by collective bargaining agreements is roughly 100%. Relative to other operational geographical areas, the Group operates in accordance with the rules and regulations applicable in the scope of labor laws. More information will be available in future editions of the Report
	102-42 Identifying and selecting stakeholders	pg. 43	-
	102-43 Approach to stakeholder engagement	pg. 44	-
	102-44 Key topics and concerns raised	pg. 46	-
	102-45 Entities included in the consolidated financial statements	pg. 150	-
Reporting practice			
	102-46 Defining report content and topic Boundaries	pgs. 148-149, 152-154	-
	102-47 List of material topics	pg. 49	-
	102-48 Restatements of Information	pg. 149	-
	102-49 Changes in reporting	pgs. 49, 148	-
	102-50 Reporting period	pg. 148	-
	102-51 Date of most recent report	pg. 148	-
	102-52 Reporting cycle	pg. 148	-
	102-53 Contact point for questions regarding the report	pg. 150	-
	102-54 Claims of reporting in accordance with the GRI Standards	pg. 148	-
	102-55 GRI content index	pgs. 155-160	-
	102-56 External assurance		This document is not subject to third-party assurance

MATERIAL TOPICS

COMPLIANCE AND BUSINESS ETHICS

GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 33-34	-
	103-3 Evaluation of the management approach	pgs. 33-34	-
GRI 205: Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	pg. 34	-

GRI Standard	Disclosure	Page	Notes/Omissions
GRI 206: Anti-competitive Behavior (2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg. 34	-
GRI 307: Environmental Compliance (2016)	307-1 Non-compliance with environmental laws and regulations	pg. 34	-
GRI 419: Socioeconomic Compliance (2016)	419-1 Non-compliance with laws and regulations in the social and economic area	pg. 34	-

CREATION AND DISTRIBUTION OF ECONOMIC VALUE

GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 34-36	-
	103-3 Evaluation of the management approach	pgs. 34-36	-
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	pg. 36	-

TALENT ATTRACTION AND EMPLOYEE WELL-BEING

GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 72-73, 75	-
	103-3 Evaluation of the management approach	pgs. 72-73, 75	-
GRI 401: Employment (2016)	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pgs. 72-73, 75	There are no significant differences between the benefits provided to full-time employees and those provided to temporary or part-time employees

EMPLOYEE TRAINING AND DEVELOPMENT

GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 67-71	-
	103-3 Evaluation of the management approach	pgs. 67-71	-
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	pg. 69	-
	404-3 Percentage of employees receiving regular performance and career development reviews	pg. 70	-

PROMOTION OF DIVERSITY AND INCLUSION

GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pg. 66	-
	103-3 Evaluation of the management approach	pg. 66	-
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	pgs. 29, 62-64	-
GRI 406: Non-discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	pg. 34	-

GRI Standard	Disclosure	Page	Notes/Omissions
HEALTH AND SAFETY IN THE WORKPLACE			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 76-78	-
	103-3 Evaluation of the management approach	pgs. 76-78	-
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	pgs. 76-78	-
	403-2 Hazard identification, risk assessment, and incident investigation	pg. 76	-
	403-3 Occupational health services	pgs. 76-78	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	pgs. 76-78	-
	403-5 Worker training on occupational health and safety	pgs. 69, 77	-
	403-6 Promotion of worker health	pg. 77	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pg. 124	-
	403-9 Work-related injuries	pgs. 78-80	-
	CLIMATE CHANGE AND ENERGY EFFICIENCY		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 84-85, 87-88, 91-93, 95	-
	103-3 Evaluation of the management approach	pgs. 84-85, 87-88, 91-93, 95	-
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	pg. 86	-
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	pg. 90	-
	305-2 Energy indirect (Scope 2) GHG emissions	pg. 90	-
	305-3 Other indirect (Scope 3) GHG emissions	pgs. 90, 94	-
ECO-DESIGN, PRODUCT LIFE CYCLE AND CIRCULAR ECONOMY			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 96, 98	-
	103-3 Evaluation of the management approach	pgs. 96, 98	-
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	pg. 96	-
	306-2 Management of significant waste-related impacts	pg. 98	-
	306-3 Waste generated	pg. 97	-

GRI Standard	Disclosure	Page	Notes/Omissions
WATER RESOURCE MANAGEMENT			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pg. 100	-
	103-3 Evaluation of the management approach	pg. 100	-
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	pg. 100	-
	303-2 Management of water discharge-related impacts	pg. 100	-
	303-3 Water withdrawal	pgs. 101-102	-
	303-4 Water discharge	pgs. 101-102	-
PROTECTION OF BIODIVERSITY			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 103-106	-
	103-3 Evaluation of the management approach	pgs. 103-106	-
GRI 304: Biodiversity (2016)	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	pg. 103	-
PROTECTION OF THE OCEANS			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pg. 103	-
	103-3 Evaluation of the management approach	pg. 103	-
SUSTAINABLE PROCUREMENT OF RAW MATERIALS			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 103, 107, 110-116	-
	103-3 Evaluation of the management approach	pgs. 103, 107, 110-116	-

GRI Standard	Disclosure	Page	Notes/Omissions
SUSTAINABILITY ASPECTS IN THE VALUE CHAIN/ PRODUCTION CHAIN			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 120-122, 124	-
	103-3 Evaluation of the management approach	pgs. 120-122, 124	-
GRI 308: Supplier Environmental Assessment (2016)	308-1 New suppliers that were screened using environmental criteria	pg. 124	-
GRI 414: Supplier Social Assessment (2016)	414-1 New suppliers that were screened using social criteria	pg. 124	-
RESPECT FOR HUMAN RIGHTS AND WORKERS			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pgs. 30-31, 121-122, 124	-
	103-3 Evaluation of the management approach	pgs. 30-31, 121-122, 124	-
GRI 412: Human Rights Assessment (2016)	412-1 Operations that have been subject to human rights reviews or impact assessments	pg. 122	-
PRODUCT LABELING AND COMMUNICATION			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pg. 127	-
	103-3 Evaluation of the management approach	pg. 127	-
GRI 417: Marketing and Labeling (2016)	417-2 Incidents of non-compliance concerning product and service Product and labeling	pg. 127	-
INFORMATION MANAGEMENT AND PRIVACY			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	pgs. 42-50; 152-154	-
	103-2 The management approach and its components	pg. 131	-
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