



GIORGIO ARMANI

THE ARMANI GROUP
AND SUSTAINABILITY

2020

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LETTER FROM THE CHAIRMAN

The year that has just ended has been an extremely difficult one, both for individuals and businesses alike. It has forced all of us to make radical changes to our way of living, working, and interacting with each other, shining a light on the great fragility of the human condition.

However, it was also a year that offered us the opportunity to undertake serious reflection on our manner of producing and consuming, so as to strive to better respond to the pressing new needs that have emerged. What matters now is making sure that this hard and difficult experience really counts... that it does not become a wasted opportunity.

We are going through a complicated period, which nevertheless offers us the truly unique possibility of setting right that which is wrong, and thereby regaining more of the somewhat forgotten human dimension. This crisis should serve as an opportunity to slow down and realign everything, to delineate a more realistic horizon, and restore a notion of authentic behaviour to its place of value.

Since the beginning of the pandemic, the Armani Group has been an active participant, joining in the great collective effort to protect people and jobs, and promoting and facilitating constructive change. Because fashion can and must be a great stimulus for renewal, it is imperative that our actions be coherent and cohesive in the service of getting closer to addressing the real needs of the consumer, while also being respectful of what increasingly appear to be our most precious assets, worthy of our enduring protection: the environment and a healthy social fabric.

My wish – and my greatest desire – is for us to return to appreciating a concept that is as profoundly important as it is simple: respect towards the planet, and also towards ourselves and towards others.

Giorgio Armani



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1
THE ARMANI
GROUP



2020

IN FIGURES AND FACTS

9.729
employees worldwide

Over
100.000
hours of training-education provided
during the year

623
directly managed sales outlets

6
industrial sites

1.594
Million of €
in economic value generated

1.302
Million of €
in economic value distributed

-4%
absolute energy consumption
as compared to 2019

96
audits performed at suppliers'
factories

COVID-19

In the initial months of the pandemic, the Group converted its Italian production plants to undertake the production of over 30,000 disposable gowns for healthcare workers, which were subsequently donated to hospitals, health care facilities and nursing homes.

FASHION PACT: PRELIMINARY RESULTS

The Armani Group confirmed having acceded to the Fashion Pact, an international initiative that brings together over 250 leading brands and companies in the fashion and textile industries, all with the desire to promote a virtuous transformation of the sector. In its first year of operation, promising results have been achieved in respect of two of the three pillars: Climate –with over 40% of the energy consumed deriving from renewable sources; and Oceans –with 70% of the signatories making a concrete commitment to reduction in the use of single-use plastics. In addition, the work on issues relating to Biodiversity continues.

INNOVATIVE RAW MATERIALS

The research into and quest for innovative raw materials remains ongoing, having been formalised in the Armani Sustainability Project Protocol. Consequently, 2020 had several stand-out achievements: the Emporio Armani Recycled capsule collection with apparel items made from recycled materials, accessories made from regenerated leather fibre and Emporio Armani eyewear with lenses fabricated out of bio-based material, the Olimpia Milano team uniforms made of recycled polyester derived from PET bottles. Similarly, Armani Exchange has clearly signalled its commitment to using sustainable raw materials in its use of materials such as organic cotton for denim, and nylon regenerated from post-consumer plastics.

GLOBAL REPTRAK® 100

Yet again for 2020, the Armani Group appears among the best companies in the world based on the Global RepTrak® 100 analysis, the ranking compiled by the Reputation Institute, thus maintaining its position among the top five Italian companies in the ranking, and placed twenty-fourth in the world.

DIVERSITY LEADERS RANKING

In 2020, the Armani Group achieved the sixth position worldwide, with top ranking among Italian companies, in the Diversity Leaders Ranking, as drawn up by the Financial Times based directly on employee feedback solicited for assessing the company's perceived inclusivity.

GREEN OUTLET OPENINGS

Following the store openings in Sanremo and Hong Kong, 2020 saw the innovative Green Outlet concept being extended to also cover the Armani Outlets in Vicolungo, Malaga, Shanghai and Tokyo with the objective of engaging the customers in the virtuous path undertaken by the Group in terms of sustainability and the circular economy.

BRANDS

GIORGIO ARMANI
PRIVÉ

GIORGIO ARMANI

ARMANI / CASA

EMPORIO  ARMANI

EA7
EMPORIO  ARMANI

A | X
ARMANI EXCHANGE

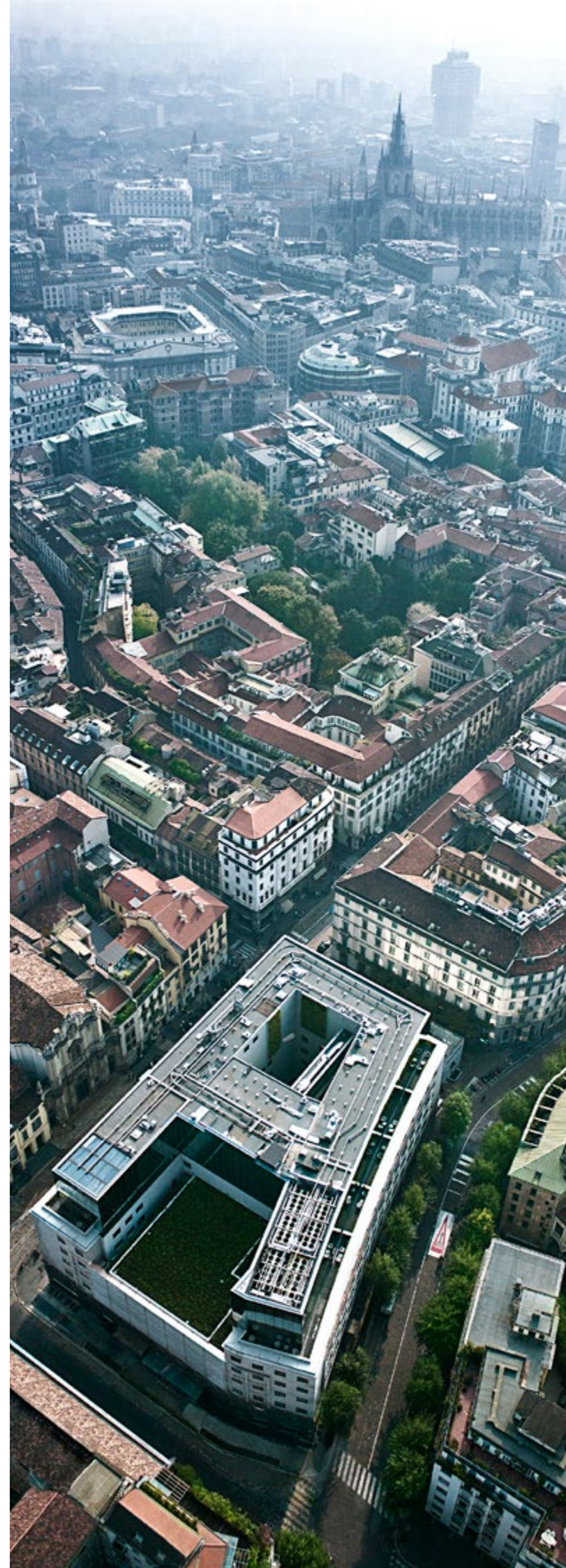
GIORGIO ARMANI
beauty

ARMANI
Hotels & Resorts

ARMANI / FIORI

ARMANI / DOLCI

FOOD & BEVERAGE



THE ARMANI GROUP WORLDWIDE

AMERICAS

● 258

● 4

EUROPE

● 121

● 10

● 5



● DIRECTLY MANAGED
SALES OUTLETS

● CORPORATE OFFICES

● INDUSTRIAL
SITES

● 244

● 5

● 1

ASIA PACIFIC

GOVERNANCE AND ORGANISATION

As at 31 December 2020, the organisational structure of the Armani Group is comprised of 14 business entities located throughout the world, wholly owned and controlled by Giorgio Armani SpA, which as the parent company performs a variety of operational and staff functions on a global scale, through corporate head offices located in Milan.

Giorgio Armani, in addition to presiding as chair over the Board of Directors, holds the position of Chief Executive Officer.

Since 2016, the year the **Fondazione Giorgio Armani** (Giorgio Armani Foundation) was established, the Group has thus continued to strengthen its governance structures ensuring their enduring stability over time. This decision in favour of continuity reflects Giorgio Armani’s desire to provide for both a steady guiding hand in the future management of the company, as well as the transmission and safeguarding of the values and principles that have always inspired the founder’s creative and entrepreneurial activities.

CORPORATE OFFICERS

Board of Directors

Chair	Giorgio Armani
Members of the BoD	Rosanna Armani
	Silvana Armani
	Roberta Armani
	Pantaleo Dell’Orco
	Andrea Camerana
	Federico Marchetti

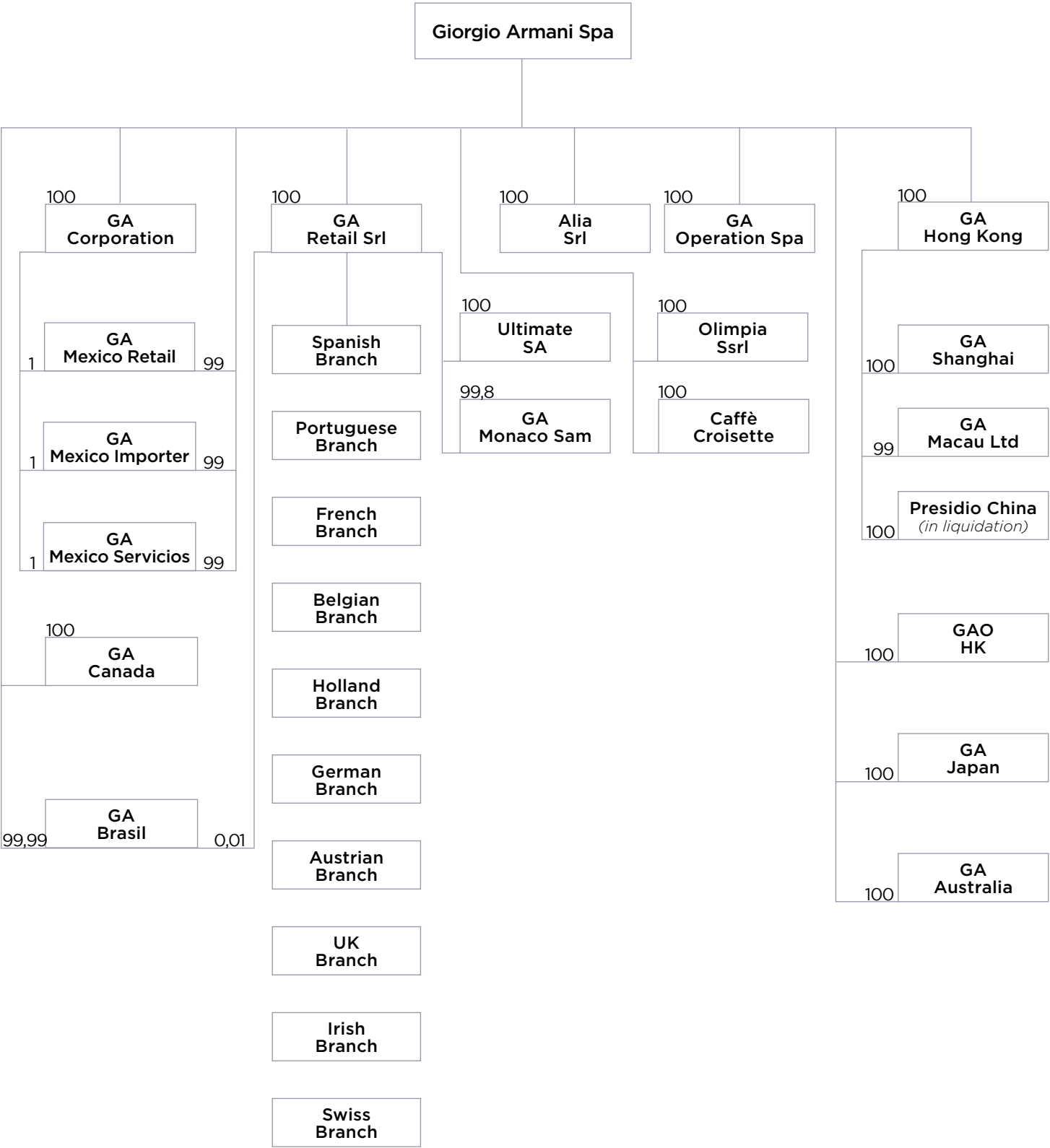
Board of Statutory Auditors

Chair	Marco Terrenghi
Statutory Auditors	Luca Gaiani, Andrea Zoccali
Substitute Auditors	Maria Cristina Pedroni, Vieri Chimenti

Supervisory Board

Chair	Paolo Pacciani
Members	Luca Gaiani, Marco Terrenghi

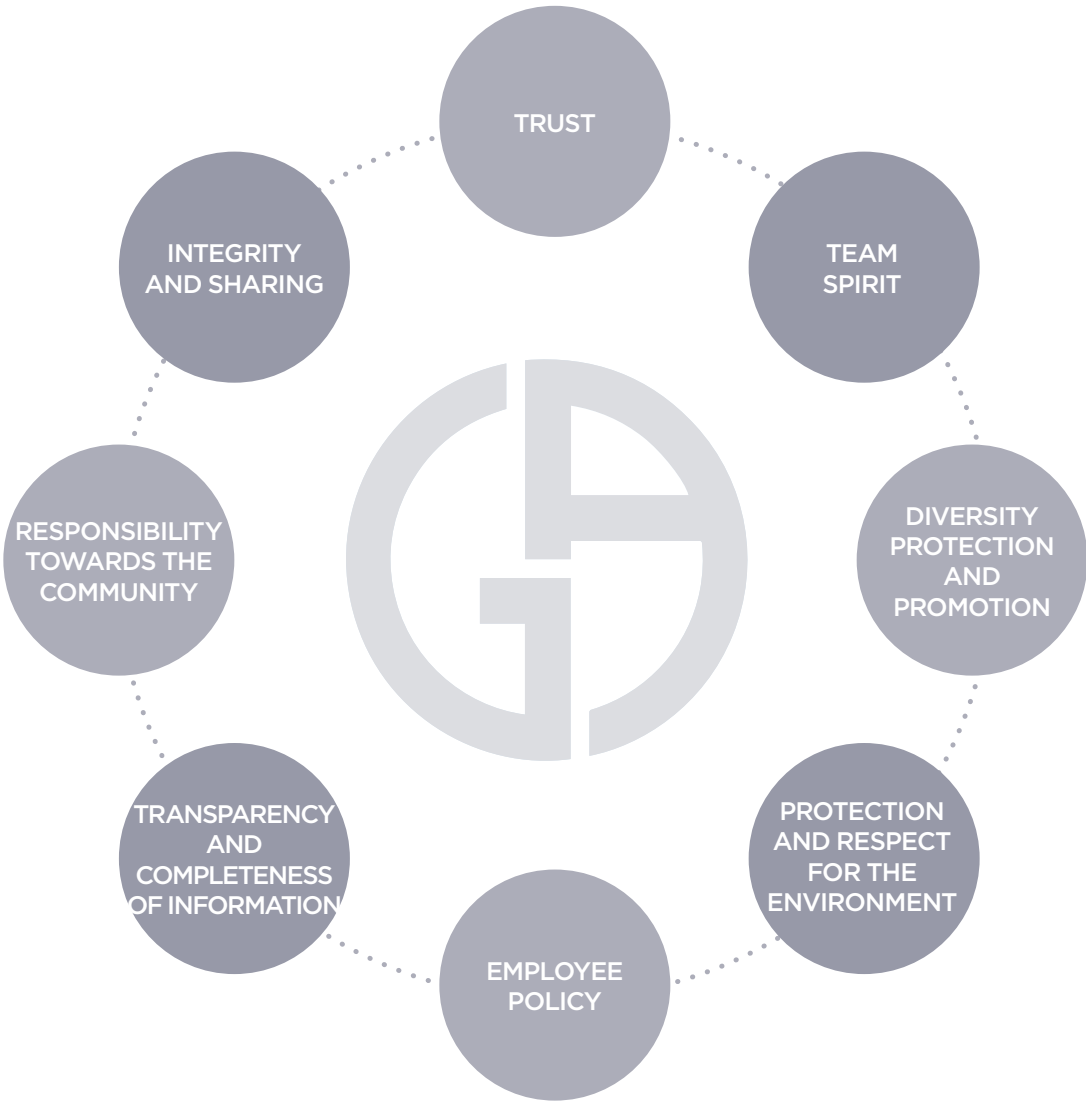
STRUCTURE OF THE ARMANI GROUP AS OF 31ST DECEMBER 2020



VALUES

The Group’s values are formalised in the **Code of Ethics**, wherein the norms and provisions set forth are consistent with a precise social and moral commitment and guide the actions of all those who work in the name and on behalf of the company. The Group attaches particular importance to protecting all forms of diversity, which is considered a critical success factor.

Thanks to the measures taken to implement the principles laid down in the Code of Ethics, no episodes of discrimination were reported in 2020.



THE CONTROL SYSTEM

The Group has developed an **Organisation, Management and Control Model** (Model 231), of which the Code of Ethics constitutes an integral part, for prevention of offences, in line with the indications of Legislative Decree 231/2001 and subsequent amendments. The Model includes a system of internal rules and principles designed to ensure compliance with the law in the performance of the Group’s activities, by identifying and preventing potential risk situations.

The Group has implemented an internal control system that ensures decision-making is consistent with corporate objectives and values. The control system comprises a set of tools, procedures and regulations, designed to define and guide the appropriate structuring of information flows and ensure effective processes are in place for identifying, monitoring and managing risks, especially risks pertaining to corruption related phenomena. In this regard, specific procedures have been established to monitor various aspects, such as payment authorisation, supplier selection, investments, management of relationships with public administration, and gifts.

The effective implementation of Model 231 is ensured by the Supervisory Board (SB), which subjects the entire system to periodic inspections. During 2020, the SB found no phenomena of corruption, whether ascertained or presumed, on the part of individuals working within or on behalf of the Armani Group. Likewise, there were no reported instances of non-compliance with the laws in force concerning social, environmental and economic matters.



ECONOMIC AND FINANCIAL PERFORMANCE AND TRENDS

The Armani Group has emerged from a long and intense process of commercial expansion to become a major international entity capable of creating and distributing wealth while contributing to the economic growth of the social and environmental context within which it operates, and also satisfying the economic interests of its own stakeholders.

Through ongoing research on style and diversification of product offerings, the Group is able to respond as rapidly as possible to market developments, and accordingly shape their attention and response towards a varied clientele with diverse purchasing options, also attributing appropriate and distinct positioning with respect to style and image for each of the brands in the portfolio. These are the key factors that continue to bring success to the Armani Group despite the difficulties of the international macroeconomic scenario, thereby further consolidating their leadership in the fashion and luxury sector.

The financial results for 2020 were very significantly impacted by the global spread of the Covid-19 pandemic due to the novel Coronavirus. Nonetheless, the Group continued through 2020 as well to advance its investment plan devised to support the expansion and renewal of its distribution network. The consolidated net revenues of the Group amounted to 1,599.1 million euros, representing a decrease of 25.8% as compared to 2019, with consolidated net profit amounting to 89.8 million euros.

The Group's financial and balance sheet (assets) data remain solid thus allowing it to continue to adequately support the management and self-financing requirements of its investment programmes: as at the end of 2020, net cash and cash equivalents (liquidity) amounted to € 925 million (€ 1,215 million in 2019), while net shareholders' equity (net assets) amounted to 1,895 million euros (2,051 million euros in 2019).

SUMMARY FINANCIAL RESULTS (Millions of €)	2020*	2019*	2018
Consolidated Revenues	1,599.1	2,155.8	2,108.8
Gross Operating Profit before Depreciation and Amortisation (EBITDA)	263.1	494.1	314.3
Operating Profit (EBIT)	-29.5	172.8	208.6
Net Income	89.8	119.1	151.9

* The 2019 and 2020 Financial Results take into account the effects of International Financial Reporting Standard 16 (IFRS 16). For more information on economic performance, please refer to the 2020 Financial Statements of the Group

ADDED VALUE

The added value indicates the difference between value and the intermediate costs of production; and determination thereof makes it possible for the Group to measure both the economic performance of management, as well as its ability to create appropriate conditions such that the economic value generated is distributed to the stakeholders.

The economic value has been reported in three distinct levels: value generated, value distributed, and the value retained by the Group. The latter will provide the necessary means so as to increase financial and economic stability, thereby ensuring the Group's viability over the long-term.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (K€)	2020*	2019*	2018
Economic value generated by the Group	1,594,343	2,143,680	2,074,187
Revenues	1,599,067	2,155,806	2,108,772
Other income	12,942	3,848	4,879
Financial income	2,680	5,011	1,367
Value adjustments to financial assets	-	-	-
Write-down of receivables	(2,418)	(5,174)	(7,884)
Exchange rate differences	(13,172)	(151)	(9,663)
Income/expenses from the sale of tangible and intangible assets	-	-	-
Value adjustments to tangible and intangible assets	(4,756)	(15,660)	(23,284)
Economic value distributed by the Group	(1,302,452)	(1,850,244)	(1,972,231)
Operating costs	(924,500)	(1,200,770)	(1,359,834)
Employee compensation	(412,742)	(455,456)	(428,467)
Payments to lenders *	(15,997)	(18,718)	(725)
Payments to investors	(90,060)	(134,995)	(134,995)
Payments to Government Authorities **	145,780	(39,767)	(47,712)
Gifts to third parties	(4,933)	(538)	(498)
Economic value retained by the Group	291,891	293,436	101,956
Depreciation and amortisation	(287,863)	(305,690)	(82,392)
Provisions	(4,277)	(3,606)	(2,688)
Reserves	(249)	(15,860)	16,876

* The 2019 and 2020 Financial Results take into account the effects of International Financial Reporting Standard 16 (IFRS 16). For more information on economic performance, please refer to the 2020 Financial Statements of the Group.

** The Payments to Government Authorities also includes deferred taxes. In 2020, the deferred tax assets consisted of 128.5 million euros from the effect of the tax benefit deriving from the revaluation of some business assets undertaken by the parent company and by the controlled subsidiaries GA Operations SpA and Giorgio Armani Retail Srl, as provided for by Art. 110 of Legislative Decree 104/2020. With regard to the parent company Giorgio Armani SpA, the revaluation pertains only to two brands, i.e. A|X Armani Exchange and EA7 Emporio Armani.



2 SUSTAINABILITY POLICY

THE PILLARS OF SUSTAINABILITY

The Group has integrated sustainability into its strategic decisions and choices by defining a policy based on five priority action areas – the “Pillars of Sustainability” – intended to guide present and future actions.

The Corporate Social Responsibility unit is responsible for managing this process by effectively interacting with national and international stakeholders, institutions and working groups, and reporting on objectives and projects in respect of socio-environmental matters.

The **5 pillars** cover the entire value chain of the Armani Group.

1

Responsible management of the supply chain

Making the supply chain progressively more virtuous from the standpoint of environmental and social impacts.

2

Environmental protection and efficient use of resources

Reducing environmental impacts along the entire value chain.

3

Employee well-being and talent development

Fostering and promoting the personal and professional growth of all employees, considered to be the primary strategic asset of the Group.

4

Focus on the customer

Ensuring excellence in terms of products and services offered to the customer before, during and after their shopping experience.

5

Support and involvement of communities

Creating value for the benefit of people of and the territories in which the Group operates.



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 RSL 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

- 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 Milano Team uniform made from recycled PET
- First year of public reporting (Sustainability Report 2018)

2019

- Sustainability-themed 'Armani Development Programme'
- 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

THE SUSTAINABILITY PLAN

For each of the five pillars identified, specific improvements have been studied, programmed and planned, which are accordingly summarised in the Group's Sustainability Plan.

Starting from the Group's declared commitments, the pillars and related improvement programmes have been linked to the United Nations Sustainable Development Goals (SDGs).

During 2020, the sustainability plan was reformulated and updated as follows.

PILLAR	SDGs SUPPORTED	OBJECTIVE	ACTIVITY	STATUS		
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN		Use of 25% of raw materials that meet specific sustainability criteria by 2025	Mapping of the highest standards/certifications with regard to animal welfare and the use of low impact raw materials	<div></div>		
			Drafting of a protocol of standards/certifications approved by the Group for the application of the Armani Sustainability Project (ASP) logo	<div></div>		
			Internal and external (sharing) licensees of the protocol for the purposes of application of the Armani Sustainability Project logo (ASP)	<div></div>		
			Publication of the protocol on the company website	NEW		
			Annual public reporting of the percentage of items with raw materials that meet specific sustainability criteria	NEW		
ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES		Raising the quality standards for suppliers of the Group by 2030	Review/revision of the checklist and the rating attribution system	<div></div>		
			Creation of the supplier evaluation committee for evaluating suppliers based on audit ratings	<div></div>		
			Training on social and environmental issues for all suppliers subjected to an audit during the year	NEW		
				Reduction by 30% of emissions under direct control by 2030	Mapping of the Group's direct CO ₂ emissions (stores, operations and registered offices worldwide)	<div></div>
					Setting up the CO ₂ emissions reduction plan based on the results of the mapping	<div></div>
	Publication of the CO ₂ emissions reduction plan based on the results of the mapping	NEW				
		Use of electricity produced 100% from renewable sources for the Group's Italian offices and stores by 2023			Mapping of electricity supply contracts and evaluation of costs	<div></div>
					Purchase of certificates of origin (Guarantee of Origin 'GO' Certificates) for supply of renewable energy	<div></div>
			Implementation of new photovoltaic systems	<div></div>		
				Use of electricity produced 100% from renewable sources for the Group's European offices and stores by 2025	Mapping of electricity supply contracts and evaluation of costs	NEW
					Purchase of certificates of origin (Guarantee of Origin 'GO' Certificates) for supply of renewable energy	NEW
	Commitment to purchase 100% of FSC/PFSC certified paper: - B2C by 2025 - B2B by 2030	Mapping of purchases of non-certified paper			<div></div>	
		Development of a plan to replace purchases of non-certified paper with Forest Stewardship Council (FSC) certified solutions			<div></div>	
		Commitment to eliminate single-use plastic from packaging: - B2C by 2025 - B2B by 2030			Mapping of the various different packaging used	<div></div>
			Elimination of plastic components from product packaging	<div></div>		
Commitment to purchase 50% recycled plastic for packaging: - B2C by 2025 - B2B by 2030			Mapping of used plastic materials	<div></div>		
	Development of a plan to replace purchases of virgin plastic with recycled plastic		<div></div>			

● COMPLETED ● IN PROGRESS ● POSTPONED

PILLAR	SDGs SUPPORTED	OBJECTIVE	ACTIVITY	STATUS
EMPLOYEE WELL-BEING AND TALENT DEVELOPMENT	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div>	Involvement of all corporate areas in the Group's sustainability plan	Creation and dissemination of content for the company newsletter	●
			Creation of workshops (on sustainability in general, and on specific topics)	●
			Introduction of an e-learning course on sustainability which is accessible and usable through the company intranet	NEW
		Improvement of well-being	Launch of the employee satisfaction analysis with regard to well-being initiatives for employees in the Italy scope of reporting coverage	NEW
			Regulations pertaining to smart working for employees worldwide	NEW
		Development of talents	Extension of the scope of reporting coverage for analysis of the Human Capital Development project	NEW
			Promotion of the Armani Retail Development programme	●
		Enhancement of female talent	Evaluation of female empowerment projects	NEW
		Enhancement of diversity and Inclusion	Evaluation of projects that promote and favour diversity and inclusion	NEW
FOCUS ON THE CUSTOMER	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	Improvement of the relationship with the customer, of the customer journey, and raising awareness on sustainability issues	Expansion of product-related content released to the customer via the Certilogo QR code	●
			Promoting engagement and raising awareness of customers with respect to sustainability issues relevant to the Group in term of products and store design	●
			Review of company website content with a view to enhancing engagement therewith	NEW
			Implementation of an online tag system on the e-commerce site for ASP items based on the guidelines	NEW
			Launch of training for the store teams relating to: sustainability activities undertaken by the Group; and ASP items	NEW
SUPPORT AND INVOLVEMENT OF COMMUNITIES	<div>2 ZERO HUNGER</div> <div>6 CLEAN WATER AND SANITATION</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>	Support for the local area and communities	Providing support for the most vulnerable and for social emergencies through the financing of projects managed by Opera San Francesco and Comunità di Sant'Egidio	●
			Renewing the commitment to Save the Children for projects within Italy, and launch of a collaboration for international projects	●
			Donations to hospitals and non-profit organisations in response to the Covid-19 emergency	●
		Support for research in the medical-scientific field	Financing of new research projects in the medical-scientific field, with particular attention to the contribution of women and young researchers	●
			Renewing the collaboration with the FAI (Fondo Ambiente Italiano)	●
		Undertaking initiatives in support of culture	Providing support to some cultural entities within Italy	●
			Promotion of cultural and educational activities through Armani/Silos	●
			Funding of a research programme on purification using microorganisms	●
		Contribution to research in the area of environmental protection	Expansion of green areas through planting campaigns undertaken within Italy	●
			Advancing of projects currently in progress and launch of new Acqua for Life projects aimed at improving access to water resources	●
		Promotion of ethical principles and values in sports	Inauguration of a new project to support Paralympic sport for promotion and enhancement of diversity	●
			Investment by Olimpia Milano in educational/training programmes for young people and children living in difficult disadvantaged situations	●

● COMPLETED ● IN PROGRESS ● POSTPONED

NATIONAL AND INTERNATIONAL COMMITMENTS

THE FASHION PACT

The Fashion Pact initiative is a fundamental sign of the fashion industry efforts towards sustainability.

In 2019 the Group decided to sign on to the Fashion Pact, an international initiative that now brings together more than 60 companies in the apparel sector with more than 250 brands, and representing a third of the fashion industry worldwide, joining forces with a view to defining a **common path** leading to reduction of the sector's environmental impact.

During the first year of operation, organisational work was carried out aimed at defining the governance framework, creating steering and operational committees, and identifying the associations that will guide specific actions in the three different areas of intervention identified (climate, biodiversity and oceans). Furthermore, in order to develop a common base of language, the Fashion Pact Operating Committee promoted training sessions through dedicated seminars.

The report with the resulting outcomes from the first year of work was published in autumn 2020¹ and sets out the manner in which the signatories to the initiative are fulfilling their **commitments** to:

- use energy from **renewable sources**;
- subscribe to the **Science Based Targets**;
- reduce the consumption of **plastic** packaging by seeking alternative solutions.

Becoming a party to this initiative has resulted in sustainability taking on a markedly more significant role in the corporate culture of the Armani Group, who has been an active participant together with the other signatory companies belonging to the National Chamber for Italian Fashion.

¹<https://thefashionpact.org/>

NATIONAL CHAMBER FOR ITALIAN FASHION (CNMI) – FAIR WAGE PROJECT

In 2018, the National Chamber for Italian Fashion established the **Committee on Social Sustainability**, to focus attention on the issue of wages – the Armani Group is on this committee along with other luxury brands.

In this regard, the Committee, in collaboration with Fair Wage, has launched a pilot project to map wages and working conditions within the Italian supply chain in the luxury sector, through a survey sent to a selection of 45 suppliers.

During 2020, the results of the project were published by CNMI in the "Social Sustainability Report: a survey on wage practices among luxury fashion industry suppliers in Italy]" accompanied by a road map that is designed to stimulate adoption of fair wage practices throughout the supply chain².



²<https://www.cameramoda.it/it/associazione/news/1615/>

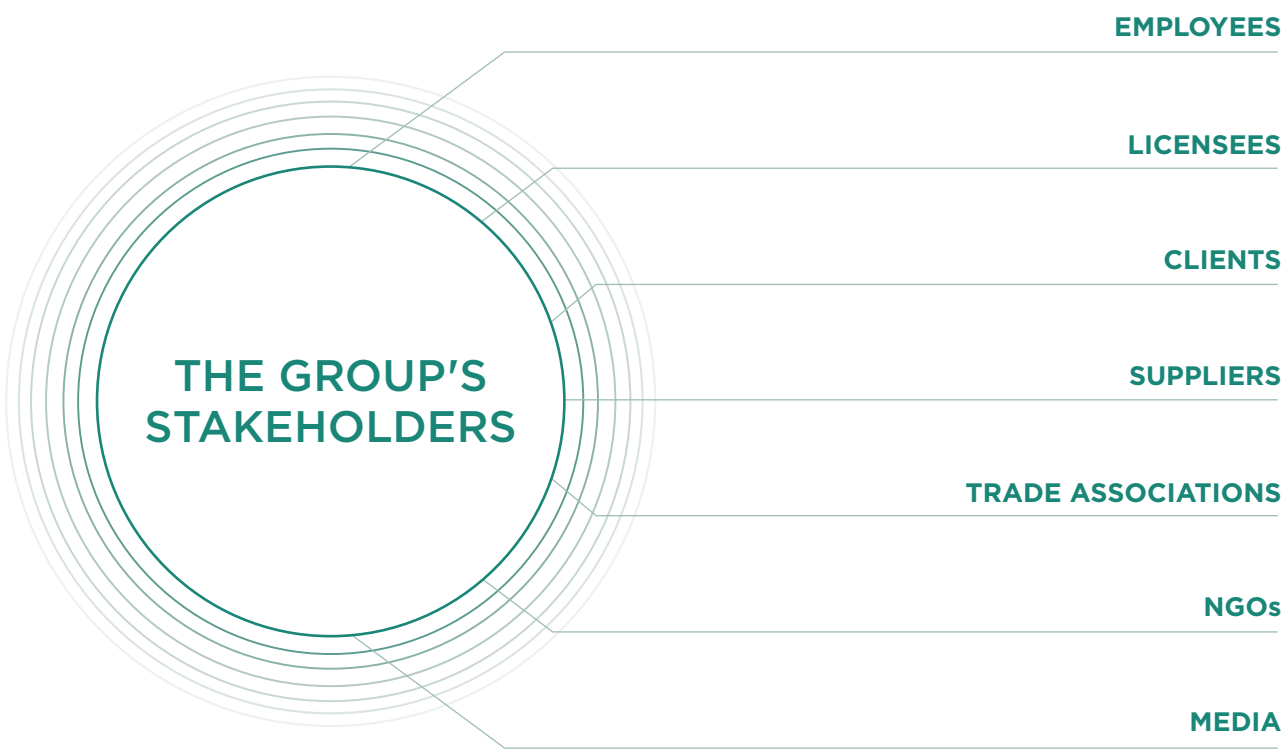
RELATIONSHIP WITH STAKEHOLDERS

The Armani Group has decided to account for and report its results in terms of sustainability in accordance with the principle of materiality and therefore by highlighting the issues and themes considered to be important (“material”) both by the Group and its stakeholders, thus making the sustainability report a veritable tool for undertaking active dialogue.

The selection of these themes occurred over a process involving four successive phases:

- 1. identification of the relevant themes, summarised in the five pillars of sustainability and subsequently associated with one or more sustainability aspects proposed in the international standards of the Global Reporting Initiative so as to facilitate reporting thereof;
- 2. assigning of priorities to the themes identified using a scoring-based assessment system;
- 3. involvement of stakeholders by means of distributing questionnaires, through which they were able to provide an assessment of the sustainability aspects in respect whereof they wished to receive more information from the Armani Group;
- 4. identification of the “material” topics that are of relevance contemporaneously to the Group as well as its stakeholders through the construction of the sustainability materiality matrix of the Armani Group.

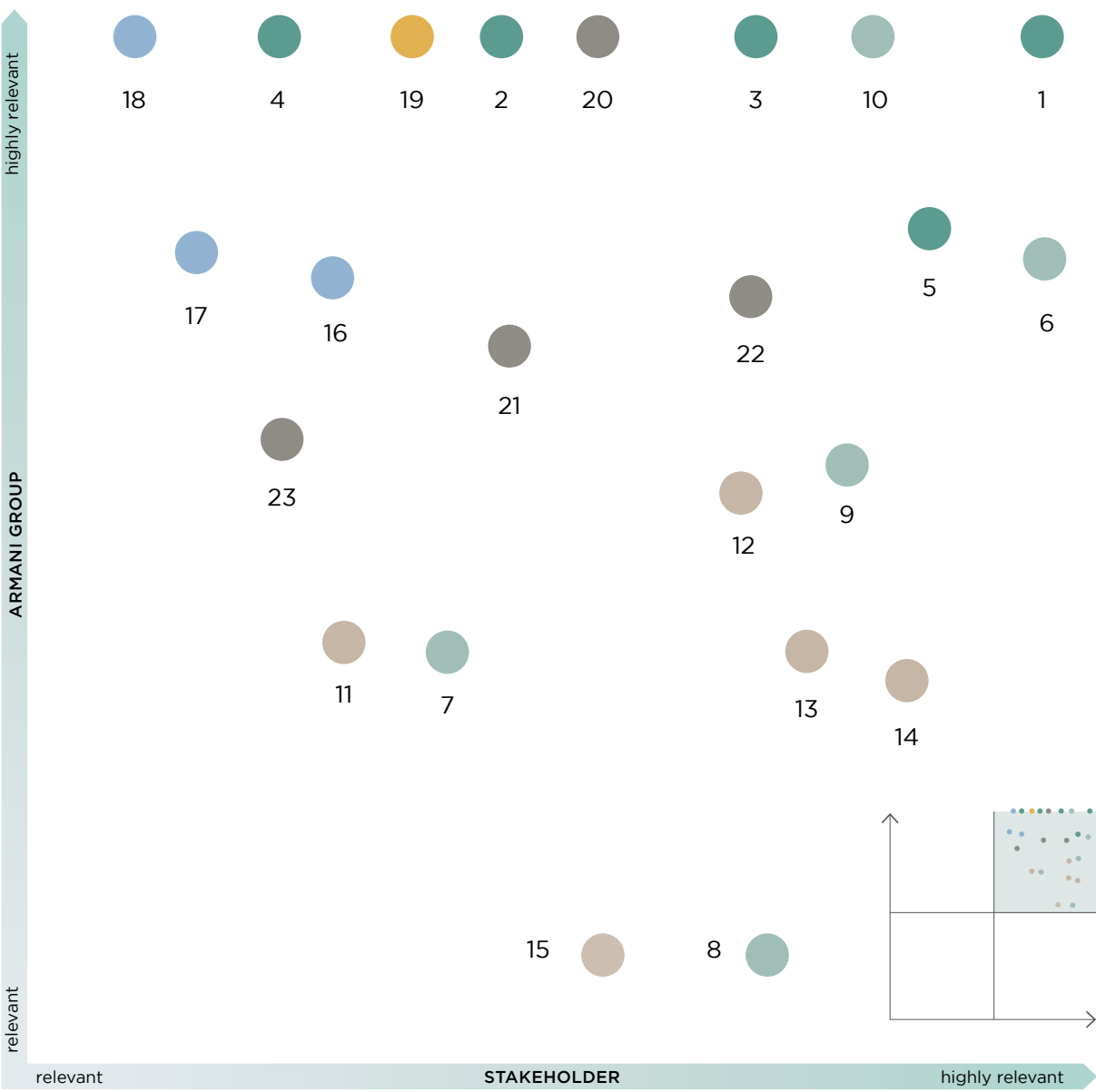
The approach and process will be reviewed during 2021 to better understand whether and in what manner the public health situation has altered the expectations of stakeholders.



A MATRIX ON MATERIAL ASPECTS

The process enabled the identification of 23 relevant themes: 4 related to economic aspects, 5 to environmental aspects and 14 to social aspects.

The four economic aspects that emerged cannot be associated with any specific pillar given that they are relevant across the board and necessary for the activities of the Armani Group.



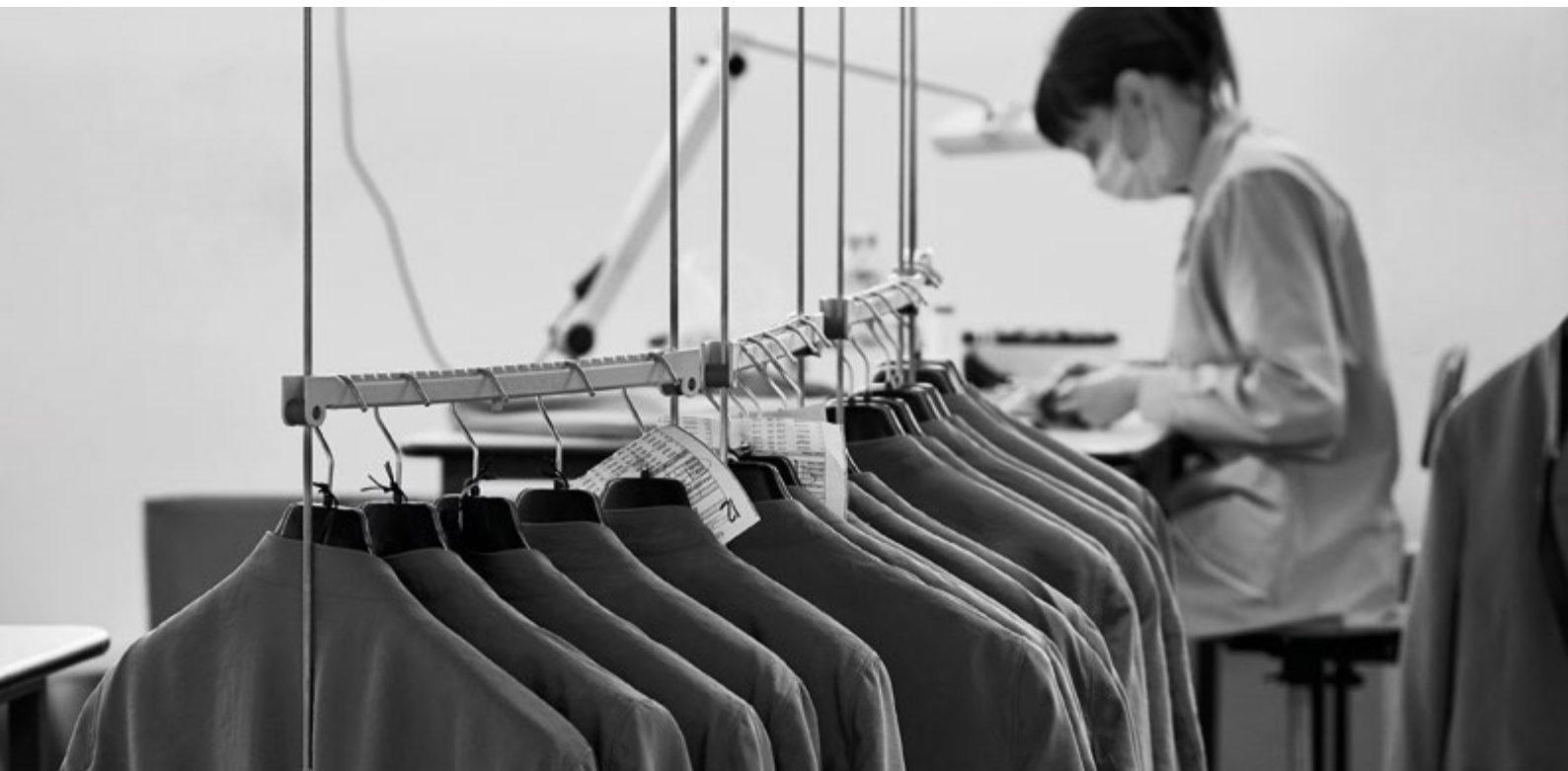
CONNECTION BETWEEN THE GROUP'S PILLARS OF SUSTAINABILITY AND THE MATERIAL THEMES

PILLARS OF SUSTAINABILITY	MATERIAL THEMES
<div>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</div>	<div>1. Child labour</div> <div>2. Forced labour</div> <div>3. Protection of human rights</div> <div>4. Social/labour-related assessment of suppliers</div> <div>5. Environmental assessment of suppliers</div>
<div>ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES</div>	<div>6. Raw materials</div> <div>7. Energy consumption</div> <div>8. Water consumption</div> <div>9. Emissions into the air</div> <div>10. Compliance with environmental standards and regulations</div>
<div>EMPLOYEE WELL-BEING AND TALENT DEVELOPMENT</div>	<div>11. Employment policies</div> <div>12. Health and safety in the workplace</div> <div>13. Promotion of diversity and equal opportunities</div> <div>14. Non-discrimination</div> <div>15. Employee training and education</div>
<div>FOCUS ON THE CUSTOMER</div>	<div>16. Customer health and safety</div> <div>17. Customer privacy</div> <div>18. Labelling and communication related to the product</div>
<div>SUPPORT AND INVOLVEMENT OF COMMUNITIES</div>	<div>19. Local communities</div>
<div>RELEVANT ACROSS THE BOARD</div>	<div>20. Economic performance</div> <div>21. Anti-competitive behaviour</div> <div>22. Anti-corruption</div> <div>23. Compliance with socio-economic standards and regulations</div>

The background of the slide features two mannequins dressed in dark, textured suits. The mannequin in the foreground is wearing a dark tie with a subtle, repeating geometric pattern. The mannequin in the background is also wearing a similar suit and tie. The lighting is soft, highlighting the texture of the fabric.

3 RESPONSIBLE SUPPLY CHAIN AND ENVIRONMENTAL PROTECTION

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN



Suppliers constitute one of the cornerstones of the Armani Group's value chain and, consequently, the management of suppliers' relations is a pillar of the Group's sustainability policy.

During the contract formalisation and signing phase, all suppliers are required to sign on to a series of documents including, in addition to the Code of Ethics and the RSL (Restricted Substances List), the **codes of social and environmental conduct**.

By signing on to these documents, the Group's suppliers undertake to respect, comply and ensure compliance with, and disseminate to their own suppliers and sub-suppliers, the good practices of the sector in the social and environmental domains.

The codes of conduct have been developed and are reviewed periodically by the Group's CSR Department, who most recently updated them in 2020.

Furthermore, in 2020, the Group publicly released their Statement relating to the **Modern Slavery Act 2015** of the United Kingdom regarding the prevention of all forms of slavery and forced labour within the Group and across its supply chain.

The Code of ENVIRONMENTAL Conduct

The principle underlying the document is to minimise the environmental impact along the supply chain by: controlling pollution, reducing waste to a minimum, and conserving resources.

The review carried out in 2020 led to the integration of the following sections:

- management of animal welfare;
- environmental management system;
- management of energy and water consumption;
- management and control of wastewater and emissions into the atmosphere;
- proper management and disposal of hazardous and non-hazardous waste;
- management of hazardous substances with explicit reference to the Group's RSL.

The Code of SOCIAL Conduct

This document aims to ensure dignified, decent and safe working conditions for all personnel employed along the entire value chain of the Group, through a series of measures that serve to protect the rights of workers, in accordance with the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.

In the updated version revised in 2020, the following themes have been integrated:

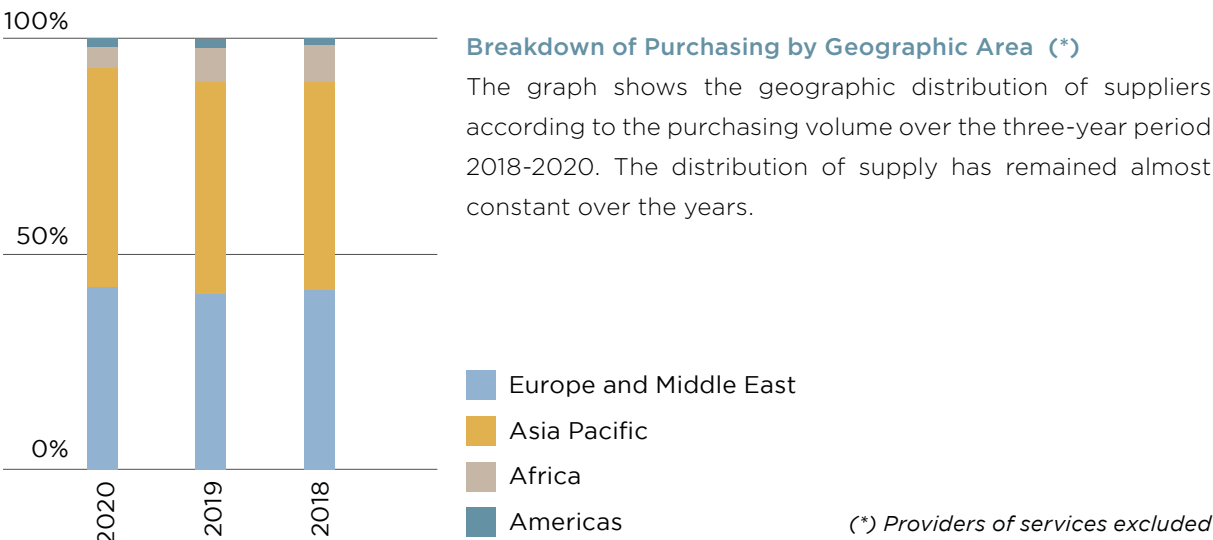
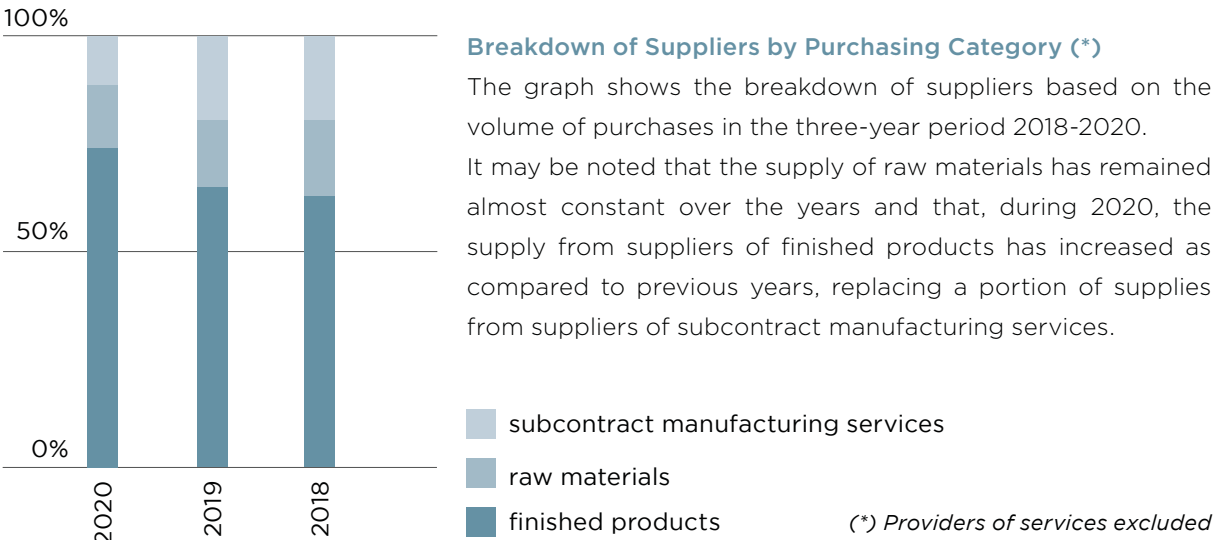
- regulation of the work by migrant and foreign workers;
- employee benefits, with particular attention to those related to protection of maternity leave;
- clarity in recruitment and employment practices;
- promotion of social and economic development;
- business ethics, to counter any form of corruption.

The dissemination of these policies is covered under supplier awareness-education and training programmes.

THE ARMANI GROUP'S SUPPLY CHAIN

The Group's suppliers may be divided into four categories:

- suppliers of **finished products**, who, by autonomously procuring raw materials, produce the finished apparel item according to a technical design or sample of the product;
- suppliers of **subcontract manufacturing services**, to whom the Group entrusts the production of the finished product, supplying the necessary raw materials and technical information for planned work;
- suppliers of **raw materials**;
- providers of **services**, such as analytical laboratories, consulting firms and general services procurement companies.



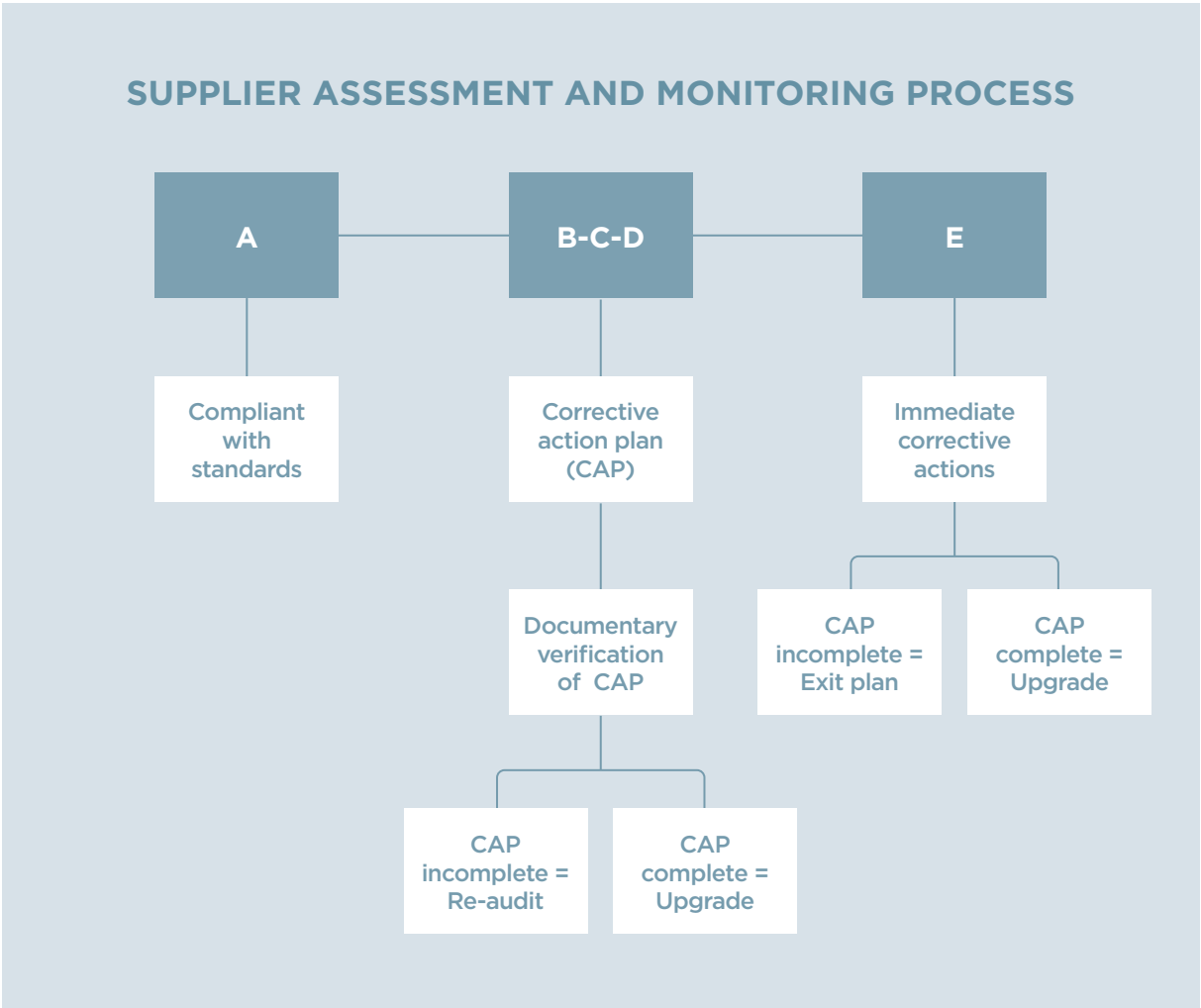
SUPERVISION AND CONTROL OF THE SUPPLY CHAIN

In order to monitor compliance with the codes of conduct and augment the level of sustainability of the supply chain, the Group has implemented a monitoring process by means of **social and environmental audits**, which is reassessed annually.

Following the audits, the suppliers are each ranked on a rating scale from A to E. The suppliers with an overall rating below A, are guided towards **achieving improvement** in the global assessment through a corrective action plan, with achievement timelines established according to the importance of the respective issues being addressed.

However, suppliers who receive an overall rating that is not in line with the Group’s expectations, are requested to take corrective action within very brief timeframes, and where there appears to be no possibility of adherence to the standards, an exit plan is defined.

This process of supplier evaluation and engagement has served not only to ensure compliance with the requirements defined by the Group, but above all fosters the sharing of **good environmental and social practices** amongst suppliers, thus increasing and enhancing the level of awareness within the sector.



SOCIAL AND ENVIRONMENTAL AUDITS

Given the large number of suppliers the monitoring of the Group’s supply chain is implemented by way of the annual selection of the **list of priority suppliers** to be audited.

The priorities are defined on the basis of the risks that could be generated by suppliers who:

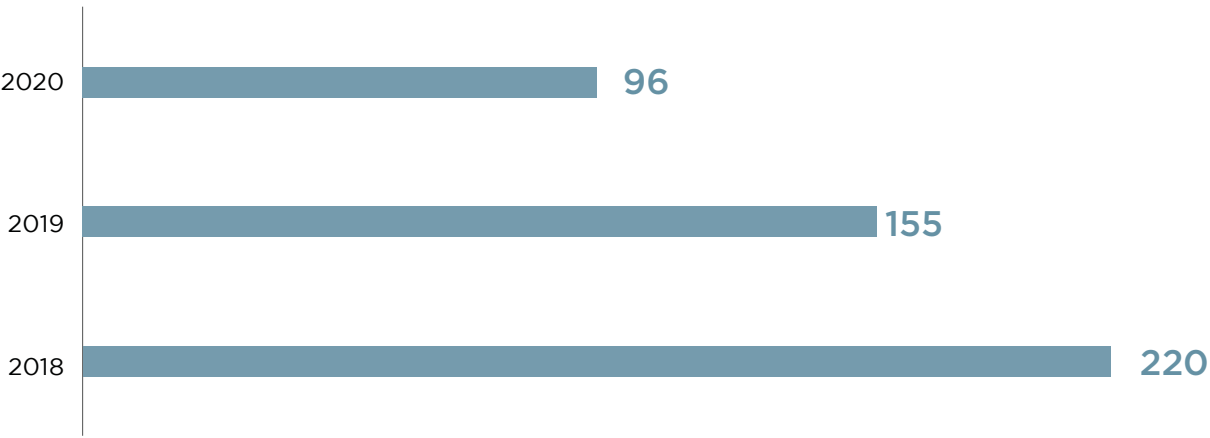
- enjoy autonomy of action in procurement and supply management, such as suppliers of finished products;
- have production facilities in countries that require greater attention to issues related to workers and the environment.

The variability in the number of audits carried out is high due to the fact that each year, the Group tries to cover the largest number of production sites managed by each supplier while avoiding repeating the controls at the facilities already audited.

Although the issues related to the COVID-19 pandemic prevented auditors from carrying out numerous site inspections, in 2020 the Group completed 96 social and environmental audits, covering 21% of suppliers in terms of purchasing volumes.

Over the three-year period 2018-2020, 51% of the total number of suppliers were inspected and validated by means of audits.

SOCIAL AND ENVIRONMENTAL AUDITS - 2018-2020



The major critical concerns encountered in 2020 pertain to health and safety issues, and specifically, problems relating to: emergency exits often not being in good working order; lack of fire-fighting devices and a related lack of appropriate training plan.

PRODUCT SAFETY

Recent years environmental campaigns highlighted the relevance of paying attention to the safety of chemical substances used in garments.

Ensuring the **safety of products** means working towards the elimination, from production processes and finished products, of substances deemed potentially hazardous for humans and the environment. This pathway calls for close and significant involvement of the supply chain both in respect of paying careful attention to the chemical formulations used, and in the continuous research into and quest for suitable alternatives that ensure the highest quality standards, including in terms of environmental and social impacts thereof.

The pathway towards these objectives includes the periodic updating of the list of restricted substances (Restricted Substances List-RSL) and the safety controls on products through **laboratory testing**, entrusted to ISO 17025³ certified chemical testing laboratories.

The results of the tests carried out each season:

- determine whether a product is fit to be launched for sale or whether it needs to be reviewed with the supplier, so as to adapt it to comply with the parameters of the Group's RSL;
- influence the updating of the reference parameters of the RSL.

The selection of laboratories and samples to be tested, the flow of tests and reporting thereof are managed by the competent offices responsible therefor at each Industrial Site.

All of these procedures serve to ensure the systematic control and monitoring of the Group's supply chain, consequently in 2020, the Group did not find any episodes of non-compliance with the regulations currently in force with respect to health and product safety.

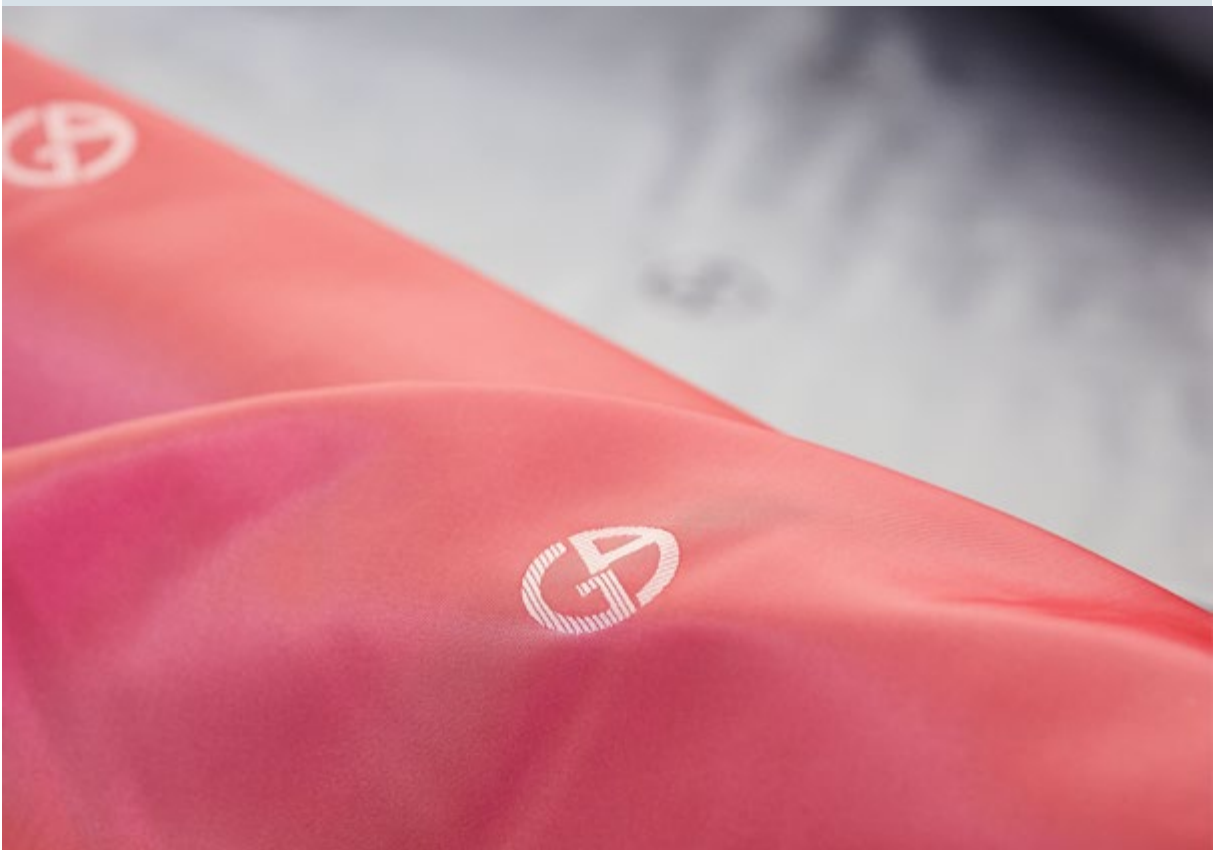
³ISO 17025 is an international standard that sets forth the "General Requirements for the Competence of Testing and Calibration Laboratories".

RESTRICTED SUBSTANCES LIST (RSL)

The RSL is the reference document for **management of product safety** with the objective of guiding the entire supply chain towards the reduction and progressive elimination of potentially hazardous chemicals, in accordance with regulatory updates and using the best technologies available.

The result of collaboration with all the actors involved in the production process, in particular suppliers and chemical laboratories, the document lists: the substances subjected to restrictions, the maximum permissible limits, the acceptability ranges, and prescribed methods of analysis for each substance. The Group has both a basic RSL, that is valid for any type of product, as well as specific RSLs for the various merchandise categories, applicable to materials and packaging used for the products of the various brands: clothing and accessories, furnishing products, and costume jewellery. Children's items are subject to a more restrictive RSL than that for articles and products intended for adult consumers.

By way of complementing the activities related to the Sustainability Committee of **National Chamber for Italian Fashion** in 2020 work was undertaken on the drafting of good manufacturing practices due to be published in 2021.



THE SELECTION OF RAW MATERIALS



Achieving improvement in the Group's performance is necessarily inseparable from the imperative of continuous **collaboration** with its suppliers which is aimed at promoting research on and seeking raw materials with low environmental and social impact.

To this end, a pilot project was launched in 2018 in order to distinctively identify all those products whereof the primary material complies with specific sustainability criteria, through the application of a dedicated logo: **Armani Sustainability Project (ASP)**.

As a complement thereto, in 2020, the related ASP Protocol came into being with the objective of providing indications for the selection of sustainable raw materials and guidelines for the application of the logo to the Group's products. Periodically updated on the basis of developments in the fashion industry, the Protocol defines the main certification schemes for certifying raw materials in respect of sustainability criteria (for example, controlled origin, characteristics of the material, recycled content). From an analysis of the certifications voluntarily acquired by the Group's raw materials suppliers, it emerged that 45% of the latter (calculated on the basis of purchasing volumes) possess at least one of the certifications mentioned in the ASP Protocol.

There are various different initiatives involving the Group's brands, wherein the main focus is the selection and use of second-generation raw materials derived from recycling or regeneration, including denim, wool, nylon or leather used for apparel items and accessories; or alternatively, use of materials derived from organic sources, including the cotton used for the bodywear collections. Furthermore, the Group's unflinching commitment to not use animal fur in its collections remains a constant.

EMPORIO ARMANI RECYCLED CAPSULE COLLECTION

For the Fall Winter 2020 season, Emporio Armani presented a workwear-inspired selection of apparel and accessories made from materials that are recycled, regenerated, or derived from organic sources. These include wool derived from local pre-consumer waste and textile scraps, and organic cotton cultivated using non-GMO seeds and organic production systems. Moreover, even the nylon and polyester fibres are derived from pre- and post-consumer textile waste such as fishing nets and recovered and regenerated plastic bottles. Modal, a biodegradable fibre whose manufacturing process provides for a considerable saving of water and energy, is used to make fabrics feel soft to the touch. Indeed the collection was completed with a model of sunglasses and a watch made with recycled and bio-based materials.

The materials, as well as the finishes, are certified according to the best international standards. Similarly, packaging produced with certified compostable material further underscores the intent of the project.

THE COMMITMENT OF ARMANI EXCHANGE

The commitment of the Armani Exchange brand to the selection of sustainable raw materials is reflected in the increasing use of recycled and organic materials. This made possible the achievement of 16% sustainable items in the Fall Winter 2020 Women's Wear Collection. Whereas outdoor clothing is characterised by the use of post-consumer regenerated nylon, in knitwear and denim use is made, often in combination, of recycled denim and cotton, and organic cotton. The same attention is also evident in the selection of materials for the labels which, in addition to presenting the ASP logo, provide additional information for end customers about the origin and added value of the raw materials used.

YOUR PURCHASE HAS PURPOSE PARTNERSHIP WITH NATIONAL GEOGRAPHIC

Armani Exchange, for the Fall Winter 2020 season, launched a collaboration with National Geographic with a view to supporting the non-profit organisation National Geographic Society and raising awareness on the issue of responsible use of the planet's resources. The charity initiative, launched with the slogan "Your Purchase Has Purpose", contributes to conveying the commitment to sustainability undertaken by Armani Exchange.

Part of the proceeds from the sale of the collection are donated to support the activities of scientists, explorers and educators around the world.

In anticipation of the partnership, which is also expected to extend into 2021, a 100% organic cotton t-shirt was released showing in a graphic the iconic cover with which National Geographic, in 2012, raised the alarm on the issue of **climate change**.



EMPORIO ARMANI ACCESSORIES MADE FROM LEATHER FIBRE

The strategy of research and use of regenerated leather was also continued in 2020. In the Spring Summer 2020 season, Emporio Armani introduced the Grenette collection, for women, and the Harbour, Harbour Special and Grenoble collections, for men, with bags, backpacks and small accessories made from regenerated leather and subsequently laminated to create a leather-like effect.

Regenerated leather is a material that is obtained from the production waste of natural leather through a process that involves dry processing without the use of adhesives or water, with a technique similar to that of paper production. The waste and scraps are finely ground and mixed with rubber, latex and other synthetic aggregates whereupon they are pressed and processed into sheets of varying thickness. The entire process occurs without involving water use, thus avoiding the production of wastewater, whose high environmental toxicity represents a significant problem in the tanning industry.



GIORGIO ARMANI BEAUTY: MY WAY

The Beauty segment reflects Giorgio Armani's commitment to protecting the environment and combatting climate change with the launch of the MY WAY fragrance in September 2020. For the very first time in the perfume industry a recyclable and refillable glass bottle was designed. In addition, the natural ingredients of the fragrance have been responsibly harvested through programmes based on fair trade principles. Thanks to the eco-design of the product⁴ and the biodiversity protection programmes that made it possible to offset 7,000 tonnes of residual emissions during the first year, MY WAY has achieved carbon neutrality.

ARMANI/CASA: POLLOCK

Demonstrating the category-transcending potential of the use of low environmental impact raw materials, Armani/Casa launched the Pollock collection in which the internal processing remnants from Armani/Casa fabrics take on new life in coverings for high quality Made In Italy notebooks, which are produced with paper from 100% Forest Stewardship Council (FSC) certified sources.

⁴Together, a 50 ml MY WAY bottle and its 150 ml refill allow for a 55% reduction in glass use, a 64% reduction in plastics use, a 75% reduction in metal use, and a 32% reduction in the use of cardboard, as compared to the consumption of four 50 ml fragrances (in spray version).

INNOVATIVE AND SUSTAINABLE PACKAGING

The Group's efforts to reduce its environmental impact have also included product packaging.

During 2020, **new improvements** made to institutional packaging focused on: reduction of virgin plastic; use of recycled or organic raw materials; and simplification of packaging solutions. All interventions implemented were designed to maximise **recyclability** and **recovery** of individual materials.

The numerous interventions to **reduce the use of plastic**, included the following:

- replacement of almost all plastic shopping bags with paper bags, containing varying percentages of recycled paper up to 100% as in those distributed in all Outlet stores of the Group; the shopping bags are also free of plastic inserts;
- preference for cellulosic materials, both for shopping bags as well as for the sock hangers-hooks made of cardboard used by the Emporio Armani brand.

The increasing **use of recycled materials** is evident in the following:

- approximately 9 million items of packaging for Emporio Armani and Armani Exchange Underwear wherein the recycled plastic percentage has increased from 50% to 80%;
- tape used for Giorgio Armani packaging made from 100% recycled polyester;
- boxes for Emporio Armani shoes and underwear lines made from, respectively, 100% recycled cardboard and 40% recycled PET.

Finally, **use of compostable or organically sourced raw materials** is evident in the following:

- new institutional pens, distributed across all offices, corporate locations, stores, cafes and restaurants, made from plant-based plastics that are compostable at the end-of-life;
- ribbons used for the Group's floral compositions replaced by compostable yarn;
- umbrella carrier bags made from compostable plastic available in all Group stores, including cafes and restaurants.



PACKAGING FOR LOGISTICS

The Group also wished to ensure the materials used by the logistics department were in compliance with the best standards, with a view to optimising packaging, while fully upholding the highest product and service quality standards. These changes are aimed at reducing plastics use in packaging while promoting the use of materials with recycled content. The polyethylene adhesive tapes used for sealing packages have been replaced with tapes made of recycled paper and the bubble wrap used as packing filler has been replaced with recycled paper.

Finally, with the same intended purpose, plastic strappings used for additional fastening for packages were eliminated.

RESPONSIBLE MANAGEMENT OF CORPORATE OFFICES

Protection of environmental resources being one of the Group’s fundamental pillars of sustainability, thus constitutes a main area wherein the company remains deeply committed to improving its own performance.

The first step towards planning effective strategies for reducing the Group’s own environmental impacts focuses on three macro- domains:

- adoption of appropriate organisational methods for effectively optimising **water and energy consumption** while also minimising waste;
- transition towards the use of **renewable energies**;
- attention to **waste** differentiation, and ensuring awareness and involvement of personnel on issues related to environmental protection.

The 2020 scope of reporting coverage includes all of the consolidated companies of the Armani Group in relation to consumption (energy and water), generation of waste and greenhouse gas emissions. The tables following here below report only the data for the years 2020 and 2019, which have the same scope of reporting coverage, whereas data for the previous years (Appendix A) included exclusively the Italian companies of the Group. For more details on the historical trend of the indicators, refer to Appendix C.

WATER

The Group’s water consumption is mainly linked to sanitary services, and air conditioning using water drawn from the aqueduct, and to food service activities. The Group continues to make investments intended to augment efficiency in the use of water resources and reduce waste, especially through training and awareness-raising events aimed at all personnel.

During 2020, water consumption decreased by about 14% as compared to the previous year, both as a result of the actions taken in favour of increasing usage efficiency, as also due to the closures and restrictions linked to the global Covid-19 pandemic. The health emergency has, on the one hand, brought about a reduction in the presence of personnel in the Group’s offices and the closure of shops in various geographical areas and, on the other hand, led to a greater use of water resources for sanitary services and sanitation of the premises.

WATER WITHDRAWALS BY SOURCE (m³)	2020	2019
Withdrawal from Aqueduct	207,589	241,878

ENERGY

The Armani Group attributes great importance to energy saving, which consequently determines its commitment to constantly monitoring its consumption, in order to achieve the objectives defined in the sustainability plan.

During 2020, energy consumption decreased by approximately 4% as compared to 2019, with savings being equally distributed between fuel consumption and electricity consumption.

The 2020 data are the result of:

- inclusion of the energy consumption of the two new companies that joined the Group (in Greece and in Monaco);
- extraordinary closures of operational premises and shops;
- refinement of data collection and receipt of data not available in the preceding year (e.g. consumption of the Brazilian corporate locations).

ENERGY (TOE)	2020	2019
Direct Energy Consumption (Methane, Diesel Fuel)	1,409	1,454
Indirect Energy Consumption (Electricity)	9,428	9,854
Total Consumption	10,837	11,308

COMMITMENT TO RENEWABLE ENERGY

As of 2020 the Group has initiated an analysis of its electricity supplies with the aim of gradually increasing coverage of its needs through energy from renewable sources.

Already during 2020, some of the Group’s corporate offices selected electricity supply sources with lower environmental impact:

- Switzerland site purchases only renewable energy (mainly hydroelectric, but also solar and wind);
- Spain site satisfies 99% of its energy needs by using energy from various renewable sources, mainly wind;
- Portugal site’s renewable energy purchase represents 33% of its consumption;
- Starting from 2014, the Italian headquarters in Via Bergognone have been producing a portion of its energy needs through a photovoltaic system installed on its rooftop. In 2020 about 13% more electricity was produced than in 2019.

GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions are calculated by converting energy consumption into tonnes of carbon dioxide equivalent (tCO₂e), by applying specific emission factors for the different energy sources (diesel, methane and electricity) and for the relevant country⁵. The greenhouse gas emissions are therefore reported according to the methodology of the GHG Protocol⁶ and are presented based on their subdivision into the following 3 Scopes:

- Scope 1: direct emissions deriving from combustion of fossil fuels used for production processes and for heating of corporate sites and offices, and for company cars.
- Scope 2: indirect emissions deriving from the generation of electric energy used.
- Scope 3: other indirect emissions, in the specific case of the Armani Group the emissions deriving from electricity grid losses and from the production of fuels, both those used by the Group and those used for the generation of electricity, are accounted for.

The Group's emissions in 2020 reflects:

- the inclusion of the two new Group companies (in Greace and in Monaco);
- the extraordinary closures of corporate sites and stores;
- the reduction of business travels;
- the refinement of data collection;
- the refinement of the emission factors (more specific compared to those used for 2019);
- the use of energy from renewable sources for some Group corporate sites (in Spain, Portugal and Switzerland).

GREENHOUSE GAS EMISSIONS ⁵ (tCO ₂ e)	2020	2019
Scope 1 (direct emissions from fuel use and company cars)	4,880	5,529
Scope 2 (indirect emissions from electricity use without transmission losses and fuels)	24,827	24,788
Scope 3 (indirect emissions from grid losses and production of fuels)	7,763	7,914
Total Emissions	37,470	38,231

⁵ The emission factors for electricity were obtained, where possible, using the specific residual energy mix for each country as provided by AIB, i.e. the energy mix net of the shares of energy produced from renewable sources with appropriate certifications of origin. Where this information is not available, the data provided by IEA is used. As regards methane gas and diesel, on the other hand, the emission factor used is the same for all countries and obtained from the Ecoinvent 3 database. As regards Switzerland, Spain and Portugal in 2020, however, ad hoc emission factors were used, including the respective shares of energy from renewable sources used. As regards the asian branches (Shanghai; Macau and Hong Kong) he emission factor used is that associated to China.

⁶ WBCSD/WRI GHG Protocol, Corporate Accounting and Reporting Standard.



WASTE

The reduction of waste generation represents another fundamental area for attention, committed engagement and action by the Group. The initiatives range from providing employee training on issues such as differentiated waste collection, to the installation across the company's corporate sites, of drinking water fountains equipped with compostable cups, so as to reduce the use of plastic bottles.

Notwithstanding these activities and the closures of corporate sites and stores, in 2020 there was a reported increase of about 3% in waste generated. This result is due to a combination of factors: inclusion of the new locations and greater availability of data (four more corporate locations as compared to 2019 collected and provided data on waste generated).

TOTAL WASTE [t]	2020	2019
Total waste	2,838	2,759



4
PEOPLE OF
THE GROUP

EMPLOYEES
IN NUMBERS

2020

Total number of people
as of 31 December 2020

PEOPLE

9,729

WOMEN

6,054

MEN

3,675

REST OF THE WORLD

146

93

53

AMERICAS

3,272

1,796

1,476

EUROPE

1,024

617

407

ITALY

3,083

2,058

1,025

ASIA-PACIFIC

2,204

1,490

714



The number of employees present as at 31 December 2020 increased by approximately 7% as compared to the same date of the previous year. This change is attributable to the increase in personnel at GA Corporation, the acquisition of two new companies (in Greace and in Monaco), and minimal changes in the workforce of the other Group companies.

NUMBER OF EMPLOYEES BY PROFESSIONAL CLASSIFICATION AND GENDER

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executives	184	159	343	166	149	315	185	146	331
Managerial	643	673	1,316	585	616	1,201	561	559	1,120
Employees	715	1,723	2,438	688	1,677	2,365	713	1,610	2,323
Salesforce	1,769	2,879	4,648	1,555	2,585	4,140	1,389	2,083	3,472
Workers	364	620	984	419	624	1,043	369	591	960
Total	3,675	6,054	9,729	3,413	5,651	9,064	3,217	4,989	8,206

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT TYPE AND GENDER

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-Ended	3,314	5,100	8,414	3,110	5,144	8,254	2,876	4,579	7,455
Fixed Term	361	954	1,315	303	507	810	341	410	751
Total	3,675	6,054	9,729	3,413	5,651	9,064	3,217	4,989	8,206

The presence of women is consistent across all corporate levels and has remained substantially constant over the years representing more than 60% of the Group’s overall workforce.

PERCENTAGE OF WOMEN BY FUNCTIONAL CLASSIFICATION



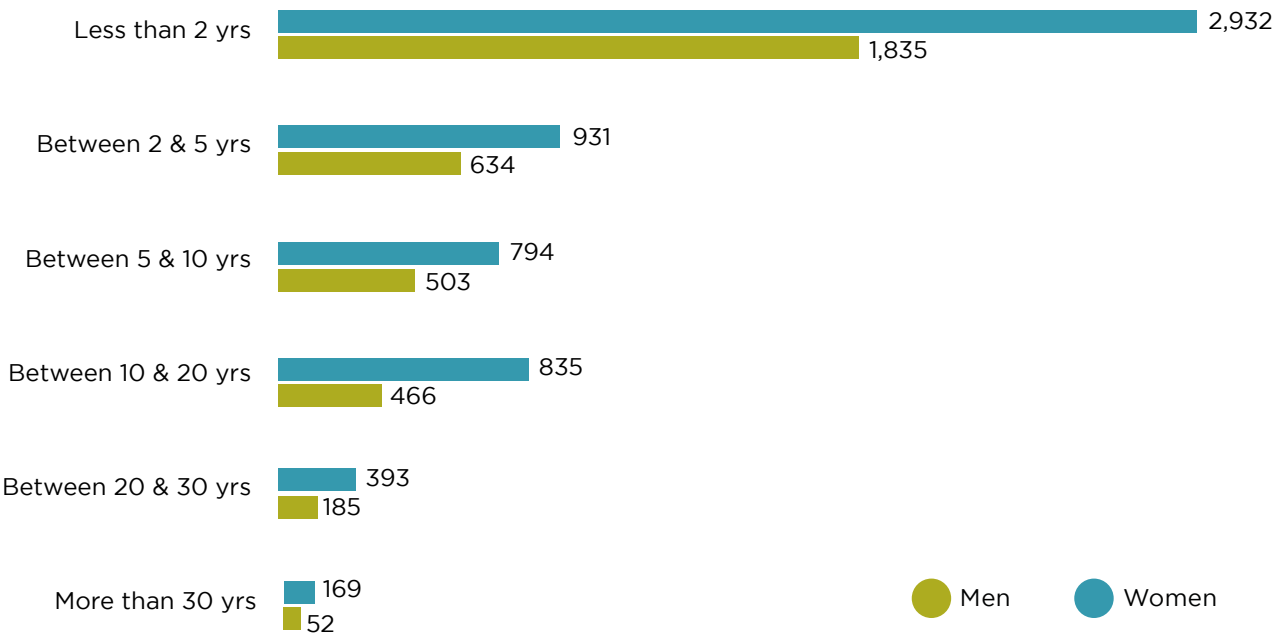
NUMBER OF EMPLOYEES BY AGE GROUP AND PROFESSIONAL CLASSIFICATION - 2020

	Sr Execs/ Top Mgt	Supervisory- Managerial	Employees	Salesforce	Workers	Total
<30	8	219	378	2,300	194	3,099
30-50	231	870	1,573	1,932	480	5,086
>50	104	227	487	416	310	1,544
Total	343	1,316	2,438	4,648	984	9,729

NUMBER OF EMPLOYEES BY AGE GROUP AND GENDER

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	1,268	1,831	3,099	1,214	1,721	2,935	1,125	1,494	2,619
30-50	1,874	3,212	5,086	1,765	3,096	4,861	1,635	2,712	4,347
>50	533	1,011	1,544	434	834	1,268	457	783	1,240
Total	3,675	6,054	9,729	3,413	5,651	9,064	3,217	4,989	8,206

NUMBER OF EMPLOYEES BY LENGTH OF SERVICE AND GENDER - 2020



DIVERSITY AND EQUAL OPPORTUNITIES

Promoting and defending the dignity of the person is a prerequisite for creating a motivating and inclusive workplace, founded on trust and loyalty. For this reason, the investments made over time with respect to management of diversity and protection of equal opportunities are among the Group's key priorities.

At the end of 2020, the Armani Group decided to create within the Human Resources Department, the **Diversity & Inclusion (D&I)** function. This function has the responsibility of coordinating strategies and activities aimed at raising awareness and empowering people to respect and appreciate all that make them different and unique, in terms of: ethnicity, skin colour, religion, gender identity or expression, sexual and emotional orientation, national/regional origin, abilities, physical appearance, age and civil status.

TRAINING

The professional growth of employees is supported by means of a series of initiatives aimed at developing skills in alignment with the Group's values.

Following the implementation of a survey on the training needs of each company area, all training activities were carried out on ad hoc basis for each team and, at times, for each individual resource. In 2020, almost the entirety of the training activities took place in digital mode, through e-learning, virtual classes and webinars dedicated to the **development of skills**, including:

- technical, linguistic and IT;
- behavioural, with particular attention to complexity management and remote collaboration;
- managerial, with a focus on remote leadership.

During the months of the lockdown, the **Training and Development (T&D)** office launched **GROW@Armani**, an online platform dedicated to providing training for employees of the headquarters and a limited number of Directors of the Industrial Sites and related teams, with the objective of also extending this training modality to Operations.

The onboarding process for new hires has also been transformed into an online presentation of the Armani Group with narratives, videos and images (ARMANI/WOW).

GROW@ARMANI

Grow@Armani offers a catalogue of **courses** sub-divided into five sections that are profiled for visibility according to the role covered within the company:

- **LEARN2BELONG**, dedicated to Corporate content and the history of Giorgio Armani and the Group (videos, documentaries, books, etc.).
- **LEARN2LEAD**, developed for Managers, with courses on Leadership development–personal and managerial leadership–and personnel management.
- **LEARN2BE**, focused on the development of behavioural skills, such as emotional intelligence.
- **LEARN2DO**, rich in various kinds of technical content: from language and computer skills courses, to courses in public speaking, effective communication and other technical skills.
- **LEARN2THINK**, dedicated to workshops that facilitate a deeper exploration of current topics that have not only a professional but also a social impact.

In addition to this training catalogue, monthly recommendations are offered: the *Book of the Month* section proposes a title for suggested reading, together with a *TED of the Month* talk extracted directly from the famous platform that disseminates ideas and content all over the world.



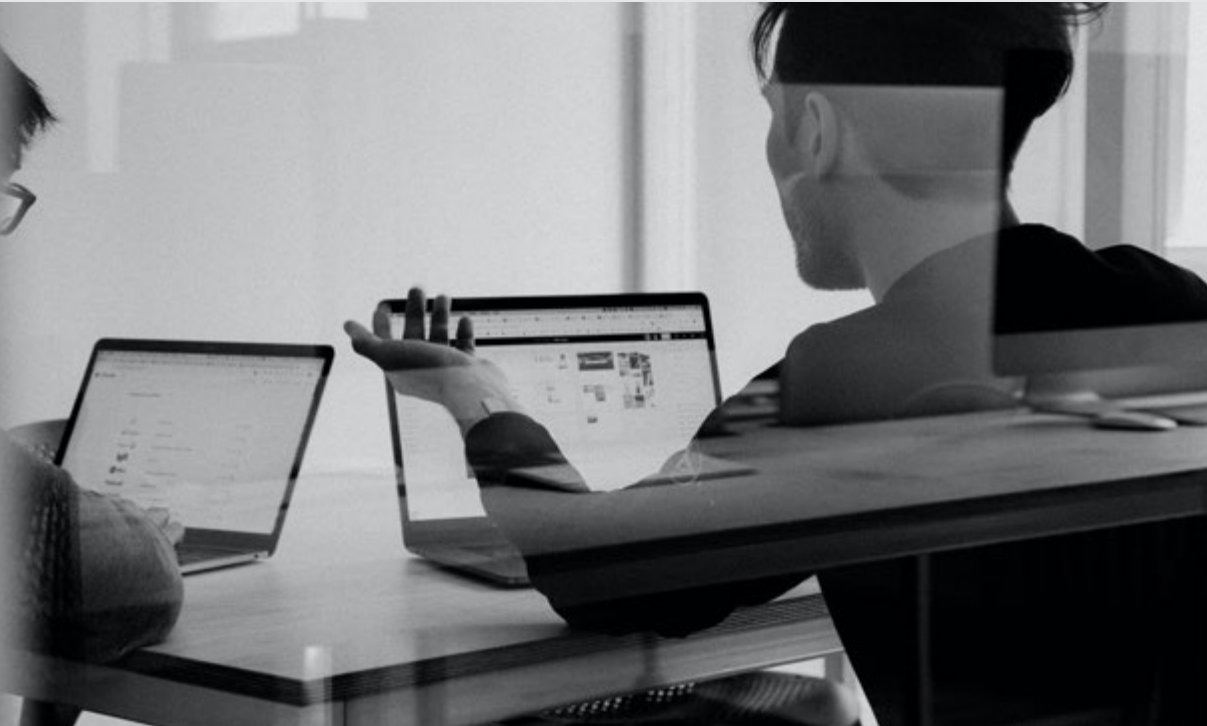
COACHING

Alongside individual and team coaching programmes, in 2020 the programme **“Become a Coach”** was introduced, for human resources personnel and Retail Trainers who work with the Giorgio Armani, Emporio Armani and Armani Exchange brands. Employees who so wish may achieve the first level of certification from the International Coach Federation.

In addition, all employees who felt the need for it were offered the opportunity to participate in a short coaching course designed to facilitate processing and dealing with the emotional experience related to the pandemic.

HUMAN CAPITAL DEVELOPMENT (HCD)

In 2020, i.e. a couple of years following the launch of the first Human Capital Development (HCD) pilot programme, the performance management tool was extended to cover almost the entirety of the head office personnel population. This tool represents a fundamental support for managers in the management of their teams and serves as a concrete aid for the **personal and professional growth** of all employees. Managers and staff are called upon, on an annual basis and through a dedicated form, to mutually evaluate each other and define the objectives by team and by person with respect to a set of skills that reflect the corporate values. The managers also have the opportunity to incorporate suggestions to their staff including: training courses, compensation and job rotation applications, and work abroad experiences (this last section, which was not feasible due to the exceptional circumstances of the year 2020, will be reactivated for 2021).



TRAINING IN NUMBERS

Notwithstanding it being a particularly extraordinary historical period, the hours of training provided during 2020 are in line with 2019.

This result is attributable to the dynamism that characterises the Armani Group, who has been able to adapt by replacing in-person activities with an entirely digital format.

HOURS OF TRAINING BY AREA OF RESPONSIBILITY

	2020	2019	2018
Training for Senior Executives	13,028	16,521	9,559
Professional Training	29,260	35,609	14,826
Language Training	4,531	3,398	3,435
Code of Ethics (Organisational Model 231, etc.)	22,220	20,458	17,245
Health and Safety	23,204	12,684	4,973
Other	11,037	11,335	1,913
Total	103,279	100,005	51,951

HOURS OF TRAINING BY PROFESSIONAL CLASSIFICATION AND GENDER

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executives/ Top Management	1,363	1,605	2,968	2,359	2,720	5,079	1,922	1,780	3,701
Supervisory-Managerial	7,026	10,008	17,034	8,881	11,524	20,405	3,538	4,121	7,659
Employees	4,347	10,212	14,559	5,450	14,339	19,789	3,042	7,638	10,680
Salesforce	22,974	36,826	59,800	19,337	28,825	48,162	11,711	13,619	25,330
Workers	5,120	3,799	8,919	4,027	2,543	6,570	2,300	2,280	4,581
Total	40,830	62,449	103,279	40,054	59,951	100,005	22,512	29,438	51,951

AVERAGE HOURS PER EMPLOYEE

	Men	Women	Total	Men	Women	Total	Men	Women	Total
	11	10	11	12	11	11	7	6	6

NUMBER OF EMPLOYEES INVOLVED IN TRAINING ACTIVITIES

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executives/ Top Management	140	144	284	117	134	251	100	119	219
Supervisory-Managerial	579	664	1,243	483	529	1,012	374	405	779
Employees	361	1,010	1,371	357	811	1,168	246	467	713
Salesforce	1,515	2,543	4,058	1,331	2,181	3,512	1,165	1,507	2,672
Workers	270	336	606	176	371	547	107	180	287
Total	2,865	4,697	7,562	2,464	4,026	6,490	1,992	2,678	4,670

WELFARE INITIATIVES

By way of a significant contribution to employee well-being a host of welfare services and initiatives are in place that provide for substantial enhancement in the living and working conditions for all personnel. First of all, the welfare plan **Armani People Care** has been renewed, thanks to which employees hired on open-ended contracts and their families will benefit from an annual allocation of a ceiling amount to be spent towards reimbursing expenses for medical, social welfare, school, transportation needs and spending on activities dedicated to sports and leisure.

In addition, the option extended to employees of Giorgio Armani Operations was renewed allowing them to choose whether to receive the performance bonus in cash or to convert it into Welfare or supplementary social security.

With a view to appropriately adapting the welfare tools to the emergency situation, the company has:

- made available the **social security consulting and assistance service**, which was already launched in 2019, accordingly providing for remote meetings for employees;
- expanded the offering of **special agreements, discounts and offers** for employees, including companies operating in various sectors, such as food, technology, health, and leisure;
- introduced reimbursement for the purchase of **masks, disinfectant gels, Covid-19 serological tests and PCR nasal swab tests**, as well as streaming and On Demand activities, among the Flexible Benefits services.



THE ARMANI PEOPLE CARE PLAN: A COMPARISON OF TWO YEARS (2019 VS 2020)

The overall use of the Armani People Care welfare plan was almost at the same level between 2019 and 2020, despite some consumption items being significantly reduced during the first lockdown (March -May 2020). The most used services in the two years were: reimbursement of medical, school and transport expenses and the purchase of travel and vacation offerings.

MEDICAL EXPENSES

Requests for reimbursement of medical expenses increased in 2020 also owing to the inclusion of products linked to the COVID-19 emergency.

SCHOOL EXPENSES

As compared to 2019, the reimbursement for purchase of schoolbooks decreased for reasons attributable to distance learning and the consequent greater use of materials in digital format, being more easily accessible. The other expenses that were reimbursed pertain to school canteen, transport, pre and after school programmes: these were also reduced, probably due to the lockdowns.

TRAVEL, VACATION AND TRANSPORTATION

The COVID-19 emergency resulted in a significant reduction in the purchase of travel and vacation offerings and in the reimbursement of transport costs, with the exception of the summer period due to the easing of restrictions.

OTHER SERVICES

During the lockdown, there was a reported reduction in the request for reimbursement of social assistance and welfare expenses. The employees therefore spent more time confined to their homes, thus being able to provide direct assist to their family members.

The most significant change was the reduction in purchase of packages for sports activities, thanks to the closure of the gyms during the first half of 2020.

HEALTH AND SAFETY

The protection of health and safety in the workplace is dependent on and undertaken after completing a careful **risk analysis**, which the Group updates annually based on considering the specificities of the various corporate locations, from production sites to sales outlets. Activities related to periodic health surveillance and training for personnel as well as structural interventions designed to improve work environments are deemed preparatory pre-requisites to prevention of the risks identified and are subject to annual audits by the Supervisory Board (SB).

During 2020, faced with a new risk: that of contagion from COVID-19, the Group had to adopt exceptional measures designed to protect the health of employees and external parties and to adapt to the restrictions imposed by government decrees that required the modification of usual working conditions.

MEASURES IN RESPONSE TO THE COVID-19 PANDEMIC

Since the first provisions set forth by the Presidency of the Council of Ministers (Italian Prime Minister's Office), the Group has adopted the relevant measures—ensuring regulation thereof by drafting a **protocol**—necessary for the **prevention** and **containment** of the COVID-19 pandemic in the workplace. In order to disseminate and verify the application of the protocol, a Committee has been set up, which includes the participation of the Workers' Safety Representative (WSR), and which periodically carries out inspections in the workplace.

The measures adopted may be grouped into four main categories:

- **Reorganisation of activities**, so as to ensure the necessary social distancing. From the start, employees returning from China and Hong Kong have, as a precaution, been requested to work from home for at least seven days. In the same vein, out-of-country travel remains limited.
Offices and industrial sites have been closed, initially pursuant to precautionary principles and subsequently due to government regulations.
Physical attendance in the workplace has been progressively reduced through the adoption of **smart working**. While 85% of the Group's employees had the opportunity to work from home during the lockdown, at the end of this period, wherever feasible, smart working was experimentally activated and accordingly regulated. In support of this initiative, an e-learning course for all employees was deployed, along with a webinar for managers on developing skills such as time management, delegation and smart leadership, considered necessary for managing this new modality of working. In-class training activities (even mandatory training) have been suspended in favour of those delivered in e-learning mode while all hiring-selection interviews are exclusively conducted remotely. Where possible, in convening meetings and deliberative gatherings, the use of remote connectivity modalities is very much preferred. Smart working has emerged as a further contribution to ensuring the **well-being and protecting the health** of employees during this period of a global public health emergency, as well as an effective tool for **environmental sustainability** given that it reduces the need for travel as well as the use of transportation means therefor.

SMART WORKING PROJECT

MARCH

LOCKDOWN

Requirement to work from home using, in most cases, a company PC/smartphone

MAY - JUNE

RETURN

3 days in office and 2 days remotely per week for 50% of the company workforce

JULY

REGULATION IN ITALY FOR EMERGENCY SMART WORKING

Drafting and dissemination of the policy in Italy, taking into account the legislation in force as well as company needs

AUGUST - OCTOBER

TRAINING

Preparation and launch of online training and training sessions for managers

JANUARY - APRIL 2021

PROPOSAL FOR POST EMERGENCY SW REGULATION IN ITALY AND IN FOREIGN SUBSIDIARIES

Drafting and validation of the proposed regulation for smart working fully operational in Italy and abroad

JUNE - JULY 2021

SMART WORKING IN FULL OPERATION

Dissemination of the smart working regulation fully operational in Italy and abroad and collection of signed agreements where provided for by local legislation

2022

REPORT ON NON EMERGENCY SMART WORKING

Analysis of the results achieved, the benefits and critical issues that emerged

- **Communication and training**, so as to facilitate the sharing of information about the virus (symptoms and modes of transmission) and related prevention actions. The activities include the dissemination of the decalogue of health-sanitation and behavioural measures to be complied with and the opening of communication channels to be used for requesting information.
- **Protection of Employee Health**, in order to prevent against the spread of the virus and contracting of the infection. The measures include distribution to all personnel of masks, sanitising gels and other personal protective equipment, monitoring of body temperature, and thorough sanitisation of all work environments.
- **Control and monitoring of individuals external to the company** (suppliers, clients, consultants), for whom specific communications and provisions have been established. These measures include limiting access to cases that cannot be postponed, and are strictly necessary for business operations, and in any case can occur under totally safe conditions.

In order to ensure that physical attendance in offices can be managed in total safety, the company gym **Armani/Fitness**, inaugurated in June 2019, has been temporarily converted into an ad hoc space where free periodic rapid tests and COVID-19 swab testing can be carried out for employees. Also part of the plan for protecting employee health and safety, the administration of free flu vaccines, on a voluntary basis, is an initiative that has been promoted at a global level.

In order to ensure employees at the headquarters are able to lunch in safety, as of November 2020 and until the end of the health emergency, a catering service has been activated within the spaces of Via Bergognone 59, with a lunch box service being provided for the Via Borgonuovo corporate offices.

The set of measures adopted has allowed the Armani Group not only to pass all the inspections carried out by the various authorities (such as the inspection that took place at the Matelica production site), but also to keep the situation under control, while minimising infections and preventing the emergence of outbreaks within the company.

Safety in Numbers

During 2020, **training** activities relating to the health and safety domain increased by more than 80% as compared to data for 2019, attesting to the widespread deployment of the exceptional measures adopted by the Group to protect its employees.

The pandemic situation induced a decrease in the hours worked and therefore a lower frequency of exposure to risk.

As a consequence thereof, almost all the **injury rates** (incidence rate, work-related illness rate, and injury frequency) decreased as compared to 2019. The severity rate, however, rose slightly because the injuries that occurred generated a greater number of days of absence as compared to the data for 2019.



HOURS OF TRAINING ON HEALTH AND SAFETY	2020	2019
Prevention of risks related to the activity performed	4,852	6,253
Training - Emergency Mgt Personnel	1,141	2,882.5
Training - Workers' Safety Reps WSR	1,617	1,338.5
Training - Prevention and Protection Service PPS	5,483	1,818
Other	10,111	392
Total	23,204	12,684

INJURIES DATA	2020	2019
Number of injuries at work ⁷	108	148
Number of fatal injuries at work	-	-
Cases of work-related illness (number)	2	5
Days of absence (absenteeism) due to injuries ⁸	2,403	2,142
Hours worked	13,654,724	15,351,753
Number of employees	9,729	9,064
HEALTH AND SAFETY INDICATORS	2020	2019
Incidence rate ⁹	11.1	16.3
Severity rate ¹⁰	0.18	0.14
Work-related illness rate ¹¹	0.03	0.07
Injury frequency ¹²	7.9	9.6

⁷This item also includes accidents in transit where the transport is organised by the company.

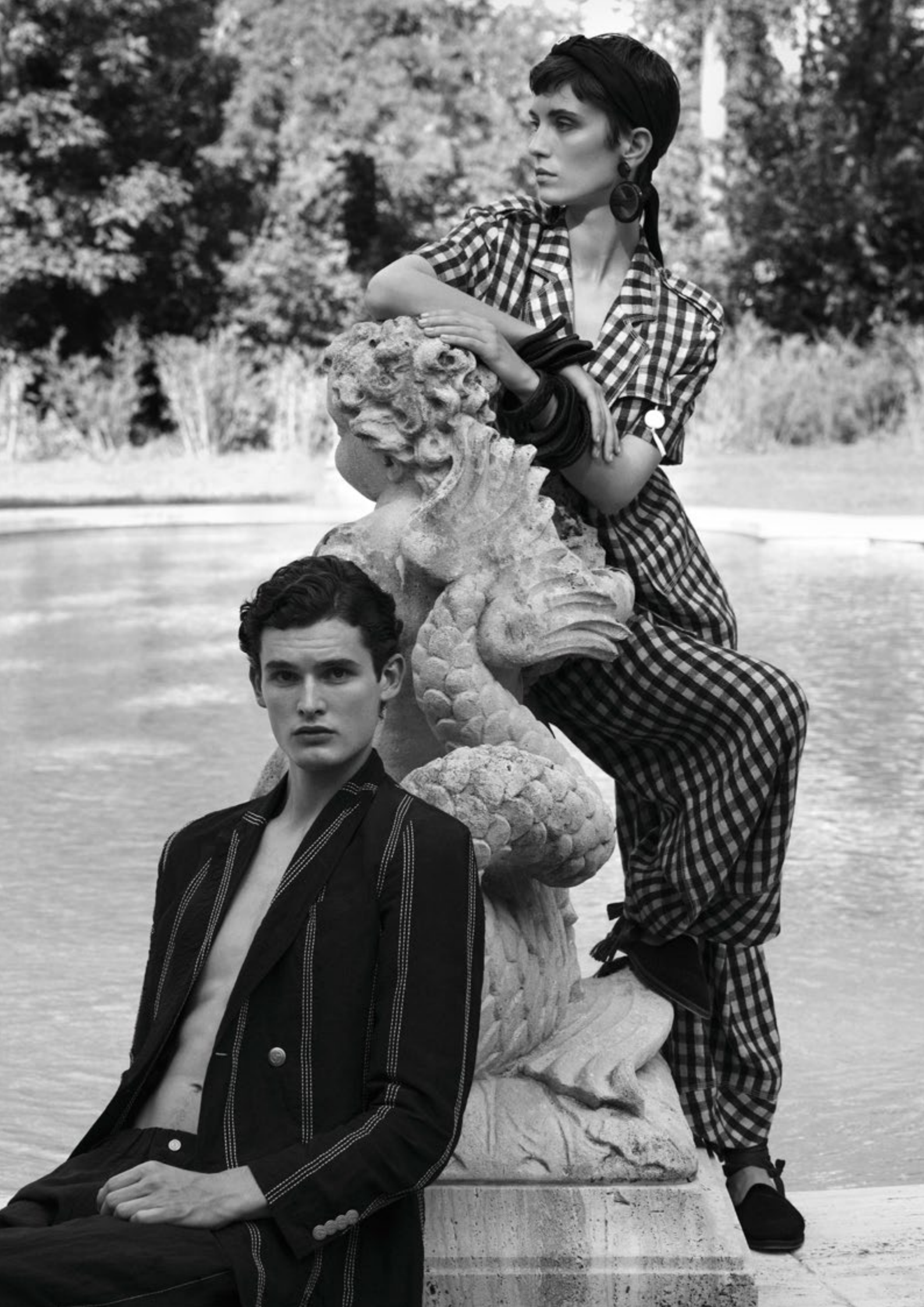
⁸This item also includes the hours of absence due to accidents in transit when occurring in the course of transport organised by the company.

⁹The incidence rate indicates the number of accidents occurring in a year; it is calculated as follows: the number of accidents multiplied by 1,000 divided by total number of employees.

¹⁰The severity rate relates the severity of the injury to the measurement of risk exposure; it is calculated as follows: the number of workdays lost due to accident/injury multiplied by 1,000 divided by total number of hours worked.

¹¹Rate of work-related illnesses correlates the number of work-related illnesses to the measurement of risk exposure; it is calculated as follows: the number of work-related illnesses multiplied by 2,000,000 divided by total number of hours worked.

¹²The frequency of injuries correlates the number of injuries with the measurement of risk exposure; it is calculated as follows: the number of injuries (excluding those in transit) multiplied by 1,000,000 divided by total number of hours worked.



5
FOCUS ON
THE CUSTOMER



RELATIONSHIP WITH CUSTOMERS

Focus on the customer is one of the five pillars of the Group's sustainability policy which is aimed at ensuring the **authenticity, quality and safety** of the product, ensuring client data protection, while promoting and raising awareness of sustainability issues.

2020 was a particularly difficult year due to the pandemic. In order to continue to ensure a safe, personalised and satisfying shopping experience, the Armani Group has implemented across all of its stores very stringent **safety protocols** that are in line with the anti-COVID-19 standards and regulatory provisions laid down in each country. In addition, with a view to ensuring greater ease of access to sales outlets all over the world, it has activated the **"Book an appointment"** service, making it possible to book visit appointments directly online.

CUSTOMER AWARENESS AND GREEN OUTLETS

Sales stores represent one of the main channels for communicating a brand's identity and values. A key attraction along the virtuous route being traversed by the Armani Group with a view to promoting **sustainable development** and a **circular economy**, is the shopping experience offered in the Armani Green Outlets – sales outlets built using materials that are recycled and recyclable at the end of their life.

Since being inaugurated in 2019, this model has also been adopted for several new store openings in Europe and Asia and is planned for other openings over the coming years.



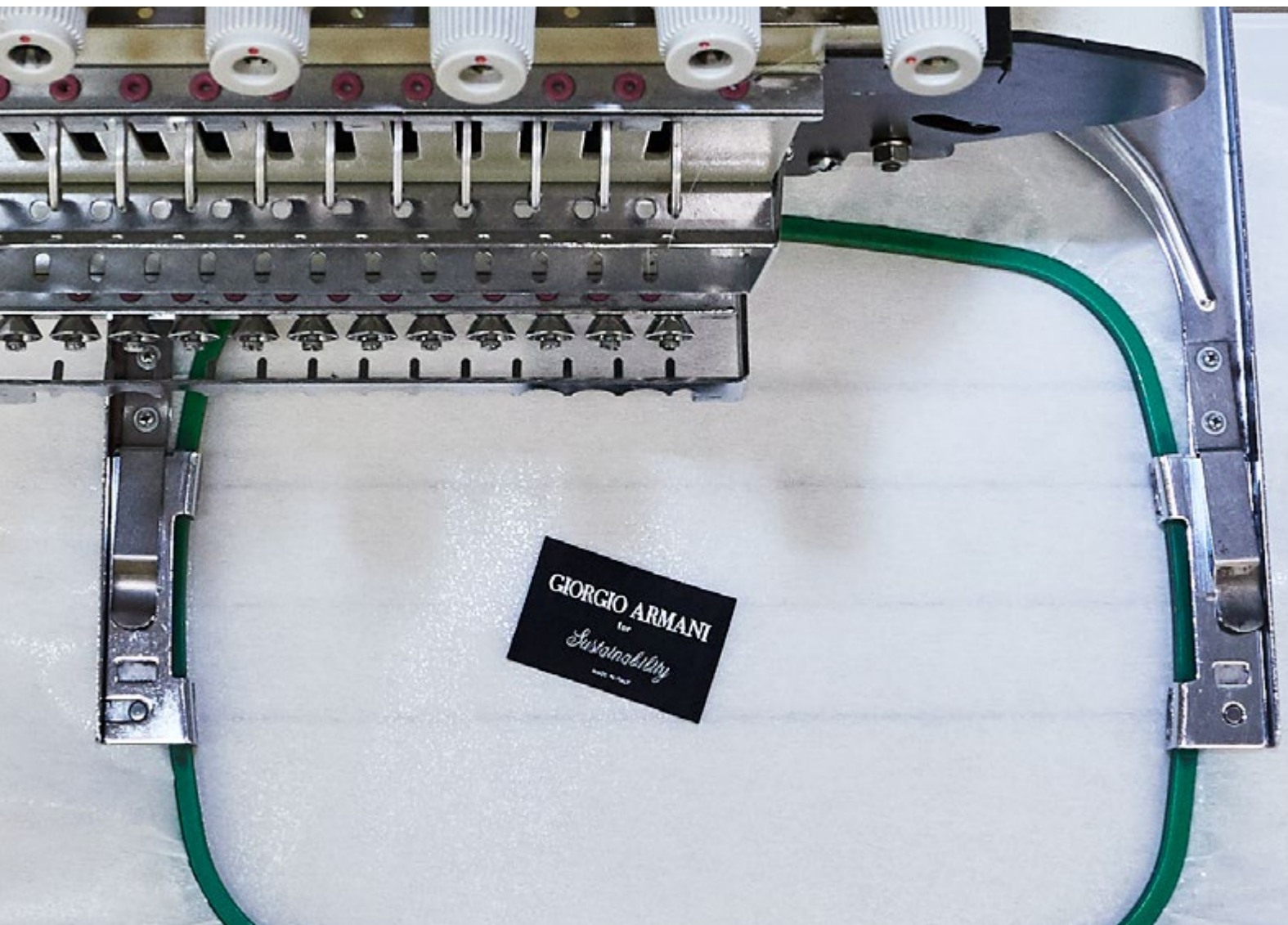
PRODUCT LABELLING

The large number of diverse markets in which the Group operates, combined with the constantly evolving regulatory context, drives the need to adopt a labelling **management system** that is extremely versatile and centralised.

To facilitate and manage the proper flow of data, the Group has developed a special software application that makes it possible to monitor all the various types of labels that are applied to the products sold in a specific market and/or to a specific client.

Furthermore, starting from 2018, the Group has adopted **internal guidelines** for managing the communication of mandatory and voluntary information regarding the environmental compartment, to be affixed to the packaging. This includes, for example, the indications as to the material, correct disposal, possible recyclability and the recycled content of the packaging.

Thanks to the scrupulous management of the issue in question, in 2020 the Group did not receive any sanctions in respect of product labelling, nor any challenges or objections to the environmental claims affixed to the packaging.



BRAND PROTECTION

The Armani Group has always been active in protecting its intangible assets and in the fight against counterfeiting.

During 2020, the Group's Intellectual Property Department¹³ had to adapt to the new digital challenges surfaced by the particular moment in history brought on by the global crisis. In the face of declining collaboration from customs offices due to the succession of lockdowns and the almost total absence of the possibility to organise raids on the ground, there has been a significant increase in activity relating to **preventive protection** and the **fight against online infringement**.

Furthermore, the **CERTILOGO®** system has proved to be a valuable partner. Implemented as of the Spring Summer 2018 season over all lines of the Group with the sole exception of Giorgio Armani, it allows the end consumer, in full compliance with data privacy regulations, to participate in the process of authentication of the Group's products by simply scanning the QR code on the apparel labels. During 2020, the CERTILOGO® project collected more than 420,000 authentications in 230 countries.

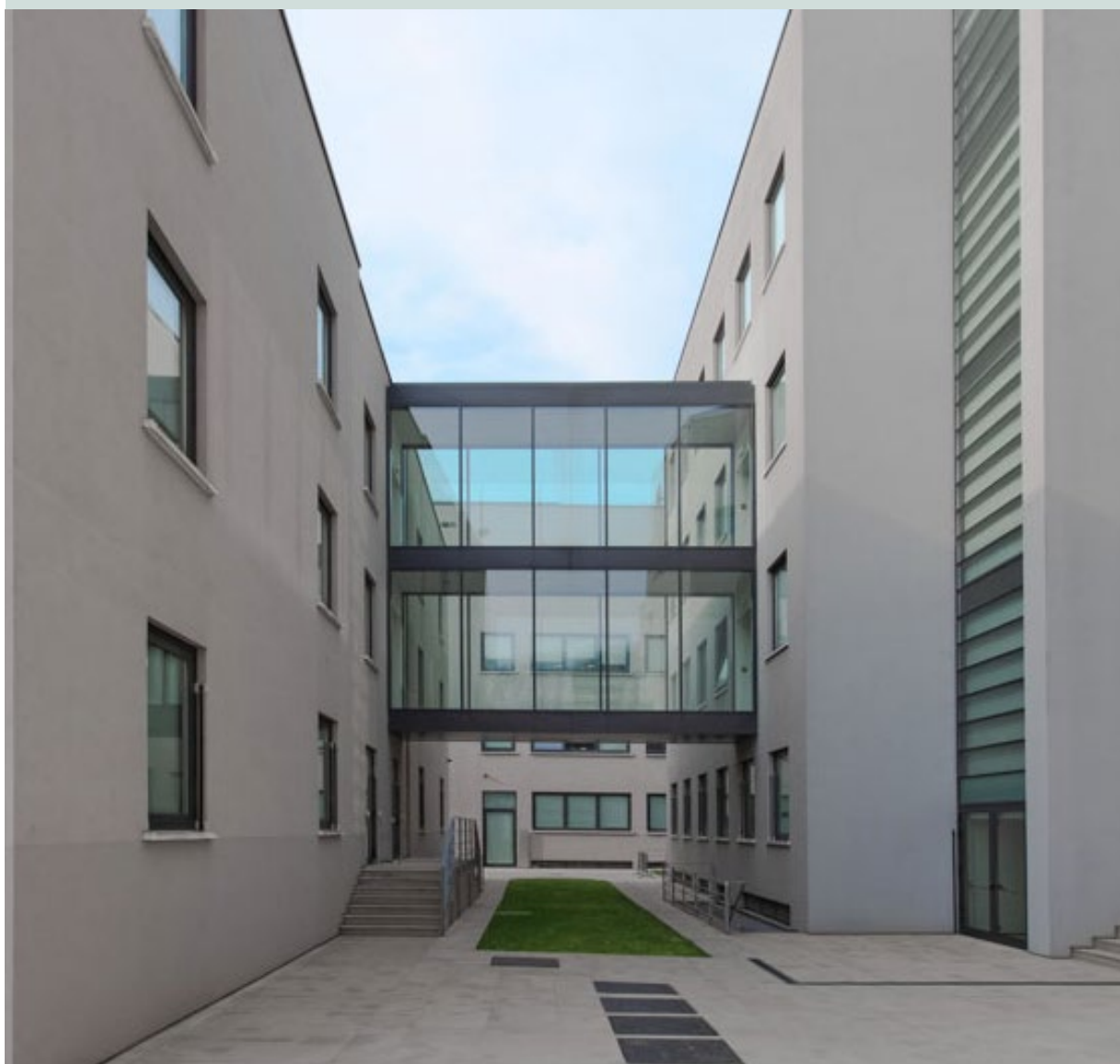
¹³Comprised of lawyers and authorised representatives who are registered in the Italian Register of Industrial Property Consultants, and have authorisation to act before the Office for Harmonisation in the Internal market (OHIM), as well as the respective para-legal resources

FIGHTING COUNTERFEITING

In 2020 the customs surveillance service and the on-the-ground raid activity produced the following outcomes:

- about **2,500 seizures** worldwide;
- elimination of **1,270,000 counterfeit products**;
- shut down of over **1,500 websites** dedicated to the marketing of counterfeit product;
- removal of nearly **50,000 ads** for the marketing of counterfeit products on digital platforms (marketplaces);
- reporting of violations against over **5,500 pages** on social media.

During 2020, the Group's anti-counterfeit activity achieved very positive overall results over the Social Media and Marketplaces component and with respect to the actions on the ground in China and Europe.



MANAGEMENT OF DATA PROTECTION AND PRIVACY

Following the entry into force of the new Regulation EU no 2016/679, on the protection of natural persons with regard to the processing of personal data ("General Data Protection Regulation" or "GDPR"), the Armani Group promptly initiated a series of internal activities in order to become compliant therewith and respond without delay to the provisions of this regulation.

A **Data Protection Organisational Model** has been put in place to monitor and oversee the correct application of the regulation at Group level. This model entailed the appointment of the Group Data Protection Officer¹⁴ and the establishment of a Data Protection Team charged with control, advisory, training and information functions relating to the application of the data protection regulation.

During 2020, the Group continued to update the information on the processing of personal data, the registers and the implementation of the related procedures. Furthermore, the Group also maintained the monitoring and execution of requests from interested parties received through the dedicated e-mail boxes ("privacy@giorgioarmani.it" and "dpo@giorgioarmani.it") and the other communication channels made available.

During 2020, Giorgio Armani SpA did not have to notify the Guarantor of having dealt with any reported cases of personal data related breaches.

¹⁴ The "DPO" or "Data Protection Officer", who may be contacted at the following e-mail address: dpo@giorgioarmani.it

PER RIPARTIRE
IN SICUREZZA
ABBIAMO ANCORA
BISOGNO DI LEI.

Giorgio Armani

"Illustrazione di Franco Rivoli"



6

COMMUNITIES
SUPPORTED

SUPPORT FOR THE COMMUNITIES AND TERRITORY

The renewed commitment of the Group towards the organizations already supported through the years, in 2020 has been enriched with social and sanitary initiatives to respond to the Covid-19 pandemic.

The Armani Group, ever cognisant of their responsibility towards the **community** being one of the founding values of their business and activities, has for years been supporting and promoting important projects in various **social, cultural and environmental** domains. Even during the emergency that affected the whole world, the Group continued the range of non-profit activities, renewing consolidated collaborations and creating new ones.

The major commitment undertaken in initiatives strictly connected to the pandemic emergency did not prevent the Armani Group from renewing its usual support for **Opera San Francesco per i Poveri**. This well-known and beloved entity in Milan, founded by the Capuchin Friars, has for more than seventy years been offering the homeless and people in need free meals and essential services such as shower service, and clothing exchange wardrobe, medicines and medical assistance—all services rendered even more urgent due to the pandemic and unfortunately needed by an increasing number of people.

The Group also renewed its commitment to **Save the Children**: the Group, through Armani/Silos, has for many years been supporting one of the "Punti Luce" in Milan, a space serving as a meeting point for children and young people who, after school, can take access and benefit from school support services and free activities, from sports to music and art. Furthermore, in 2020 the collaboration with Save the Children was extended to the association's international projects with a significant contribution destined for Mozambique and dedicated to maternity-motherhood and neonatal health. The project expects, within two years, to reach around 26,000 adults and 13,000 children with food safety interventions and training, information and assistance programmes. The top management of the Group have decided to participate in this donation, with the contribution of a share of their own remuneration.

COMMUNITY SUPPORT DURING THE PANDEMIC

During 2020, a year so deeply scarred by the COVID-19 pandemic, the Armani Group integrated the usual support actions for communities, with specific initiatives in the social and health care fields.

- **2 million euros** from the Armani Group and **1 million euros** from the Olimpia Milano team were donated to help **hospitals** and the **Protezione Civile** (Italian Civil Protection Department) in dealing with the pandemic.
- In the initial months of the pandemic, the Group's Italian production plants were **converted** to undertake the production of **disposable gowns** intended for personal protection of healthcare workers, which were donated to hospitals, healthcare facilities and nursing homes. After the reopening of the sales outlets, the production continued through some suppliers in Italy and overseas.
- On the occasion of the reopening of the company-owned sales stores around the world between May and June 2020 (Milan, Paris, Munich, Sydney, Beijing, Hong Kong), part of the proceeds from the sales were donated to fifty-two different **no-profit organisations** operating in the respective cities, including the following: Les Restaurants du Coeur in Paris, The Trussel Trust in London, Florence in Japan, the China Soong Ching Ling in China.

Since the appearance of the first cases of Coronavirus in Italy, the Group's activities have been reorganised, by adopting health protection measures that have anticipated or reinforced those set forth by the provisions of the relevant legislation. The first and prime example is the fashion show for the Fall Winter 2020 Women's Wear collection, being the first one that, as early as the end of February, Giorgio Armani had already decided to produce and hold behind **closed doors**, with broadcast via live-streaming, to shield guests and employees from any risk.

Giorgio Armani expressed his **moral support**, sense of closeness and gratitude to the health workers involved in the fight against the pandemic.

In Italy, this took the form of an **open letter** complemented by a **dedication** placed on the mural in Via Broletto, in Milan, with the famous drawing by Franco Rivolli accompanied by personal words of encouragement. In Japan, the facade of the Armani Ginza Tower was illuminated in blue, the colour used to express gratitude.

"GO AHEAD, A MILANO ACCANTO AI POVERI" INITIATIVE

The Armani Group, together with partners L'Oréal Luxe, Luxottica and Fossil Group, decided at the end of the year to create and support the "Go Ahead, a Milano accanto ai poveri" project of the **Comunità di Sant'Egidio**, present in over 70 countries and dedicated to initiatives promoting solidarity, education for peace and coexistence, and the promotion of human rights. The initiative was born from the need to offer new aid to the segments of the population who, during the year of the global health emergency, had to face more serious difficulties. The planned interventions, with two-year terms, are therefore grouped into a:

- **social housing** plan, to support marginalised families experiencing varying degrees of fragile circumstances – in the payment of rents, utilities, mortgages, or in finding suitable accommodation;
- **school support** plan, which provides for a daily system of support at school for children living in precarious and marginalised contexts – an endowment for education or training scholarships for different levels of education and for incentivising pursuit of primary and higher schooling and finally, a training and work project for young people who, after completing or abandoning their studies, need an avenue that enables them to support themselves and their families.

"We are very happy with this initiative, which responds to the needs of today while looking forward to the future of many marginalised persons who live in our city, and which offers a lot of hope to so many people. Now more than ever it is necessary to respond to the many new forms of poverty that have arisen and been accentuated by the pandemic we are experiencing.

We express our gratitude, therefore, to Giorgio Armani and to his partners for their decision to stand alongside us during this difficult time in such a meaningful and generous way. With the Go Ahead intervention plan we shall commit ourselves as always to uniting concreteness of actions with those human, personal and trusting relationships that together render the help useful and capable of having a profound impact on the lives of families, children and disadvantaged persons.

We have developed an intervention programme that is capable of multiplying and bearing new fruit for individuals and for the Milan community – when a city exudes attention and care for its weakest residents it is transformed into a city-community"

Ulderico Maggi, Comunità di Sant'Egidio in Milan

INITIATIVES FOR MEDICAL AND SCIENTIFIC RESEARCH

Never before as in the year just past, has it been made more evident the fundamentally important role played by medical-scientific research – a sector which, through numerous scholarships for the youngest and most promising researchers and support for specific research projects, the Armani Group has continuously supported.

Thus the **Fondazione Veronesi** was able to support the work of researchers in the field of paediatric oncology. A scholarship was also funded for an oncology research project at the **Ospedale San Raffaele**, in addition to the aid offered for dealing with the health emergency due to the Coronavirus pandemic. Support was also renewed for the research activities of **Humanitas**, another major Milan-based entity, which is active and recognised internationally.

Donations in support of research were also offered this year to the **Fondazione Istituto Europeo di Oncologia (IEO)** and **Centro Cardiologico Monzino (CCM)**, which supports the oncological research of these two institutions.

Finally in 2020, in-kind donations were also made, in support of fundraising promoted by many national and local associations.



ENVIRONMENTAL PROTECTION

Fondazione Giorgio Armani supported a project focused on the use of EM, special mixtures of microorganism, in purification of waste water and waste treatment.

The Group also supports research in the environmental field: through the Giorgio Armani Foundation, and alongside European and private funding arrangements, it has decided to support an important research project conducted by the **Università Federico II di Napoli** and the **Italian National Research Council (CNR) in Pozzuoli** for protection of the environment and **biodiversity**. The study, initiated last September and being conducted in an experimental phase on the island of **Pantelleria**, with the support of the Municipality and the **WWF**, seeks to verify the effectiveness of using special mixtures of effective microorganisms (EM) in purification of wastewater and in the treatment of organic wastes for transformation thereof into compost for agriculture. The long-term objective, once the protocols have been defined and the processes have been validated, is to enable the continuity of application thereof not only on the island of Pantelleria, but also with the diffusion and replication of the technological innovation in other areas of Italy.

As well in the environmental field, Emporio Armani has reaffirmed its active involvement in sustainable development with the **Emporio Armani Green Project**, a plan dedicated to the expansion of green spaces in nine different parts of the world where the brand operates, in collaboration with specific local entities.

The initiative begins in Milan where Emporio Armani has supported and continues to support the project **ForestaMI**, sponsored by the Municipality for the enhancement and implementation of **green areas** within the metropolitan city and which provides for the planting of three million trees by 2030.

With the goal of promoting the diffusion of a new environmental culture, the initiative was also extended to the city of London, with the support of the Green Roof initiative; Munich and New York and Tokyo; as well as the French municipality of Saint Martin d'Ablois; and also some inland provinces of Mongolia and some areas in Australia.

ACQUA FOR LIFE

The Acqua for Life (AFL) environmental and social project has been in operation for more than ten years thanks to the initiative of the Armani Group and the collaboration of its partner L'Oréal.

AFL is an initiative focused on providing **universal access** to water in areas afflicted by water scarcity. The project was launched in 2010, the year in which the United Nations recognised the right to water and sanitation services as a basic human right.

To date, AFL has invested more than **10 million euros** in water projects around the world with the result that over **390,000 people** in 15 countries on 3 continents have been able to access safe water sources.

In 2020, in addition to providing for continuation of the initiatives currently in progress, Acqua for Life launched five new projects, in the province of Gansu in China, in Nicaragua, Tanzania, Zimbabwe and Nepal.

Subsequently, with the emergence of the Covid-19 crisis, the planned investment was further increased by **250,000 euros** to strengthen the aid already provided in Madagascar and Nepal.

Acqua for Life projects are identified and developed in collaboration with **Unicef, WaterAid and Water.org**, the three principal partners who operate around the world..





OLIMPIA MILANO BASKETBALL TEAM'S NON-PROFIT ACTIVITIES

Following its founding in 1936, Olimpia Milano's history has had moments of touching the apex and dipping into uncertainty until 2004, the year the Armani Group extended the initial sponsorship. Since 2008, when the company was acquired 100% by Giorgio Armani SpA, the Club has assumed an increasingly important role in Italian and European basketball, as demonstrated by the hitherto unprecedented number of spectators averaging over 9,000. Olimpia Milano is particularly sensitive and attentive to ensuring respect for and adherence to ethical principles and sporting values. In confirmation of this, the Club has obtained the **Ethics in Sport Certification "Esicert"**, issued by Bureau Veritas.

Since 2019, the Club has also invested resources in **the youth sector**, with the objective of promoting the culture of basketball, of sports in general, and also its principles and values among children. In this regard, the Club promotes initiatives that provide sports training for children and young people and is directly involved in actions relating to fundraising and support for sports initiatives in some local communities.

Olimpia Milano's sensibility in respect of supporting young people and transmitting sporting values is also shared by the Armani Group and the Foundation, both who during the ongoing health crisis—which has also become an economic emergency for many—provided aid to a small local entity, the **Oratorio San Giovanni Bosco di Giussano**, to cover part of the expenditures related to the installation of their new playground, which had been left without coverage due to the pandemic-related forced cessation of all the customary remunerative activities of the small sports club.

CULTURAL INITIATIVES

During 2020, the cultural activities offered within the Group's exhibition site, Armani/Silos, were suspended due to the public health crisis.

The preventive restrictions and closures, that were implemented in order to protect the health of citizens, have weighed particularly heavily on the world of culture.

The Giorgio Armani Foundation therefore wished to extend its support to one of the Milan-based entities that have greatly suffered from the effects of the restrictions: the **Bagatti Valsecchi Museum**, with whom it shares a common history connected to the Lombardy region, to excellence and to attention to a heritage of values and culture that is important to preserve and transmit.

The Giorgio Armani Foundation, which with its donation contributed to the considerable management and conservation costs of the Museum House in the absence of the customary revenue streams, has been added to the Museum's Albo d'Oro/Golden Roster, the circle of patron-supporters established in 2019 to support the activities and the development of this Milan institution.

Turning its attention also to cultural activities beyond the Milan context, the Armani Group has renewed its subscription to **"Amici del MAXXI"**, the programme to support the activities of the Rome museum dedicated to contemporary creativity.

The collaboration of the Armani Group with FAI, the Italian Environment Fund, also continues: Giorgio Armani has since the beginning always been part of the **"I 200 del FAI"**, the historical group of original major donors of the Fund.



APPENDIX A

Environmental Data – Scope of Reporting Coverage

Armani Group Companies	2020	2019	2018	2017
Giorgio Armani SpA	X	X	X	X
Giorgio Armani Retail Srl	X	X	X	-
GA Operations SpA	X	X	X	X
Alia Srl (Armani Caffè, Privé, Ristorante Nobu)	X	X	X	-
Pallacanestro Olimpia Milano Srl (Basketball Club)	-	-	-	-
GA Retail Branch: Belgium	X	X	-	-
GA Retail Branch: Netherlands	X	X	-	-
GA Retail Branch: France	X	X	-	-
GA Retail Branch: Germany	X	X	-	-
GA Retail Branch : Austria	X	X	-	-
GA Retail Branch: Portugal	X	X	-	-
GA Retail Branch: Spain	X	X	-	-
GA Retail Branch: UK & Ireland	X	X	-	-
GA Retail Branch: Swiss Branch	X	X	-	-
GA Operations Hong Kong Ltd	X	X	-	-
Giorgio Armani Hong Kong Ltd.	X	X	-	-
Giorgio Armani Shanghai Trading Co	X	X	-	-
Giorgio Armani Canada Corporation	X	-	-	-
Giorgio Armani Australia Pty Ltd.	X	X	-	-
Giorgio Armani Corporation	X	X	-	-
Giorgio Armani Japan Co. Ltd.	X	X	-	-
Giorgio Armani Brasil Comercio Importação e Exportação Ltda	X	X	-	-
Caffè 42 Croisette Sas	X	X	-	-
Giorgio Armani Mexico	X	-	-	-
Giorgio Armani Rainbow (Macao)	X	X	-	-
GA Retail Ultimate (Greece)	X	-	-	-
GA Retail Monaco SAM	X	-	-	-
Presidio China Ltd (in liquidation)	-	-	-	-

APPENDIX B

Health and Safety Data – Scope of Reporting Coverage

Armani Group Companies	2020	2019	2018	2017
Giorgio Armani SpA	X	X	X	X
Giorgio Armani Retail Srl	X	X	X	X
GA Operations SpA	X	X	X	X
Alia Srl (Armani Caffè, Privé, Ristorante Nobu)	X	X	X	X
Pallacanestro Olimpia Milano Srl (Basketball Club)	X	X	-	-
GA Retail Branch: Belgium	X	X	-	-
GA Retail Branch: Netherlands	X	X	-	-
GA Retail Branch: France	X	X	-	-
GA Retail Branch: Germany	X	X	-	-
GA Retail Branch: Austria	X	X	-	-
GA Retail Branch: Portugal	X	X	-	-
GA Retail Branch: Spain	X	X	-	-
GA Retail Branch: UK & Ireland	X	X	-	-
GA Retail Branch: Swiss Branch	X	X	-	-
GA Operations Hong Kong Ltd	X	X	-	-
Giorgio Armani Hong Kong Ltd.	X	X	-	-
Giorgio Armani Shanghai Trading Co	X	X	-	-
Giorgio Armani Canada Corporation	X	X	-	-
Giorgio Armani Australia Pty Ltd.	X	X	-	-
Giorgio Armani Corporation	X	X	-	-
Giorgio Armani Japan Co. Ltd.	X	X	-	-
Giorgio Armani Brasil Comercio Importação e Exportação Ltda	X	X	-	-
Caffè 42 Croisette Sas	X	X	-	-
Giorgio Armani Mexico	X	X	-	-
Giorgio Armani Rainbow (Macao)	X	X	-	-
GA Retail Ultimate (Greece)	X	-	-	-
GA Retail Monaco SAM	X	-	-	-
Presidio China Ltd (in liquidation)	-	-	-	-

APPENDIX C

Environmental Indicators (Scope of Reporting Coverage: Italian Companies)

The following appendix is dedicated to environmental indicators (water withdrawals, energy consumption, greenhouse gas emissions and waste generation), considering the scope of reporting coverage of Italian companies, reported in the 2018 and 2019 editions of the sustainability report. Specifically:

- the 2017 scope of reporting coverage takes into account the companies GA Operations SpA and Giorgio Armani SpA;
- the 2018 scope of reporting coverage takes into account the companies GA Operations SpA, Giorgio Armani Retail Srl, Giorgio Armani SpA, Alia Srl;
- the 2019 scope of reporting coverage takes into account the companies GA Operations SpA, Giorgio Armani Retail Srl, Giorgio Armani SpA, Alia Srl.

WATER WITHDRAWALS BY SOURCE (m³)	2019	2018	2017
Withdrawal from Aqueduct	124,584	124,705	89,045

TOTAL ENERGY CONSUMPTION (TOE)	2019	2018	2017
Direct Energy Consumption (Methane, Diesel Fuel)	1,433	1,322	1,386
Indirect Energy Consumption (Electricity)	4,309	4,400	4,430
Total Consumption	5,742	5,722	5,816

GREENHOUSE GAS EMISSIONS (tCO ₂ e)	2019	2018	2017
Direct Emissions (from fuels)	5,031	4,647	4,876
Indirect Emissions (from electricity)	16,141	16,482	16,595
Total Emissions	21,172	21,129	21,471

WASTE GENERATED BY TYPE (T)	2019	2018	2017
Total Waste	1,080	1,141	1,157

APPENDIX D

Historical Indicators – Health and Safety

The following appendix is dedicated to workers' health and safety indicators, considering the scope of reporting coverage of Italian companies, reported in the 2018 and 2019 editions of the sustainability report.

The scope of reporting coverage for the years 2017, 2018 and 2019 includes:

- GA Operations Spa;
- Giorgio Armani Retail Srl;
- Giorgio Armani Spa;
- Alia Srl.

HOURS OF TRAINING ON HEALTH AND SAFETY	2019	2018	2017
Prevention of risks related to the activity performed	5,158	3,172	8,111
Training - Emergency Mgt Personnel	1,338	906	2,154
Training - Workers' Safety Reps WSR	328	832	352
Training - Prevention and Protection Service PPS	40	32	228
Other	280	-	-
Total	7,144	4,942	10,845

ACCIDENTS/INJURIES	2019	2018	2017
Accidents/injuries at work	20	23	14
Accidents/injuries in transit	34	22	19
Fatal accidents/injuries at work	-	-	-
Fatal accidents/injuries in transit	-	-	-
Cases of occupational/work-related illness rate	2	1	6
Days of absence due to accidents/injuries (in transit)	892	632	627
Days of absence due to accidents/injuries (at work)	379	682	446
Hours worked	4,888,615	4,449,901	5,080,629
Employees	3.045	3.122	3.066

HEALTH AND SAFETY INDICATORS	2019	2018	2017
Incidence rate	6.57	7.37	4.57
Severity rate	0.08	0.15	0.09
Occupational/Work-related illness rate	0.08	0.04	0.24
Accident/injury frequency	4.09	5.17	2.76

NOTES ON METHODOLOGY

This document represents the fifth annual edition of the Armani Group Sustainability Document. The Group's sustainability performance was reported in accordance with the procedures set out in the Sustainability Reporting Standards published by the Global Reporting Initiative, GRI (core option). To this end, various indicators were selected such as to enable describing the trends of the material aspects and relations with stakeholders.

For some of the material issues it was not possible to identify, within the GRI Standards framework, adequate indicators to describe and report the real position of the Group. In these cases, the "freedom of expression" option was chosen, reporting exclusively GRI 103: Management Approach 2016. For a better understanding of the Standard Disclosures used, the "Content Index" is provided.

The scope of reporting coverage includes all of the consolidated companies of the Group, and compared to the previous document includes the two new companies acquired in 2020 (in Greece and Monaco), as well as a greater level of detail for some corporate locations, which, until last year, were able to provide information only in aggregate form.

The information and indicators are reported annually and refer to the calendar year 2020. The 2020 data were then compared with those of previous years. Specifically:

- with 2019, for the environmental indicators and data (section "Responsible Management of Corporate Offices"), which previously were in reference only to the Italian corporate offices;
- with 2018-2019, for the data and indicators relating to the People of the Group (sections "Employees in Numbers", "Diversity and Equal Opportunities" and "The Training Offering").

The environmental indicators and those relating to health and safety prior to 2019 and referring to different scope of reporting coverage (Italian corporate offices), have been reported respectively in appendices C and D of this document.

The expansion of the scope of reporting coverage in 2019 had led to the need, in some cases, to adopt assumptions so as to compensate for the lack of environmental data for some of the Group's corporate offices. In parallel with the collection of data for the year 2020, the assumptions adopted for 2019 were refined and some gaps in the data were resolved.

Therefore, the environmental indicators for 2019 were recalculated on the basis of the following additions:

- inclusion of water consumption for GAO Hong Kong, not present previously;
- adjustment of water consumption for GA Hong Kong and Macao;
- inclusion of water and energy consumption and waste generation for the Brazilian office, not previously present;
- adjustment of the quantity of waste generated by GA Corporation;
- modification of the indirect energy consumption's emission factors (Scope 2) for the majority of the European corporate sites, in order to align them to those used for the international initiatives the Group decided to participate to.

To facilitate the analysis of the trends for greenhouse gas emissions over the years, the emission factors for the energy vectors are kept constant except for the following cases:

- purchasing electricity from renewable sources, as substantiated by certificates of origin c(for the corporate locations in Spain, Portugal and Switzerland, in 2020);
- the energy consumption relating to the year 2019 for the corporate offices in the US, Mexico, Canada and Brazil were provided on an aggregate basis and an average emission factor was used; the consumption relating to the year 2020 was provided specific to each corporate location and this enabled the application of the specific emission factor;
- as a precaution, in 2019, for the corporate location in Australia, the emission factor for electricity originating from China was used due to the lack of specific information on Australia; in 2020 the specific Australian emission factor was used;
- the energy consumption relating to the year 2020 for the German and Austrian corporate sites, differently from what it had been done in 2019, are provided on an aggregate basis therefore an average emission factor was used.

Furthermore, following the methodological approach of the GHG Protocol, the greenhouse gas emissions for the fiscal years 2019 and 2020 have been calculated and presented based on their subdivision into Scopes 1, 2 and 3, and Scope 2 emissions have been calculated following the market-based approach.

As regards the indicators relating to workers' health and safety, in addition to the standard GRI 403-9: Work-related injuries, reference is made to the Italian Organisation for Standardisation standard UNI 7249: 2007 (Statistics on work-related injuries), because it is more representative for the real situation of the Armani Group.

This Report has not been subjected to third party review.

For additional information regarding the contents of the Report, the CSR office may be contacted by e-mail at: info.csr@giorgioarmani.it.

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A dense bamboo forest with green leaves and stalks. The image is a full-page background for an Armani advertisement. The bamboo stalks are vertical and green, with some showing signs of aging or damage. The leaves are long, narrow, and green, with some showing signs of aging or damage. The overall tone is dark and moody.

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