

SUSTAINABILITY REPORT  
2021

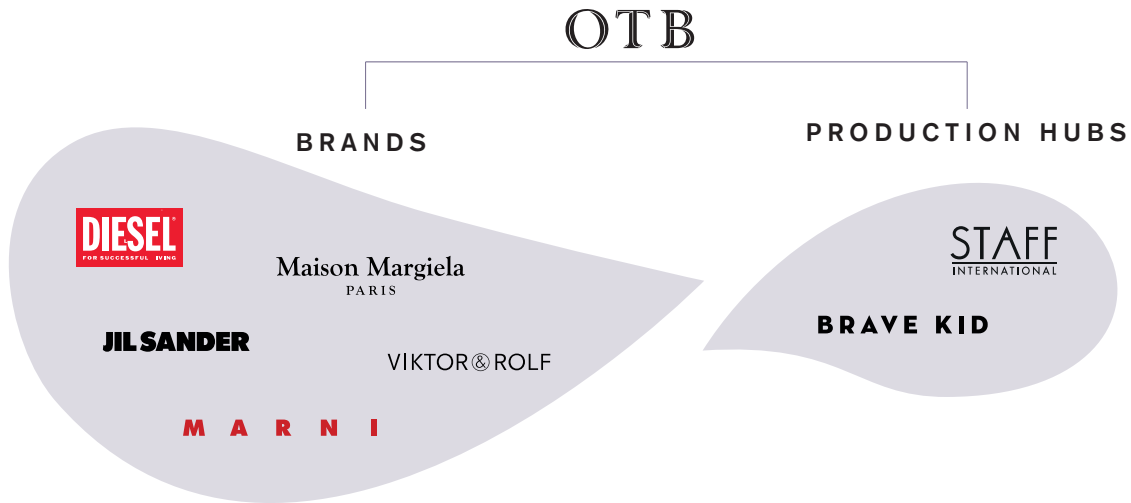


**BE RESPONSIBLE. BE BRAVE.**



## MEET OTB

OTB is an international fashion and luxury Group powering unconventional Brands, including **Diesel**, **Maison Margiela**, **Marni**, **Viktor&Rolf**, and **Jil Sander**. The Group also controls the Staff International and Brave Kid companies and holds a minority investment in L.A. Brand Amiri. As its name suggests (OTB stands for “**Only The Brave**”), the Group challenges established rules to redefine the world of fashion and lifestyle. OTB embodies the brave, innovative and unapologetic spirit and vision of its founder and chairman **Renzo Rosso**. Embracing consumer-centric digital innovation, together with a concrete long-term commitment to creating a sustainable business, are the pillars of the development philosophy of the Group that employs over 6,000 people worldwide.



### MARKET PRESENCE

24

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

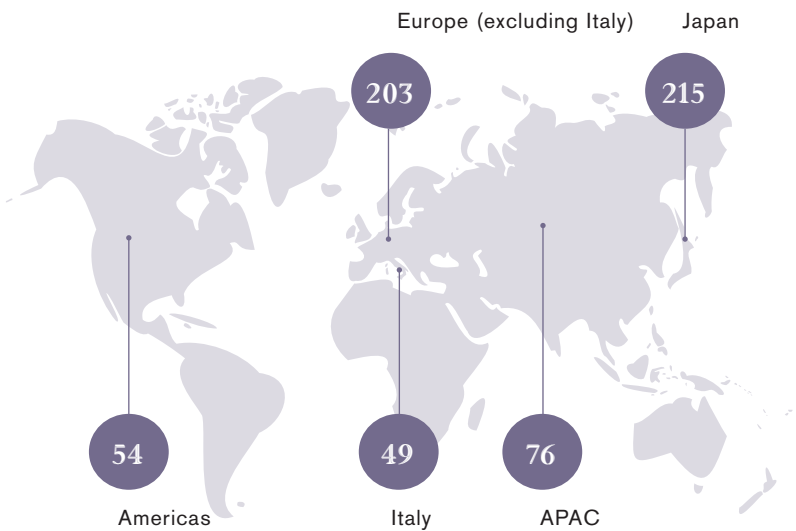
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Group Brands and Production Hubs

Around

600

Mono-Brand retail stores



### MONO-BRAND RETAIL NETWORK

### FINANCIAL STATEMENT 2021 (€million)

1,488

Revenue from sales of goods and services

46.6

Net investments

186.6

Ebit

382.6

Net financial position

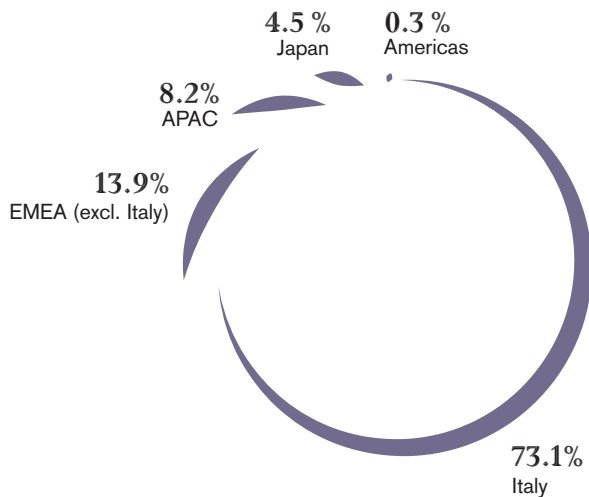
<sup>1</sup>This number refers to countries where the Group is present with its legal entities or local branches, mono-Brand retail stores, outlets or logistics hubs. The Countries where the Group's legal entities are under liquidation have not been considered.

## LOCAL SUPPLY CHAIN, GLOBAL FOOTPRINT

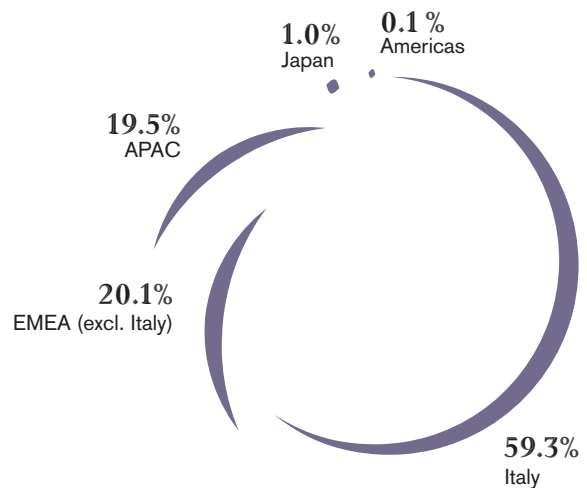
OTB's supply chain is the result of close partnerships with around **1,670<sup>2</sup> suppliers in 39 countries**. The Group divides its suppliers into four categories: raw material suppliers, manufacturers, finished product suppliers, and service suppliers - assisting OTB Brands with pattern making, prototyping and quality and safety control processes.

One distinguishing feature of the OTB supply chain is that the Group is notably oriented toward **local Italian production**. In 2021, **73% of the Group's suppliers were based in Italy** - a number that increases to 80% for the luxury supply processes - and almost 60% of OTB's total purchases were also locally carried out in Italy<sup>3</sup>. These production processes mirror OTB's dedication to supporting local businesses, reinforcing not only the Group's commitment to **sustainable supply chain processes** but also promoting the Italian excellence worldwide.

SUPPLIERS BY GEOGRAPHICAL AREA



PURCHASE VALUE BY GEOGRAPHICAL AREA



### SUPPORTING THE ITALIAN LOCAL SUPPLIERS THROUGH THE PROJECT C.A.S.H.

**Credit Facilitated Suppliers Help, or C.A.S.H.**, is an OTB program developed together with BNP Paribas Group, which enables the Group's suppliers an easy and fast access to **credit** at favorable terms. The Group extends its own credit score to the actors that make up its supply chain, enabling their further development and growth.

The **C.A.S.H.** project was launched in 2013 with **Staff International** and grew to involve the suppliers of Diesel and Brave Kid in 2020. All production chain actors can apply to participate and are selected based on the quality and reliability of the services provided.

During the **Covid-19** crisis, the project has been key to support and stabilize the Group's broad supply chain. When other players started lowering or cancelling orders and delaying payments, OTB offered **real financial possibilities** thanks to **C.A.S.H.**, enabling participants in the program to navigate the moment of uncertainty with a sense of stability and togetherness.

<sup>2</sup>Excluding suppliers with sales order of less than 1,000 Euro per year.

<sup>3</sup>Percentages are calculated on the total number of OTB Group suppliers regardless of production volumes. For manufacturers and finished product suppliers, the geographic location is where the product was made, while for service and raw material suppliers, it is the country where the supplier is registered.

The **suppliers** that have benefited from **C.A.S.H.** showcase an Italy-wide distribution. **More than half of C.A.S.H.-affiliated suppliers are micro-sized companies**; one third are small companies and the remaining one tenth are medium-sized businesses. Such distribution mirrors OTB's support of **Italian manufacturing** and further spreading of the Italian goods and productions sentiment across the globe.

#### ACTIVE SUPPLIERS C.A.S.H. PROJECT

**65** active suppliers, which account  
for **32%** of the total cost of sales

These suppliers assigned  
**80%** of their credit



1

Number of suppliers enrolled in the C.A.S.H. Project

36

4

#### OTB GROUP'S SUPPORT FOR LOCAL SUPPLIERS AND ITALIAN CRAFTSMANSHIP



**53%**

of the suppliers who have joined the C.A.S.H. Project are **micro-sized** companies

**37%**

are **small** companies indicating OTB Group's support for local suppliers and Italian craftsmanship

**10%**

are **medium-sized** companies

# THE OTB PLEDGE FOR A SUSTAINABILITY STRATEGY

OTB launched its “*Be Responsible. Be Brave.*” Group Sustainability Strategy in 2021, culminating its path to a structured approach to sustainability started in the previous years.

Rooted in the UN's 17 Sustainable Development Goals, the “*Be Responsible. Be Brave.*” Strategy features three key areas – Protecting Our Planet, The New Fashion System and Brave Together – expressing the Group's commitment to the environment, product sustainability and community. Each key area is further divided into ten relevant topics, complete with quantifiable objectives.



## OTB'S CROSS-INDUSTRY COOPERATION

OTB truly believes that the only way the fashion industry can adopt more responsible practices is through cross-industry collaboration and cooperation. As of today, OTB is a proud member of the following initiatives:

### AURA BLOCKCHAIN CONSORTIUM



In October 2021, OTB joined the Aura Blockchain Consortium as a fourth Founding Member, alongside LVMH, Prada Group and Cartier. Mercedes-Benz was the fifth and final founding member to join in 2022. AURA spreads socially responsible and sustainable business practices by leveraging blockchain and other technologies.

### LEATHER WORKING GROUP (LWG)



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

### ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC)



In 2021, OTB joined the Roadmap to Zero Programme led by Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. As a contributor of ZDHC, OTB strives to eliminate the use of hazardous chemicals from production and onboarding all wet-processes suppliers by 2030.

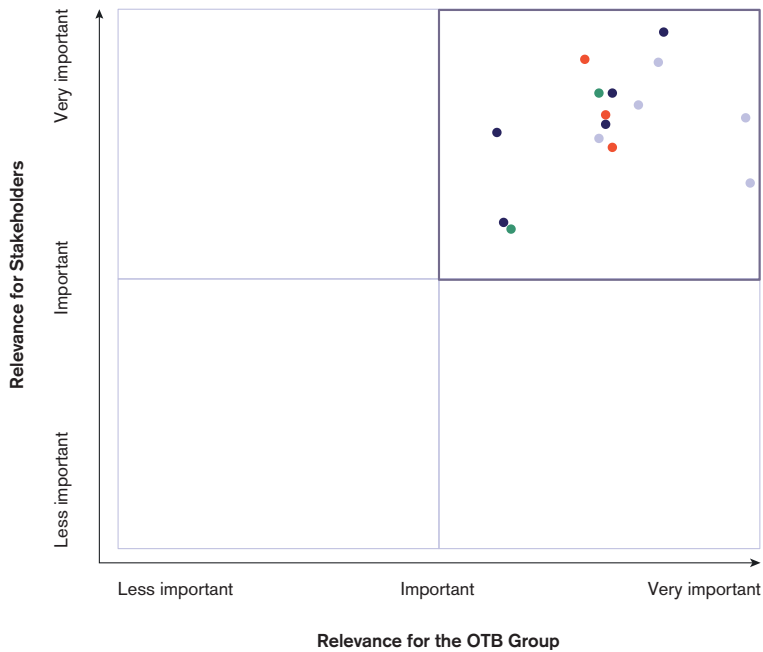


### THE FASHION PACT

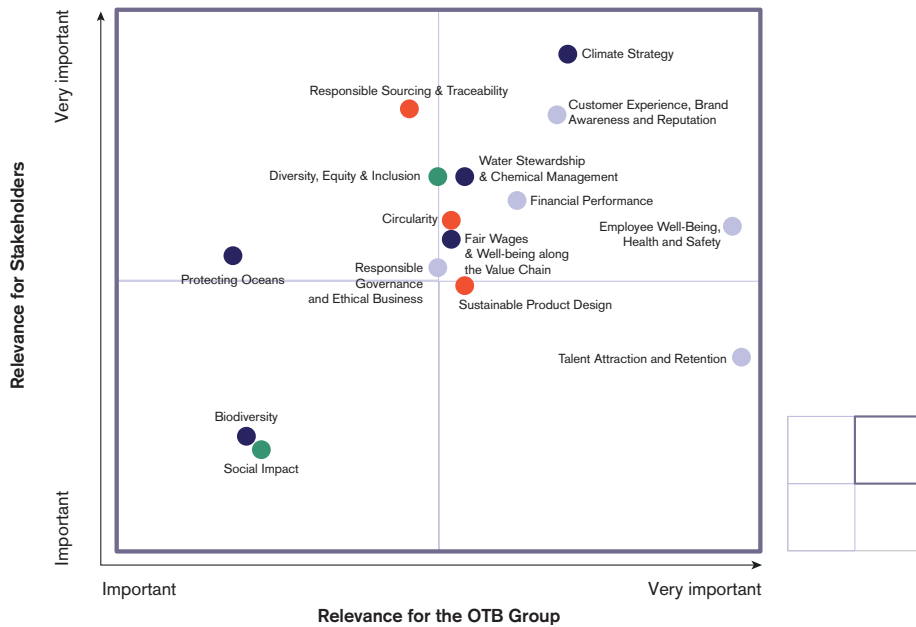
In 2020, Diesel formalized its sustainability commitment by joining The Fashion Pact.

### OTB MATERIALITY MATRIX

Presented in early 2022, the first materiality matrix of OTB specifies the 15 material topics, that are the most relevant Environmental, Social and Governance (ESG) issues for the Group's Brands and Stakeholders.



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

## PROTECTING OUR PLANET

OTB believes that preserving natural resources is a decisive factor for the long-term viability of the planet and its community. That's why the OTB Sustainability Strategy defines Protecting Our Planet as one of the three key areas, dedicated to identifying concrete actions that would reduce the Group's environmental impact and footprint.

### THRIVING BIODIVERSITY

OTB is currently exploring a Science-Based Target for Nature that would quantify and minimize the risk of biodiversity loss throughout the entire supply chain.

OTB's sustainability team will create a biodiversity-focused guide for all OTB Brands and partners, specifying the correct actions towards reducing the Group's environmental impact in the upcoming years.

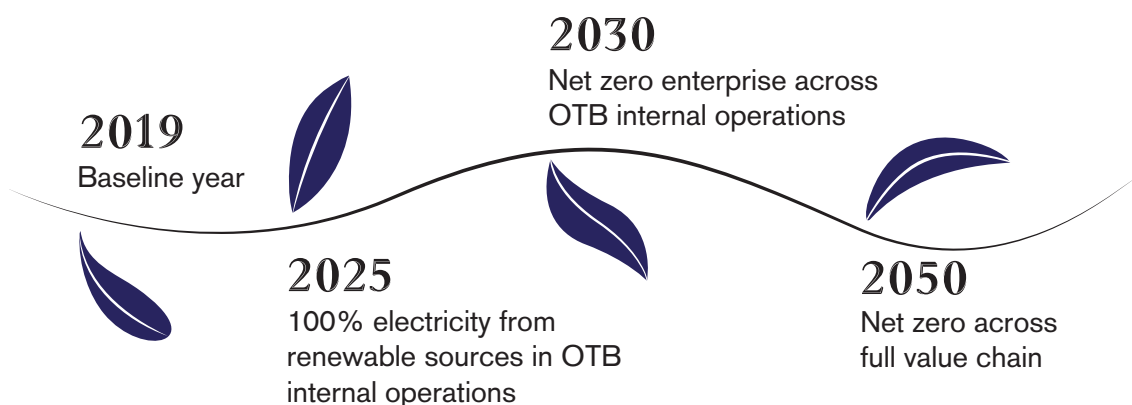
With the aim to minimize its impact on living organisms in their respective ecosystems, Diesel launched a training on impacts related to biodiversity in correlation to its operations and supply chain. The employee-wide training was bolstered in 2021 as Diesel set out to establish a biodiversity strategy.

### ACT ON CLIMATE CHANGE

In-sync with the ESG best practices, OTB follows a specific Climate Strategy within its Sustainability Strategy to help fight climate change. The Group strives to achieve Net Zero by 2030 in its internal operations and by 2050 in its entire value chain, aligning with the 1.5°C climate scenario in the coming years.

On the road to Net Zero, OTB quantified total carbon emissions generated by the whole Group for 2019, making it the baseline in the yearly monitoring of the Group's progress. Based on this measurement, OTB outlined an extensive action plan with a strong focus on improving its energy management. Under the defined Climate Strategy, the Group is making significant progress on a global level.

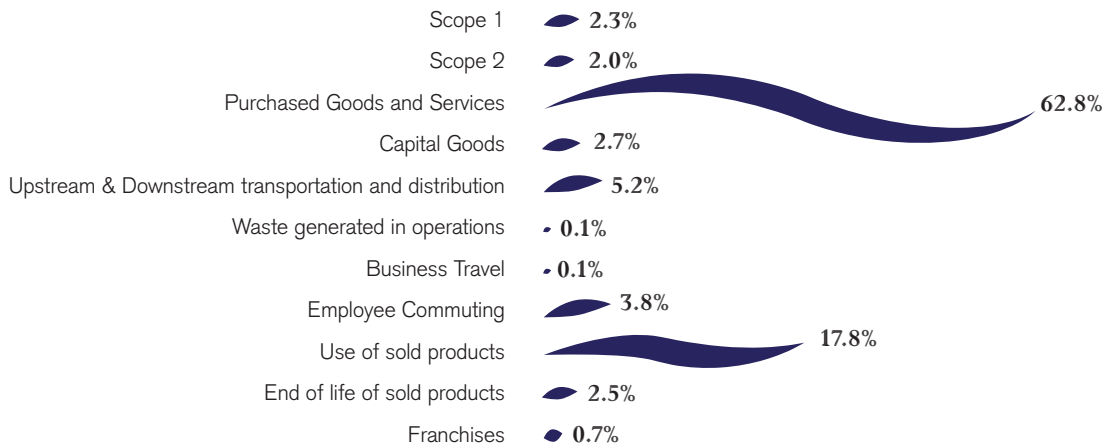
#### OTB CLIMATE STRATEGY



In June 2021, OTB responded to the Science-Based Target initiative (SBTi) urgent call for corporate climate action, committing to reduce emissions across all scopes, in line with the 1.5°C scenario. From 2019 to 2021, OTB achieved a 5% reduction of its Carbon Footprint as a result of the Group's decarbonization activities, including the achievement of 41% of electricity from renewable sources.

**41%** electricity from renewable sources in OTB internal operations

#### OVERVIEW OF CARBON FOOTPRINT 2021 RESULTS



#### PROTECTING OCEANS

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In line with The Fashion Pact, signed by Diesel, OTB strives to ensure ocean protection by replacing packaging plastic with sustainable alternatives thanks to innovative design. Each Brand and Production Hub is undertaking initiatives to reduce the Group's impact on ocean ecosystems by eliminating problematic and unnecessary plastic in critical products and significantly reducing plastic waste from their operations, buildings and facilities.

**90%** of paper and cardboard for packaging comes from responsibly managed forests

#### WATER STEWARDSHIP AND CHEMICAL MANAGEMENT

Water is key to OTB's manufacture, pushing the Group to use the scarce resource more efficiently and to reduce chemical contamination. To ensure adequate water quantity and quality for communities, OTB Brands work closely with their suppliers to develop new water-efficient processes and materials, such as those used in the 2020 "A Respectful Denim with Diesel DNA" collection.

In an effort to eliminate hazardous chemicals from its production and supply chain, OTB joined the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation's "Roadmap to Zero Programme" in 2021. As a contributor of ZDHC, the Group has pledged to develop a water stewardship and chemical management strategy and to eliminate the use of hazardous chemicals from production by 2030.



In early 2022, the Group moved away from the outdated Product Restricted Substances List (PRSL) and Manufacturing Restricted Substances List (MRSL) to adopt the first Restricted Substances List (RSL), detailing all the restrictions on chemical from production substances used in raw materials and finished products.



# BUILDING THE NEW FASHION SYSTEM

True to its identity, OTB challenges the conventional fashion business model, paving the way for The New Fashion System, that would establish a more conscious design of products, services and operations.

Sustainable Product Design develops innovative design approaches aimed at reducing products' environmental impact. Each OTB Brand is encouraged to create a sustainable vision of fashion based on innovative, high-quality and responsible product designs. Diesel responded to this by rolling out internal product sustainability guidelines to establish a footprint for its research development, product development, style, merchandising and production teams towards sustainable product design.

Circularity reflects OTB's commitment to creating innovative and sustainable products starting from the designing phase to the disposal phase. Playing an active role in the global transition movement from linear to circular fashion, the Group strives for zero product destruction, reducing and eliminating non-renewable materials, enhancing the use of up-cycled material and buy-back/material collection targets for post-consumer materials and exploring new design models for all OTB Brands and licences.

Responsible Sourcing and Traceability refers to OTB's stand on sourcing that considers social and environmental impacts across the Group's value chain and makes continuous improvements to achieve supply chain engagement, visibility and traceability. To complement its current tracking system, OTB intends to develop supplier empowerment programs, track adherence to key policies across all Brands and have champion suppliers by 2030.



## Diesel Second Hand

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

## JIL SANDER

### Jil Sander+

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

## Maison Margiela PARIS

### Recicla

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

## M A R N I

### Marniphernalìa

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

## VIKTOR®ROLF

### Viktor&Rolf Tulle collection

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

## BRAVE KID

### Brave Kid for MYAR

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

Thanks to OTB's traceability platform, the Group is capable of tracking its suppliers' ESG performances across Brands. All OTB suppliers are required to guarantee the local minimum salary and workers' well-being to collaborate with the Group. When evaluating potential and current suppliers, OTB Brands complete their findings with third-party social audits and industry-recognized social certifications to ensure high sustainability and social performance in the sector.

Animal welfare is top-of-mind in OTB sourcing processes. Since 2015, the Group has been part of the Responsible Luxury Initiative (ReLI), defining the Animal Sourcing Principles for OTB Brands and their suppliers.

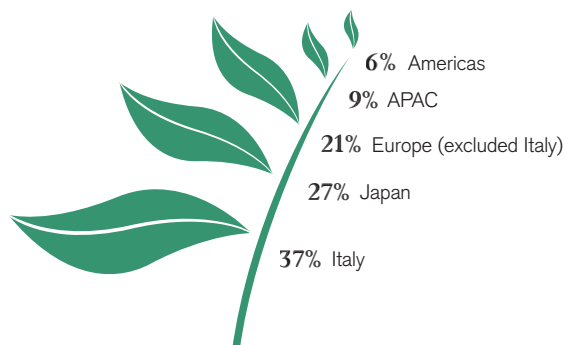
## BEING BRAVE TOGETHER

Brave Together aims to empower OTB employees to express their full potential by providing a wide range of development opportunities and training programmes in an inclusive and innovative workplace. To achieve this, OTB has evolved a three-pronged strategy, focusing on culture & change management, organization capabilities and individual talents. The three action areas are bound together by a set of six principles, which promotes the empowerment of people, the development of talents and encourages meritocracy and collaboration within the workplace.

### DIVERSITY, EQUITY & INCLUSION (DEI)

In 2020, OTB launched a dedicated task force to devise a more structured strategy in terms of Diversity, Equity and Inclusion (DEI) and signal DEI-related opportunities and issues in the workplace. In 2021, the Group rolled out an assessment to measure the employees' perception of OTB's DEI efforts in order to identify and meet their common needs.

#### EMPLOYEES PER GEOGRAPHICAL AREA



OTB is committed to achieve a balanced workforce and compensation by 2030. The Group has already started a path towards gender diversity across all levels, closing 2021 with 51% of managerial positions filled by women.

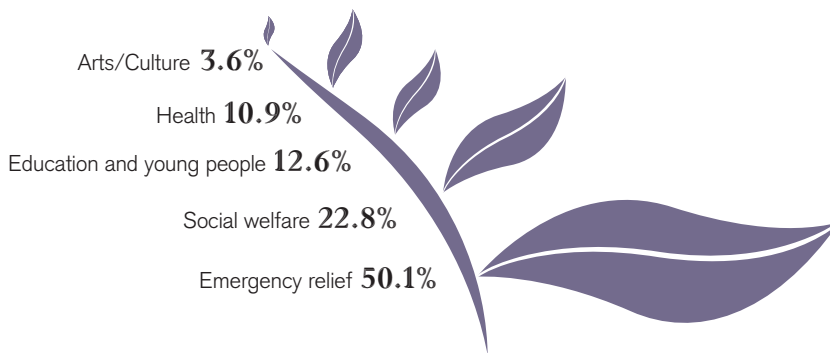
### FOSTERING TALENTS

In 2021, Staff International launched the "Scuola dei Mestieri" as part of Staff Academy program. The "Scuola dei Mestieri" blends over 40 years of the Italian savoir-faire culture and tradition developed by Staff International, with Industry 4.0 and Agile manufacturing. In the first edition, over 90% of the talents who joined the program have been hired in the Group.

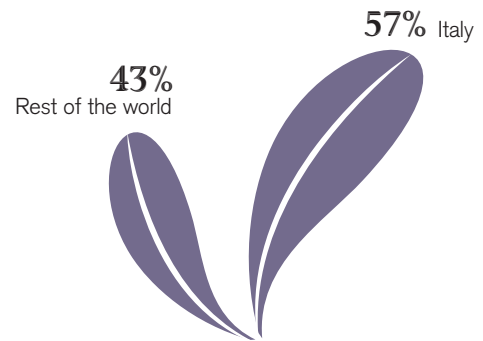
## OTB FOUNDATION: SOCIAL GOOD, RESPONSIBLE IMPACT

The Only The Brave Foundation is an independent not-for-profit organization, founded by Renzo Rosso in 2008 and specializing in developing projects with high social impact. The Foundation's mission is to fight social inequalities and actively contribute to sustainable development in Italy and across the world.

### FIELDS OF INTERVENTION



### CONTRIBUTION BY AREA



OTB Foundation selects projects according to the following three criteria: degree of innovation, direct social impact and sustainability. The organization invests its resources in the initiatives that fall under the following categories: support of organizations working to assist children and young people, assistance initiatives in support of women in difficulty and development of integration projects for those without a safe place to live, grow and study.

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

**+300**  
social projects  
supported by OTB Foundation

**300,000**  
people helped by the OTB  
Foundation support



Between 2020 and 2021, OTB Foundation dedicated a large part of its initiatives to countering the spread of the Covid-19 disease in disadvantaged areas. After the Taliban's return to power in Afghanistan in 2021, OTB Foundation was the first Italian foundation to take up the appeal of the United Nations Refugee Agency and provided an estimated 1,500 people with shelter. The following year, in 2022, OTB Foundation was also the first to respond to UNHCR's urgent appeal to help people and families fleeing Ukraine. Thanks to the Foundation direct support, 442 refugees were safely transported to Italy.

# ONLY THE BRAVE.

*“Sustainability, real sustainability,  
is only for the brave.”*

Renzo Rosso, OTB Group Founder & Chairman