



SUSTAINABILITY

# REPORT

2022 data 2021





# CONTENTS

LETTER TO THE STAKEHOLDERS	3
OUR HISTORY	5
GOVERNANCE	13
SUSTAINABILITY AND VALUES	19
THE COMMITMENT TO A SUSTAINABLE MODEL	21
THE STAKEHOLDERS	22
VALUE DISTRIBUTION	27
FOCUS ON THE INDIVIDUAL	30
PRODUCTION AND SERVICES	35
ENVIRONMENTAL IMPACT	44
GOALS FOR OUR FUTURE	51



# LETTER TO THE STAKEHOLDERS



In 2021 the manufacturing sector in Prato saw a slow recovery and a moderately positive climate supported by good forecasts relating to production and the foreign order portfolio. On a more general level the fashion and textile sector that was among those most affected by the coronavirus pandemic (COVID-19) that was still in a complex situation following the outbreak of war in Ukraine, experienced several difficulties relating to procurement and the progressive increase in prices of electricity and gas.

We can therefore say that 2021 was a complex year and the premises for 2022 leave some concerns but despite this Lyria has not stopped focusing on innovation and pursuing innovative pre-competitive activities by concentrating its efforts in particular on the following projects:

- Design and aesthetic conception activities relating to the study, design, and prototype development of "*Made in Italy*" fabric collections for spring summer 2022, fall winter 2022/23 and spring summer 2023 seasons; as well as "*The House of Lyria*" fabric and accessory collections.
- Technological innovation activities relating to the study, design, and prototype development of eco-sustainable green solutions to create new bioethical collections using product reuse practices.
- Technological innovation activities relating to the creation of a new order management process within distribution aimed at achieving digital innovation 4.0 standards and objectives.

In this increasingly fluid and dynamic context companies are called upon to review their business models and transform them into sustainable business models. Lyria given its nature and the values they believe in has always followed a path of sustainability. This path is an obligatory path for the survival of the company as well as the entire fashion system.

*Riccardo Bruni*  
President of the Board of Directors



## Methodological premise

---

For Lyria this is the third Sustainability Report and aims to collect all the data and initiatives together that were promoted and put into place along its path to transformation towards a sustainable business model. This project allows the company to measure and monitor its performance and commitment to sustainability annually, increasing awareness of what is still possible, but above all necessary to do.

The Sustainability Report has proved to be a fundamental tool for understanding and setting priorities by correctly setting up the transformation process towards a sustainable business model. Lyria given its nature and the values they believe in has always followed a path of sustainability. This path is an obligatory path for the survival of the company as well as the entire fashion system.

This Sustainability Report was drawn up with the aim of assessing economic, environmental and social performance and defining company improvement objectives for all stakeholders involved.

The Sustainability Report was prepared according to the standards created by the Global Reporting Initiative (GRI). The inclusion of the indicators in the report follows the principle of relevancy and applicability concerning the organisation's structure and its activities.

The report is updated and prepared annually.

It is pointed out that the data referred to in this report relates to the year 2021.





## OUR HISTORY

### LYRIA SPA

Lyria was founded in 2002 by Riccardo Bruni and Nino Cerruti from the convergence of the concepts of the great manufacturing tradition and Italian creativity. Collection after collection, the company's fabrics entered the market, combining continuous style research with innovative technical solutions, reinterpreting modernity in the Made in Italy tradition. The Lyria name is inspired by a rare spiral-shaped seashell that symbolises the freedom of the ocean, which is viewed as a vast realm in which to dream and explore.

The company embraces the aesthetics of the perfectly imperfect, giving the fabrics that natural quality of the human and unique touch with the lived-in yet fresh and genuine air, with a profound spirit full of feeling

The journey of Lyria fabrics begins with its very essence: structure and substance.

Bruni favours natural fibres such as wool, linen, and cotton, experimenting with them in unusual combinations and using unconventional techniques to create new weaves and give fabrics a longer life. Instead of using chemical dyes, the often natural, soft and delicate colours are obtained from natural products - coffee, ash, etc.

Lyria looks toward the long-term future but draws its inspiration from the past. This is our philosophy, a project that has seen the company at the forefront of research and development for sustainable innovation and the circular economy for years. This commitment is set in stone on an ethical level and in terms of respect and protection for the environment, espousing sustainability in every way.

The fabrics are designed to be timeless, as modern now as they were years ago and will be in a few decades.

Bruni believes that reusing materials is the easiest way to take care of the environment, creating new fabrics from old ones or excess materials. A significant part is dedicated to the theme of waste recovery and recycling. Recycling means converting waste into a new material of the same value. This same recycling philosophy is also valid for the new *The House of Lyria* line that is currently in the start-up phase with sustainable collections focusing on home accessories made with eco-sustainable materials. The project was



followed by WEMPARK from the Prato University with which the company began a collaboration for digital consulting for which special training will be carried out for employees in the next financial year.

The company has also started Bando Prisma with the Faculty of Management Engineering at the University of Florence to analyse and study related feasible 4.0 solutions and for traceability.

In the same manner, Lyria takes care of its most important resource, its people, which makes the Company live in harmony and in tune with the surrounding environment and life itself.

The company's desire to contribute to maintaining the production levels and the local economy while respecting the environment is also demonstrated by the various certifications it has obtained on the sustainable origin of the raw materials – GRS, FSC, GOTS – as well as from the adoption of the 4Sustainability® protocol related to chemical management.



# THE COMPANY

## Ownership and legal form

The legal form is that of a Joint Stock Company whose capital is held entirely by Riccardo Bruni.

## Address of the company's main office

Via Venezia , 30/32-59013 Montemurlo (PO)

## Address of the company's operational offices

Via Venezia, 30/32 Montemurlo 59013 (PO)

During 2021 the company also opened a warehouse in Via Pomeria, 28 Montemurlo 59013 (PO)

## Area where the plant(s) are located

The plant and the warehouse are located in Montemurlo (PO) in the Prato industrial textile district.

## Products, services, market, and activities carried out

The primary processes carried out by the organisation are:

- fabric development and design
- commercial activity
- management of the external production cycles with particular reference to the management of raw fabric production and its processing and refinement
- production quality control
- fabric packaging and logistics

Support processes, such as accounting administration and human resources management are also present.

The management always pays a lot of attention to the evolution of stylistic trends which causes a sudden obsolescence of the samples which also forces Lyria staff to continuously develop innovative solutions and products.

The company has therefore continuously supported the development of new products to meet market demands. New articles developed during 2021 substantially replaced and/or supplemented the range of products previously manufactured and which contributed to maintaining the competitiveness of the company itself and its market share.



In general all the new articles differ, in a more or less significant way, both from those in previous collections as well as those on the market.

Developing new fabrics always hides the intrinsic difficulties relating to identifying the right solutions that reflect the wishes of customers and the market. This fundamental goal required the need to initially create a large number of prototypes from which to choose only those with the optimal characteristics in relation to current trends. Fine-tuning production processes was also fundamental in the pre-industrialisation phase which are often entrusted to subcontractors, and coordination of the various operational steps in order to ensure compliance with implementation deadlines (very stringent because they are dictated by the seasonality of the collections). This project is the soul and the driving force behind the Lyria business because it is dedicated to the creation of stylistic and aesthetic solutions for fabrics intended for clothing or home furnishings. The Management defines strategies, budgeting and checks to verify if the correct choices have been read and intercepted in order to secure new market share and expand the diffusion of the brand nationally and internationally.

The 2021 aesthetic innovation and design project was carried out by the company using its own economic resources.

The company's product area consists of producing fabrics mainly for high-end clothing and accessories and to a lesser extent for furniture. Since 2021, Lyria has been in the world of accessories, also targeting B2C customers. The company distributes part of its production directly under the Lyria brand, which was registered in 2003, and with the figurative shell trademark which was registered in 2021. As for *The House of Lyria*, brand the registration process is underway and will end in 2022.

Next year the company will start registering the designs in the collection with the appropriate offices for further protection of intellectual property rights and know-how.

During 2021 there were no significant changes affecting the company.

Lyria is part of Confindustria Toscana Nord, the local union of companies. The company is also a Supporter of the Prato Textile Museum.

### The Company's Certifications



Certified by ICEA GO0918



Certified by ICEA GR0635



The mark of  
responsible forestry





# THE YEAR IN BRIEF

## TOTAL CUSTOMERS



2021

2020

399

450

The customer portfolio has a rather broad base. Most of the turnover comes from the Italian market, followed by the non-European and European markets.

Despite being able to count on some particularly important brands, the fragmentation of the clientele is also linked to the company's flexibility, which can offer a product that is customised to the customer's needs.

## COUNTRIES SERVED

2021

2020

28

29



## TURNOVER



2021

2020

20,22,000€ 19,666,000€

During 2021 the company saw an increase in turnover of 2.3% compared to the previous year which was still affected by the COVID 19 pandemic

## INVESTMENTS

2021

2020

1,774,879€ 1,633,544€





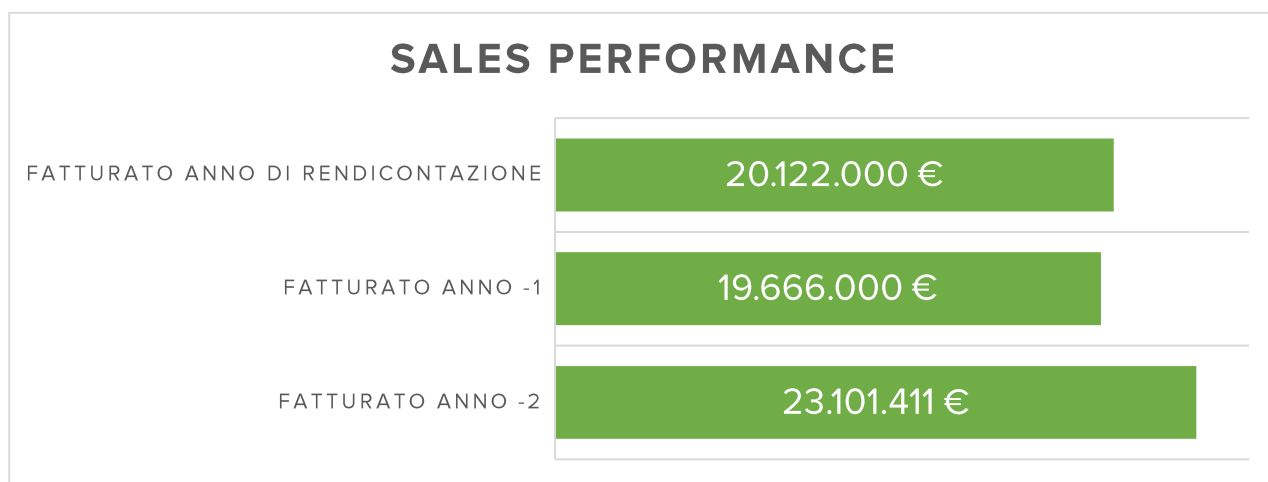
# CUSTOMERS



	2021	2020
TOTAL CUSTOMERS ITALY	168	177
TOTAL CUSTOMERS ABROAD	231	273

# TURNOVER

## SALES PERFORMANCE



	2021	2020
COMPANY TURNOVER ITALY	8,369,000€	7,857,000€
COMPANY TURNOVER ABROAD	11,753,000€	11,809,000€



In particular, foreign turnover is broken down as follows:

- Europe 8,084,000 €;
- Asia 2,909,000 €;
- USA-Canada 417,000 €;
- Other 343,000€.



# INVESTMENTS

	2021	2020
<b>TOTAL INVESTMENTS</b>	<b>1,774,879€</b>	<b>1,633,544€</b>
<b>INVESTMENTS IN BUILDINGS AND PROPERTY.</b>	<b>- €</b>	<b>22,377€</b>
<b>INVESTMENTS IN PLANTS AND EQUIPMENT.</b>	<b>- €</b>	<b>23,167€</b>
<b>INVESTMENTS IN ORGANISATION.</b>	<b>12,000€</b>	<b>12,000€</b>
<b>INVESTMENTS IN SOFTWARE AND INNOVATION.</b>	<b>153,000€</b>	<b>36,000€</b>
<b>INVESTMENTS IN R&amp;D</b>	<b>1,609,879€</b>	<b>1,540,000€</b>
<b>NON-CAPITALISED COSTS FOR R&amp;D</b>	<b>1,609,879€</b>	<b>1,540,000€</b>
<b>OTHER INVESTMENTS</b>	<b>- €</b>	<b>- €</b>
<b>LIABILITIES</b>	<b>- €</b>	<b>- €</b>
<b>EQUITY</b>	<b>365,448€</b>	<b>365,448€</b>

The company leases the property where its business is located.

During 2021 the company submitted a request to the Fire Brigade Command to obtain a Fire Prevention Certificate after which the necessary work on the building was scheduled.

During the financial year 2021 no significant investments in plant and equipment were made as they were carried out in 2020.

As for investments in the organisational field the company continued to carry out the necessary surveillance activities to protect the company brand.

During the reporting year Lyria continued to invest in software and innovation. In particular the company focused on developing

- Product traceability software;
- A digital showroom;
- an E-commerce platform for B2C sales .



Major investments were carried out in research and development. The 2021 experimental campaign of design and aesthetic conception involved the study, design, and prototyping of the following collections:

- from January to February: the spring summer 2022 collection;
- from March to September: the fall winter 2022/2023 collection;
- from October to December: the spring summer 2023 collection.

Among the initiatives implemented in previous years Lyria embarked on the stylistic conception of a further 2021 collection of fabrics designed and intended specifically for furnishing with the name "House of Lyria", in the past called the "HOME" range.

The operational stages of project management can be considered transversal to the creation of each new article and summarized as follows:

- technical feasibility analysis
- material research and definition of special processes
- design
- prototyping (including special processes) designed to overcome obstacles that could undermine business expansion

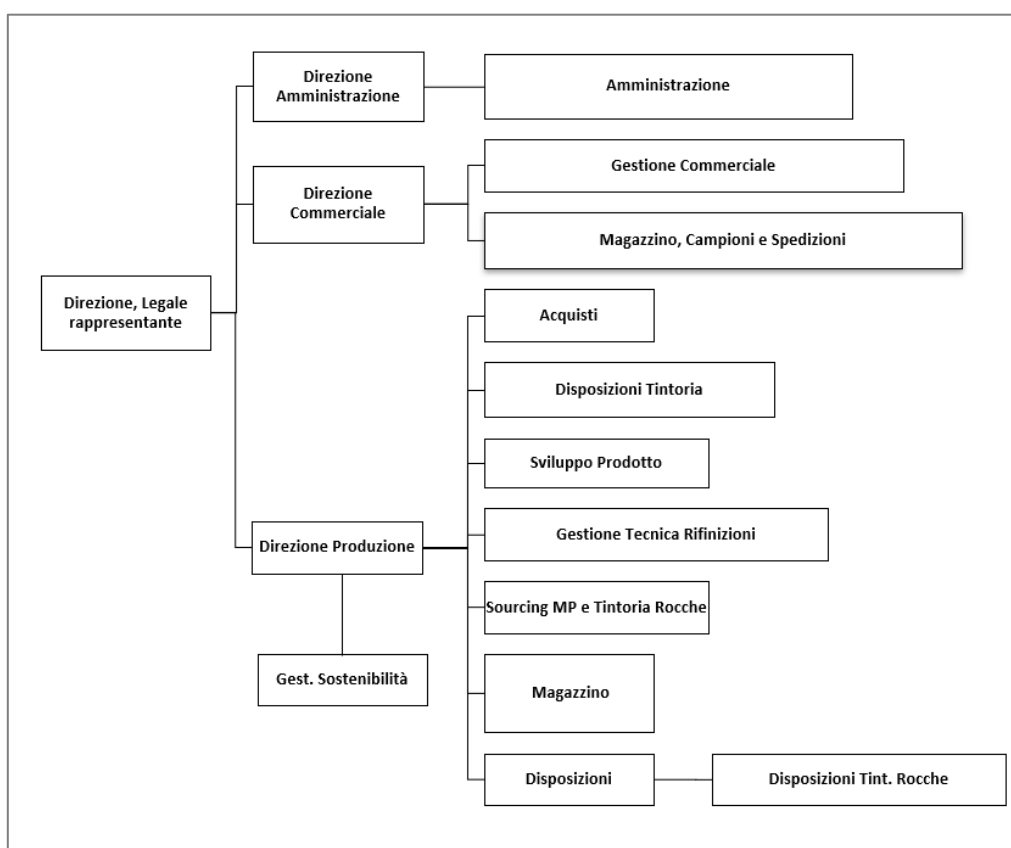
The company has no industrial machinery in-house as production is wholly outsourced.



# GOVERNANCE



## COMPANY ORGANISATION CHART



## Presentation of the company's organisational structure

The governance structure includes the following bodies:

- Board of Directors made up of the Chair and two Members
- Board of Statutory Auditors
- PWC Audit Firm.



# GOVERNANCE

**List of economic, environmental, and social responsibilities, the authority delegation process, and approval of the Sustainability Report**



Powers are delegated to the Board of Directors and assigned through a special declaration. Responsibility and the direction of economic, environmental, and social strategies are handled by the Board of Directors, which makes the highest-level decisions and may delegate the operational management of the relevant objectives to one of its members from time to time.

The Sustainability Report is analysed with the heads of the teams responsible for the various processes. After the first approval, it is examined and approved by the Board of Directors for subsequent publication on the website and sharing with the stakeholders.

## **Stakeholder engagement process**

All decisions concerning these matters are communicated to employees, customers, and agents via regular meetings.

## **Information on the makeup of the Governance, Roles, and Responsibilities body**

The Board of Directors includes:

- Riccardo Bruni (Chair);
- Antonio Guglielmini (Member);
- Cristina Catani (Member).

The Board of Statutory Auditors is made up of the Chair and three Acting Auditors.

Overall, the gender composition of the governing bodies is: six men and one woman

Members Antonio Guglielmini and Cristina Catani are also company Executives.

The appointment of the governance body was confirmed in 2021, appointing the individuals indicated for another three years due to their demonstrated competence in the specific sectors and for advancing the company's growth. The communication was published in the Chamber of Commerce as planned, to be made public to stakeholders.

None of the members of the company's Board of Directors owns shares in other companies that could lead to a conflict of interest.

## **Procedures defined for sending critical reports to Management**

Any critical reports to Management are through the "suggestion box" or meeting requests to the Personnel Director.





## NUMBER OF CRITICAL REPORTS

1

The report received was related to a request for psychological support.

## Remuneration policies

The remuneration policies for the Board of Directors were established according to what is outlined in the National Collective Labour Agreement and ad personam at the time the appointment is made, in agreement with the Shareholders' Meeting.

Calculation of the remuneration of the members of the Board of Directors takes place through a process of consultation and comparison with the members of the Shareholder's Meeting. Remuneration is established for the entire duration of the Board of Directors office which is three years.

Lyria S.p.A. does not currently call for stakeholder involvement in the process of determining management remuneration.

In addition to the remuneration established according to the aforementioned rules, the company provides profit sharing for directors and employee company welfare benefits.

No increase was made during 2021.



# STRATEGY AND GOALS



## RISK ANALYSIS

The impact of the pandemic continues to strongly affect the textile sector and forecasts estimate a return to pre-COVID levels only in 2023. The main risks deriving from the current situation of uncertainty analysed and taken into consideration by the company are:

1. **Strategic risks:** the factors that influence opportunities, particularly the ability to seize new business opportunities by geographical area and business type;
2. **Market risks:** possible negative effects from changes in interest and exchange rates and due to fluctuations in the prices of goods purchased, particularly raw materials and energy resources, and in our sector, sensitivity to climate conditions that can cause lower sales and margins;
3. **Credit risks:** the possibility that customers do not fulfil their obligations – this risk is constantly subject to monitoring through the use of requests to the insurance company; however, there are still risks related to delays concerning contractually agreed terms;
4. **Liquidity risk:** any difficulties in raising funds to meet financial commitments;
5. **Cash flow variation risk:** the risk that future cash flows will fluctuate due to changes in interest rates; in reference to this type of risk, as documented in the explanatory note to the financial statements, our company has set up hedging instruments through interest rate swap contracts;
6. **Legal risks:** in this category, we include the possibility of inadequacies in the company procedures to guarantee compliance with all regulations.
7. **Climate change risk:** this type of risk, certainly among the least controllable for individual companies, can have a significant impact particularly related to the increasing attention of customers to the use of fabrics made with certified and sustainable materials in order to contain the environmental impact of the fashion industry.

Among the risks from external sources, there are no particular threats other than those deriving from catastrophic events or the degeneration of the political/social context that could involve Italy and/or Europe.

To strengthen the effectiveness of the controls identified insurance policies are in place with leading companies that are systematically updated and optimised that with all-risk formulas cover assets for direct and indirect damages as well as civil liability towards third parties and employees.





## THE CONTEXT: CHALLENGES AND OPPORTUNITIES

The economic recovery of the manufacturing sector in Prato in 2021 was livelier than that of the other provinces in the area (+14,5% trend change in the 4th quarter; +3,4% the average of quarterly cyclical variations in 2021). However, the provincial economy is still far from recovering pre-pandemic production levels: the seasonally adjusted index of industrial production in Prato, the 2021 average over the 2019 average, is still at -13%

The climate during 2021 was moderately positive supported by good production forecasts and from the foreign order portfolio but is still burdened by several unknowns in addition to the Covid-19 pandemic which seems to be coming to an end.

Following the outbreak of war in Ukraine various supply difficulties arose as well as the progressive increase in prices of many components of production processes, in particular with regard to electricity and gas.

Faced with the growing complexity of the context it operates in, Lyria has long since embarked on a path of transformation towards a sustainable business model through the implementation of concrete initiatives that will continue to be carried out in the following years.



## VALUES, PRINCIPLES, STANDARDS, AND CODES OF CONDUCT

Lyria strictly adhered to the application of the Company COVID protocol in a more rigid way than required by current regulations in collaboration with the company doctor keeping employees informed of any changes in the health situation in a timely manner and requesting screening on a voluntary basis.

**Methods and channels for communicating suggestions and making reports.**



There is a personnel manager in the company who is the contact person for employee suggestions. The company also has a SUGGESTION BOX where the staff can anonymously provide observations and communications to make suggestions to management that are periodically analysed.



## Role, Responsibilities, and processes in which the highest governance bodies are involved



Management is made up of:

- Riccardo Bruni, Chair of the Board of Directors, owner, and designer;
- Antonio Guglielmini, Member of the Board of Directors, and Director of Production;
- Cristina Catani, Member of the Board of Directors, Director of Administration, Finance, and Human Resources;

Company Management meets weekly to verify and monitor operations. Meetings take place periodically to evaluate the achievement of the goals and redefine the strategies to increase the company value while respecting the principles of ethics and sustainability.

In order to increase and develop collective understanding of its sustainability performance, the company uses external consultants and professionals.

During 2021 training for all employees was held focusing on sustainability topics and the ESG goals were announced that the company has set itself the objective of achieving in the coming years.

Management examines the company's economic, environmental, and social performance on a monthly basis and evaluates improvement strategies to achieve the set goals.

Management plays an essential role in promoting and managing the company organisation regarding the qualitative, environmental, ethical, and safety aspects. It also takes charge of planning, management, and monitoring in order to improve the company's management system and make it effective.

Management is actively committed to identifying and managing the organisation's impact for all sustainability aspects.

As part of its corporate strategy, Management carries out a quarterly review of the financial statement data. It monitors the achievement of the goals weekly (sustainability goals?) to reassess the system, identifying elements for improvement and more appropriate resources to pursue them.





# SUSTAINABILITY AND VALUES

## COMMITMENTS AND VALUES ESTABLISHED IN THE SUSTAINABILITY POLICY

Prompted by new social and market trends yet in total harmony with its history and reference values for several years Lyria has oriented its own growth path paying significant attention to the theme of sustainable development, involving its stakeholders, and sharing and influencing choices based on the nature and extent of existing relationships.

In relation to the values which inspire its vision Lyria is committed to pursuing along the entire value chain:

- appreciation and respect for the individual with particular reference to personnel;
- compliance with national legislation and international principles on matters relating to protecting freedom and association of collective bargaining;
- prevention of gender abuse;
- regular employment contracts;
- payment of due salaries;
- compliance with applicable environmental regulations;
- the elimination of chemicals harmful to humans and the environment used in production processes;
- the reduction of water and energy consumption to produce the raw materials used and for their transformation;
- waste containment;
- minimising the impact of emissions.

As part of the sustainability objectives established in 2020, during 2021 Lyria carried out the following initiatives:

- in continuity with previous years, it signed a CTN Renewable Energy contract with the company AXPO to buy 100% renewable energy;



- carried out a feasibility analysis for the sale of its fabric waste in order to promote recycling and circular economy initiatives;
- made charitable donations of filter masks and aprons made internally for the benefit of the association *Modi di dire* – a functional recovery and rehabilitation centre;
- started to involve its customers and suppliers on issues of sustainability and shared with them its company Code of Ethics as part of the 4s TRACE project, an initiative from the Roadmap 4sustainability® which has the objective of carrying out traceability and qualification of the production chain;
- acted as a *supporter* for the University of Prato by sponsoring WEMPARCK for digital marketing;
- carried out training for employees on issues of sustainability and the environment as part of the 4s TRACE project.

Furthermore, during 2021, growing attention on the theme of sustainability, as well as obtaining GOTS, GRS and FSC certifications, led the company to intensify the procurement of materials and certifications. Pursuit of the ecological and sustainable transition from a strictly operational point of view took the form of the following activities:

- A systematic search for manufacturers of yarns and fabrics able to produce ecological, organic, recycled, and sustainable fabric products with the right characteristics to be able to be subjected to further processing;
- A search for recycled materials, yarns made with materials regenerated from textile processing waste and from the repurchase of fabric waste of the company itself of customer packaging with the aim of reworking it and reintroducing it as raw material in the production cycle.



The infographic displays the 17 Sustainable Development Goals (SDGs) arranged in a circular pattern around the central text "SUSTAINABLE DEVELOPMENT GOALS". Each goal is represented by a colored segment with a white icon. The goals are:

- Goal 1: No Poverty (Pink segment, icon of a person with a dollar sign)
- Goal 2: Zero Hunger (Orange segment, icon of a fork and knife)
- Goal 3: Good Health and Well-being (Red segment, icon of a heart with a pulse line)
- Goal 4: Quality Education (Dark Red segment, icon of an open book)
- Goal 5: Gender Equality (Red segment, icon of a female symbol with an equals sign)
- Goal 6: Clean Water and Sanitation (Light Blue segment, icon of a water drop and a toilet)
- Goal 7: Affordable and Clean Energy (Yellow segment, icon of a sun with rays)
- Goal 8: Decent Work and Economic Growth (Dark Purple segment, icon of a bar chart with an upward arrow)
- Goal 9: Industry, Innovation and Infrastructure (Orange segment, icon of three cubes)
- Goal 10: Reduced Inequalities (Pink segment, icon of a circle with an equals sign)
- Goal 11: Sustainable Cities and Communities (Light Orange segment, icon of a city skyline)
- Goal 12: Responsible Consumption and Production (Light Orange segment, icon of a recycling symbol)
- Goal 13: Climate Action (Light Orange segment, icon of a globe with a flame)
- Goal 14: Life Below Water (Blue segment, icon of a fish)
- Goal 15: Life on Land (Green segment, icon of a tree and a leaf)
- Goal 16: Peace, Justice and Strong Institutions (Dark Blue segment, icon of a scale of justice)
- Goal 17: Partnerships for the Goals (Dark Blue segment, icon of a handshake)

**LETTERA AGLI STAKEHOLDER**

- 17 PARTNERSHIP PER GLI OBIETTIVI

**LA NOSTRA STORIA**

- 8 LAVORO DECENTO E CRESCITA ECONOMICA
- 12 CONSUMO E PRODUZIONE RESPONSABILI
- 9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE

**LA GOVERNANCE**

- 5 PARITÀ DI GENERE
- 10 RIDURRE LE DISUGUAGLIANZE
- 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE

**GLI STAKEHOLDER**

- 8 LAVORO DECENTO E CRESCITA ECONOMICA
- 10 RIDURRE LE DISUGUAGLIANZE
- 11 CITTÀ E COMUNITÀ SOSTENIBILI
- 1 SCONFIGGERE LA POVERTÀ
- 2 SCONFIGGERE LA FAME

**LA DISTRIBUZIONE DEL VALORE**

- 8 LAVORO DECENTO E CRESCITA ECONOMICA

**PERSONE AL CENTRO**

- 10 RIDURRE LE DISUGUAGLIANZE
- 5 PARITÀ DI GENERE
- 3 SALUTE E BENESSERE
- 4 ISTRUZIONE DI QUALITÀ
- 8 LAVORO DECENTO E CRESCITA ECONOMICA
- 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE

**PRODUZIONE E SERVIZI**

- 8 LAVORO DECENTO E CRESCITA ECONOMICA
- 12 CONSUMO E PRODUZIONE RESPONSABILI
- 9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE
- 17 PARTNERSHIP PER GLI OBIETTIVI

**GLI IMPATTI AMBIENTALI**

- 13 Lotta contro il cambiamento climatico
- 7 ENERGIA pulita e accessibile
- 6 Acqua pulita e servizi igienico-sanitari
- 12 CONSUMO E PRODUZIONE RESPONSABILI
- 15 LA VITA SULLA TERRA
- 14 LA VITA SOTT'ACQUA





# STAKEHOLDERS



## STAKEHOLDER ENGAGEMENT

Since 2019 Lyria has drawn up and adopted a company Code of Ethics, approved by the Board of Directors, and shared with all employees.

The company also applied for and obtained a legality rating of 2 under the provisions of the Antitrust Authority, which is an excellent result

Lyria signed the ZDHC commitment and adhered to the 4sustainability<sup>®</sup> Chemical Management Protocol, which implements the ZDHC MRSL using a structured method and transparently measures the application level periodically with the involvement of the related supply chain, which is a key stakeholder in achieving the company's sustainability objectives.

During 2021 Lyria started to implement the 4s TRACE initiative which has the purpose of defining a system to ensure the traceability of materials and finished products as well as the conditions (environmental and social) in which they were made through its own supply chain. As part of this project Lyria started to involve its customers and suppliers through periodic meetings, training initiatives and by sharing its company Code of Ethics. In the following years Vendor Meeting activities will be carried out.

### List of identified and involved Stakeholders

---

Among its stakeholders, the company has identified the following: employees; suppliers; customers; banks; Public Administration; the local community; end consumers, and the planet.

### Method for selecting and engaging Stakeholders

---

Among the identified stakeholders, Lyria directly involves its employees through quarterly meetings to communicate the results, periodic financial statements, and the achievement of goals.



The company Management is also assessing the possibility to hold meetings to share and train its employees regarding the ethical and social principles of the company by requiring workers to adhere to these principles.



# REPORTS AND COMMUNICATION



## CONTENTS OF THE SUSTAINABILITY REPORT

---

The issues examined are those that come from applying the GRI methodology. The inclusion of the indicators in the report follows the principle of relevancy and applicability in relation to the organisation's structure and its activities.

**Data reference period** The data collected to prepare this report refers to 2021.

**Date of the most recent report** The previous report was issued in 2021 with data related to 2020

### Reporting cycle

The Sustainability Report is prepared yearly.

### Contact for any questions

For more information or further clarifications on what was reported, please contact: Cristina Catani - [catani@lyria.it](mailto:catani@lyria.it)



# COMPETITION

The company has never been involved in any legal action related to anti-competition conduct of monopolistic practices.

# THE COMMUNITY



## LOCAL COMMUNITY INVOLVEMENT

The company adheres to the PASCAL Project showing its willingness to include a person with a mental disorder and, next year will support projects with the Santa Rita Foundation in Prato to help young people with autism spectrum disorders.

The company has not made direct or indirect financial contributions to political parties.

### **Incidents and violations**

There are no activities that violate the rights of the local community.

### **Disputes**

The company has not been reprimanded or sanctioned for violating regulations relating to personnel management, including health and safety, environmental management, and the protection of customer data.



# ANALYSIS OF MATERIALITY

## RELEVANT TOPICS

Having analysed its reference context and detected its risks, the company identified a series of relevant topics on which to concentrate its actions:

The primary themes identified are those characterising the fashion sector, such as:

- using sustainable raw materials
- controlling toxic and harmful chemical substances in the manufacturing processes
- reducing energy consumption and its production from renewable sources
- protecting the workers' health and safety
- circular production and innovative processes.



## METHOD FOR MANAGING AND EVALUATING THE MATERIAL TOPICS

Materiality analysis is a tool that allows the company to guide the self-analysis process and identify the main issues better, defining the most relevant aspects for its business strategy and placing them on a scale according to priority. The methodological process consists of identifying and assessing sustainability issues for its stakeholders, comparing them with the company's strategy and identifying the areas of greatest interest to work on in order to create a process for integrating sustainability into its business model.

The analysis process calls for involving the organisation and its stakeholders in order to determine the different expectations and needs. The techniques used range from direct interviews, questionnaires, focus groups, and so forth. The result of the analysis translates into the construction of the materiality matrix that identifies the material topics. These are the aspects with the greatest significant impact in social, environmental, and economic terms that can influence the conduct of its stakeholders.

As part of its Reporting project the company Management decided to involve certain key stakeholders to gradually perform the materiality analysis.

During 2021, with the support of Process Factory, the company decided to involve employees through participation in a training session relating to sustainability after which they were asked to fill an online questionnaire aimed at assessing the relevance of the sustainability issues to investigate the personnel's point of view.

The results of the survey were analysed and shared with the Management and will be subject to further processing to produce materiality analysis.

This initiative is a starting point, part of a wider project that will see, in the following years, the involvement of further stakeholders and the completion of the materiality analysis.





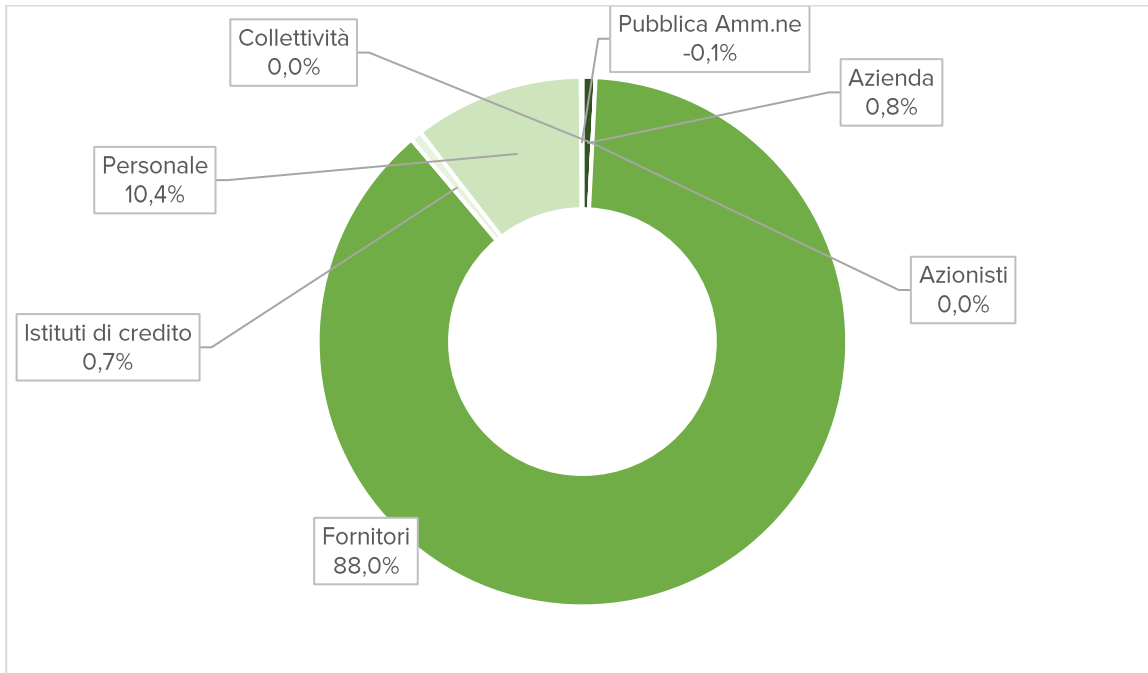
# VALUE DISTRIBUTION

## VALUE DISTRIBUTION AMONG THE STAKEHOLDERS

	2020	2021	
<b>OVERALL GENERATED ECONOMIC VALUE</b>	<b>19,666,049€</b>	<b>20,122,605 €</b>	
of which Revenues from ordinary operations	19,666,049€	20,122,605 €	
<b>OVERALL DISTRIBUTED ECONOMIC VALUE</b>	<b>20,180,921€</b>	<b>21,115,021€</b>	
- TO PERSONNEL	<b>2,090,220€</b>	<b>2,202,883€</b>	<b>10.4%</b>
- TO SUPPLIERS	<b>17,733,959€</b>	<b>18,624,284€</b>	<b>88.2%</b>
- TO CREDIT INSTITUTIONS	<b>160,266,0€</b>	<b>155,806€</b>	<b>0.7%</b>
- TO THE COMMUNITY	<b>0€</b>	<b>0€</b>	
- TO THE PUBLIC ADMINISTRATION	<b>36,327 €</b>	<b>-35,966€</b>	<b>-0.1%</b>
- TO SHAREHOLDERS (distributed profits)	<b>0€</b>	<b>0€</b>	
<b>ECONOMIC VALUE HELD BY THE COMPANY</b>	<b>160,149€</b>	<b>168,014€</b>	<b>0.8%</b>
Amortisations	95,116€	104,182€	
Provisions and reserves	65,033€	63,832€	



## Value Distribution



	2021	2020
Economic and financial support received from the Public Administration	370,851€	185,570€

The motivations and/or projects for which economic and financial support were received from the Public Administration are illustrated as follows:

- 185,515.26€: LAW No.190 23/12/2014 R&D tax credit as specified for the year 2021

During the financial year 2021 the company carried out innovative pre-competitive activities, directing its efforts on the following projects:

- Design and aesthetic conception activities relating to the study, design, and prototype development of innovative collections of "Made in Italy" fabrics for the following seasons:
  - spring summer fabrics 2022,
  - fall winter fabrics 2022/23
  - spring summer fabrics 2023;
  - "The House of Lyria" fabrics and accessories.



2. Technological innovation activities relating to the study, design, and prototype development of eco-sustainable green solutions to create new bioethical collections using product reuse practices.
3. Technological innovation activities relating to the creation of a new order management process within distribution aimed at achieving digital innovation 4.0 standards and objectives.
  - Euro 102,110.63= Training Tax Credit 4.0 for the year 2021
  - Euro 5,079.04= Fondimpresa COR. 4670705 c/interest for Executive Training
  - Euro 2,826.09= Capital Goods Tax Credit Law No.178/2020
  - Euro 75,320.00= Finance Internationalisation of Electronic Comm. COR.3544172  
Created ecommerce site for The House of Lyria Range



**Among the measures implemented by the company to support the local community, Lyria supports the Textile Museum and provides materials to the Prato Textile Library of sustainable textiles.**

## Obligations and benefit plans

---

For several years employees have already subscribed on a voluntary basis to the Pension Fund Intesa il mio Domani, this plan was signed with a company agreement.



# FOCUS ON THE INDIVIDUAL



2021	2020	TOTAL EMPLOYEES
27	28	

## PERMANENT EMPLOYEES

2021

2021

27

28



0

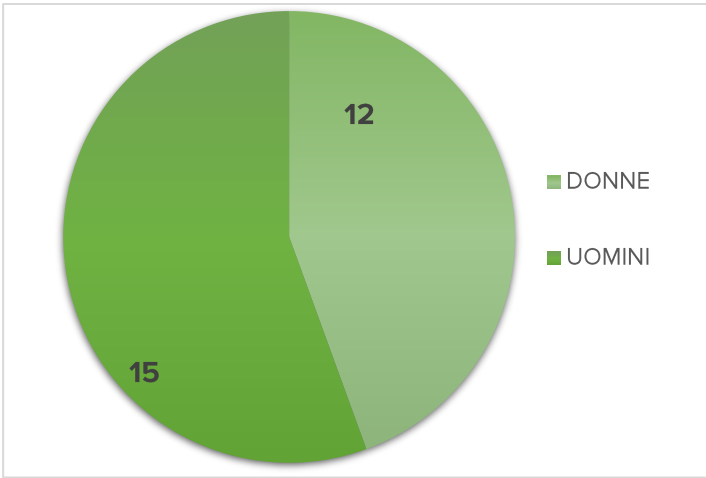
## NUMBER OF INJURIES

## EMPLOYEES WHO HAVE RECEIVED TRAINING ON SAFETY

100%



# OUR PEOPLE



	WOMEN		MEN		TOTAL	
	2021	2020	2021	2020	2021	2020
Permanent employees	12	12	15	16	27	28
Fixed-term employees					0	0
Employees hired with other forms					0	0
Full-time employees	11	11	15	16	26	27
Part-time employees	1	1			1	1



17

18

2021

2020

Administration and Office



7

7

2021

2020

Production, Warehouse, and Logistics

AVERAGE AGE OF STAFF

45



<b>Executives</b>	<b>3</b>
<b>NEW HIRES</b>	<b>1</b>
<b>STAFF TURNOVER</b>	<b>11%</b>

During 2021, the workforce was reduced by 2 units following the retirement of two employees. The company also hired a resource as a worker for the yarn warehouse.

### Method for calculating pay for men and women

The salary calculation method is based on the classification assigned and the respective job. In addition, at the time of hiring, an agreement is signed between the parties, which provides for ad personam remuneration over and above that provided for in the current National Collective Labour Agreement.



### STAFF BENEFITS

Lyria provides all workers with the same benefits regardless of the type of contract. Overall company performance goals are posted each year linked to turnover and defects in production batches. Based on the level achieved, Lyria grants employees a bonus consisting of corporate Welfare benefits in the form of goods and/or services. Unfortunately, due to the economic crisis linked to the pandemic, those benefits were not dispensed. In 2020, the company paid for voluntary blood tests (supported unanimously) for all personnel to protect its employees' health. Free use of the coffee machine was granted and the possibility to use the company concierge for the delivery of private parcels.

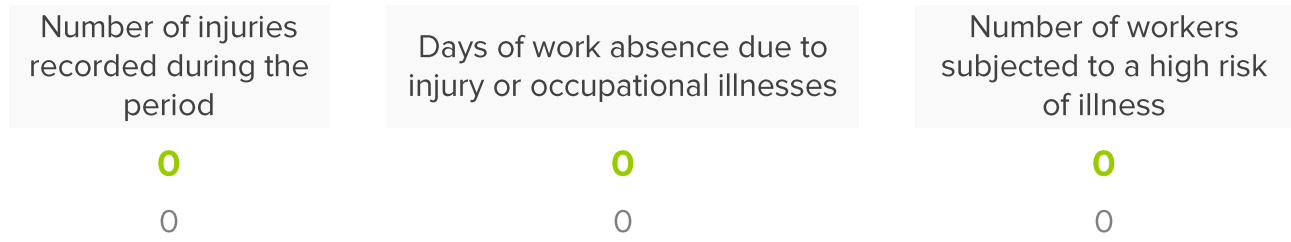
### PROJECTS SET UP BY THE COMPANY FOR VALUE SHARING ACTIVITIES WITH PERSONNEL

Lyria Recognises the value of its human resources and is committed to promoting the enhancement and well-being of its personnel. Every month the Personnel Manager identifies a series of goals with a relative reward system to be assigned to employees with the aim of promoting and encouraging teamwork. Furthermore, the company holds periodic motivational meetings with the aim of stimulating and involving its employees in company activities and progress.

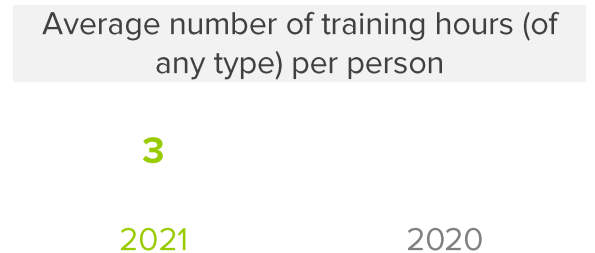
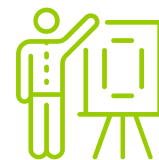
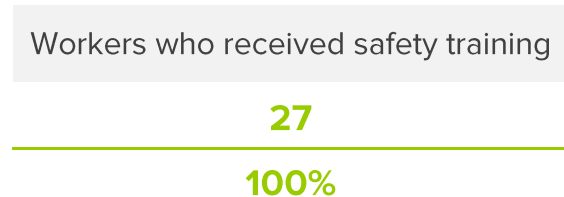


# SAFETY AND TRAINING

Company management is responsible for safety and has appointed an external manager consultant to identify critical issues and hazards and adopt management tools and methods to reduce the risk of accidents and occupational illnesses in accordance with the applicable legislation.



The company's proper health and safety safeguards led to an absence of injury in a relatively low-risk context.



All workers received the training set forth in the applicable legislation.

New hires underwent mandatory general training. Fire prevention and first aid personnel attended the required refresher courses, and about 15 employees attended software and sustainability training.

## Training programmes for skill development

During 2021 the Digital Transition project was set up. The project focuses on the digitalisation of our collections and the possibility for our customers to be able to see them on a special platform at any time.

## Operations subject to corruption risk assessment

Lyria defined its anti-discrimination policy in accordance with the company's code of ethics. Meetings were held on this topic to raise staff awareness of the company's anti-corruption policy.



### **Cases of corruption detected and any disciplinary action undertaken.**

During 2021 there were no cases of corruption detected.





# PRODUCTION AND SERVICES



350

**SUPPLIERS**

**PURCHASES OF RAW  
MATERIALS**

6,258,261.60 €



41

**SUPPLIERS EVALUATED  
ACCORDING TO  
ENVIRONMENTAL  
CRITERIA**

**SUPPLIERS EVALUATED  
ACCORDING TO SOCIAL  
CRITERIA**

0





# PRODUCTION MODEL

The company production model is typical of the fashion sector, based on a leader that deals with the design and development of the fabric, research and purchase of materials, control and verification of product quality, and that outsources industrial processing.

In the network of textile companies involved in producing its fabrics, Lyria recognises a unique artisan reality. To go beyond the customer-supplier relationship, it directly involves the strategic players in its supply chain with a strong presence in the sharing of process settings.

This relationship will be further strengthened over the coming year by sharing a supply chain code of ethics to further improve performance also with regard to sustainability.



# PRODUCTION VOLUMES

Lyria produces fabrics for high-end clothing of various compositions with a focus on research and innovation.

It has a new collection for home and interior design that is sold directly. The fabrics aspire to recapture the textures of the past by applying the most up-to-date technical solutions and offering a distinctive modern interpretation.

TOTAL PRODUCT QUANTITY	1,081,000 m	1,070,000 m
------------------------	-------------	-------------

PRODUCTION WASTE		CUSTOMER RETURNS FOR NON-CONFORMITY	
VOLUME	PERCENTAGE	VOLUME	PERCENTAGE
11,891 m	1.1%	9.502,37 m	0,9%
2020 9,700 m	2020 0.9%	2020 4,369 m	2020 0.4%

# PRODUCT REQUIREMENTS

The company has identified an individual internally responsible for monitoring the legislation that applies to the type of products it deals with in its business. It has also set up a chemical management system aimed at obtaining an output that complies with the destination countries' regulations and has adopted a voluntary standard for the qualification of incoming raw materials and external processing, meeting the demands of most of its customers.



# CONSUMPTION OF RAW MATERIALS

The raw materials used during the production process are usually purchased in the form of yarn and raw fabric.

All material used in production is carefully selected and transformed into finished fabric by suppliers belonging to the district.

TOTAL RAW MATERIAL PURCHASED	364,192.30 kg	SUSTAINABLE RAW MATERIAL USED	19,883.15 kg
	335,216.26 m		595 m
	2020		2020
	321,769 kg		7,659 kg
	328,109 m		159 m



RAW MATERIAL WITH SUSTAINABILITY CHARACTERISTICS	Volume of raw material purchased	% of sustainable raw materials compared to total raw materials
	19,883.15 kg	5.4%
	2020	2020
	7,659 kg	2.4%



RAW MATERIAL WITH RECYCLED MATERIAL CHARACTERISTICS	Volume of raw material purchased	% of sustainable raw materials compared to total raw materials
	9,951.09 kg	2.7%
	2020	2020
	159 m	0.005%




CUSTOMER RETURNS FOR NON-CONFORMITY	Return volume	
	Fabric	Yarns
	789.20 m	1,120.78kg

The focus of the company to use sustainable raw materials is also applied to the choice of packaging by buying 14,300 kg FSC paper tubes used to wrap its fabrics.



Furthermore, the company bought:

- 1,756 kg of plastic packaging;
- 2,085 kg of cardboard boxes.



18,111 kg	14,300 kg	79%
16,800 kg	16,300 kg	97%
PACKAGING USED	Packaging purchased with sustainability and/or recycled characteristics	% sustainable and/or recycled packaging used

The company has outsourced all production processes, including those that use chemicals

RAW MATERIALS USED BY THE COMPANY AND RELATED QUANTITIES

The raw materials used during the production process are usually purchased in the form of yarn and raw fabric. All material used in production is carefully selected and transformed into finished fabric by suppliers present in the district.

RAW MATERIALS

YARNS	364,192.30 kg
	2020
	321,769 kg
FABRICS	335,216.26 m
	2020
	328,109 m

During 2020 Lyria successfully obtained three product certifications related to the sustainable production of raw materials. In 2021 this initiative led to an increase in the volumes of GRS, GOTS, and FSC certified raw materials used that the company aims to progressively increase over the following years.



# THE PRODUCTION CHAIN



## SUPPLIERS

TOTAL SUPPLIERS	<b>350</b>
	2020
	380
SUPPLIERS INVOLVED IN THE CREATION OF THE PRODUCT OR SERVICE OFFERED	<b>135</b>
	2020
	170



## of RAW MATERIAL

SUPPLIERS OF RAW MATERIAL USED TO CREATE THE PRODUCT OR SERVICE	<b>82</b>
	2020
	123
ECONOMIC VALUE OF RAW MATERIAL PURCHASES	<b>6,258,261.60€</b>
	2020
	6,567,014 €

## TYPE OF RAW MATERIAL PURCHASED

The types of raw materials purchased by Lyria are yarns and raw fabrics.



## SUBCONTRACTORS

TOTAL AMOUNT OF OUTSOURCING USED	ECONOMIC VALUE OF TOTAL OUTSOURCING
<b>53</b>	<b>6,926,531.83 €</b>
2020	2020
47	8,006,376 €



## DESCRIPTION OF OUTSOURCED PROCESSES

The outsourced production processes include:

- warping
- weaving
- sizing
- mending
- winding
- yarn dyeing
- finishing
- piece dyeing
- fabric control



## RAW MATERIAL SUPPLIERS





ITALY (out of district)			DISTRICT		
	SUPPLIERS	49		SUPPLIERS	23
	VALUE PURCHASED (€)	3,701,750.03€		VALUE PURCHASED (€)	2,413,625.21€
EU			EXTRA EU		
	SUPPLIERS	5		SUPPLIERS	5
	VALUE PURCHASED (€)	81,839.62€		VALUE PURCHASED (€)	61,046.74€

In the reporting year, the company used a total of **350** suppliers, **82** of which were for the procurement of raw materials. Of these, **49** are Italian (outside the district), **23** belong to the district, while **5** have offices within the European Union and **5** in countries outside Europe.

Share of purchases from suppliers operating locally

**38.6%**

## SUBCONTRACTORS

ITALY (out of district)			in the DISTRICT		
	OUTSOURCERS			OUTSOURCERS	53
	VALUE PURCHASED (€)			VALUE PURCHASED (€)	6,926,531.83€
EU			EXTRA EU		
	OUTSOURCERS			OUTSOURCERS	
	VALUE PURCHASED (€)			VALUE PURCHASED (€)	0.00

In the reporting year, the company used a total of **53** outsourcers for a total economic value of **6.926.531,83 €**. These **53** outsourcers all belong to the district. There are no outsourcers in the rest of Italy or abroad.

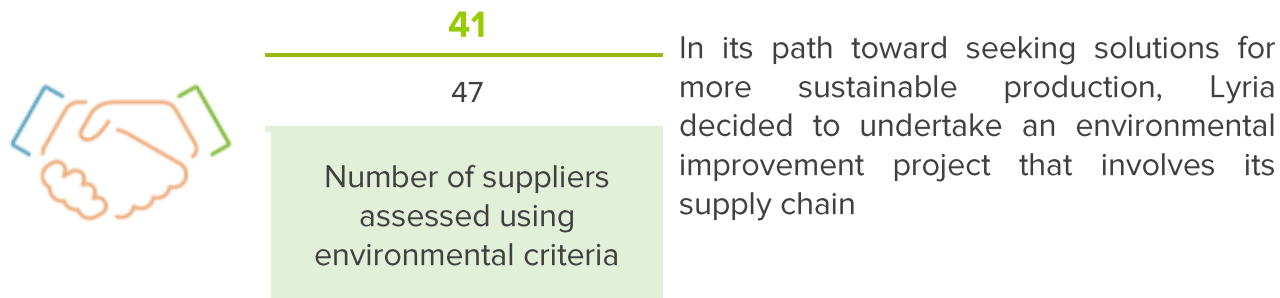
Share of purchases from suppliers operating locally

**100%**



# SUPPLY CHAIN QUALIFICATION SYSTEM

## METHOD FOR EVALUATING ENVIRONMENTAL CRITERIA



For this purpose, it sent a self-assessment questionnaire to all suppliers, particularly those who carry out processing with a higher environmental risk and use chemicals. The questionnaire also contains a section dedicated to the independent reporting of compliance with applicable environmental legislation.

Lyria's initiative primarily involves chemical risk management to eliminate toxic and harmful substances used in the production processes by implementing the ZDHC MRSL and ensuring compliance with the brand specifications. The purpose of this product is to integrate and involve the supply chain in an assessment process.

The 4sustainability® protocol for Chemical Management involves subjecting suppliers to an annual qualification process to assess their reliability and compliance with the chemical conformity of their processes and products in relation to the predefined standard. The qualification activity involves sending a request for the supplier's commitment to comply with the chemical specifications: PRSL for raw materials and MRSL for wet processing and dyed raw materials suppliers.

## METHOD FOR EVALUATING SOCIAL CRITERIA

There are currently no systems in place for the social evaluation and qualification of its suppliers. This is primarily due to the fact that the vast majority of its supply chain is within the country, with greater control and better relations. In particular, as far as outsourcing is concerned, 100% are in the Prato area, and there is a consolidated relationship with them that goes beyond the commercial relationship.

To further improve control of the social aspects and involve key suppliers in its production activity, Lyria also shares its code of ethics to be signed as a starting point to further improve sustainability performance.



# ENVIRONMENTAL IMPACT



**1.277.493,82 MJ**

**2020**

**1,436,903.44 MJ**

**TOTAL INTERNAL  
ENERGY CONSUMPTION**

**TOTAL WATER USED**

**340 m3**

**2020**

**320 m3**



**210,818 kWh\***

**2020**

**206,138 kWh**

**ELECTRICITY FROM  
RENEWABLE SOURCES**

\* the electricity purchased and consumed is certified as being 100% from renewable sources



# WATER AND ENERGY CONSUMPTION

## INTERNAL CONSUMPTION FROM NON-RENEWABLE ENERGY SOURCES



ELECTRICAL CONSUMPTION	2020	2021
	206,138 kWh	<b>210,818 kWh</b>
NATURAL GAS/METHANE CONSUMPTION	20,116 Sm3	<b>15,013 Sm3</b>
TOTAL INTERNAL ENERGY CONSUMPTION	1,436,903.44MJ	<b>1,277,493.82MJ</b>

### Actions and results related to the reduction in total energy consumption

Since the processing and processes are outsourced, internal consumption is mainly of the general type. In order to reduce it, a process was initiated to replace the lights with LED technology, which is more efficient than traditional ones.

## WATER CONSUMPTION

The company only used water for civil uses through the supply from the public aqueduct.



TOTAL WATER USED	2020	2021
	320 m3	<b>340 m3</b>
WATER USED COMING FROM THE AQUEDUCT	320 m3	<b>340 m3</b>



## GREEN ENERGY

At the moment, the company does not have plants for producing energy from renewable sources.

Considering that the company does not own the building, plants cannot be implemented. For this reason, Lyria decided to belong to the Confindustria Toscana Nord consortium for the shared purchase of electricity that is 100% from renewable sources in order to verify the specific source. The goal is to have 100% of the energy consumed internally coming from renewable sources.

## EFFLUENTS


The production activity does not generate industrial wastewater, and the only effluents present are those from domestic wastewater produced from the use of the toilets, which is not relevant for the present analysis.

In continuity with previous years as part of the chemical management project 4s CHEM Lyria involved and raised awareness with its outsourcers that carry out wet processes. This activity aims to eliminate hazardous substances from the transformation processes, thus minimising the impact of effluents. The supply chain qualification carried out in this area contributes to the development of supplier ratings.



# EMISSIONS

The company's activities do not produce direct, climate-altering gas emissions. Nevertheless, an indirect contribution to the greenhouse effect expressed as kg CO<sub>2</sub>-equivalent can be associated with energy consumption. The CO<sub>2</sub>-equivalent emissions reported were estimated from the consumption and energy sources used during the year. Considering that most of the transformation processes are carried out externally, the data related to energy consumption per product unit is obviously particularly slim. In order to make the record closer to reality, Lyria aims to set up tools to collect or estimate energy consumption from its contractors for the next fiscal year.

		2020	2021
	DIRECT GHG EMISSIONS	143,242.01 tonCO <sub>2</sub> eq	<b>106,904.57 tonCO<sub>2</sub>eq</b>
	INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION	238,213.07 tonCO <sub>2</sub> eq	243,621.28 tonCO <sub>2</sub> eq

Indirect CO<sub>2</sub>eq emissions related to electricity consumption are virtually eliminated thanks to 100% supply from certified renewable sources.

# WASTE

WASTE DISPOSED OF	2020	2021
	4,926 kg	<b>1,500 kg</b>

Waste produced by the company during 2021 was related exclusively to textile waste.



Total amount of non-hazardous waste	Total amount of hazardous waste
<b>1,500 kg</b>	-
2020	2020
<b>4,776.00kg</b>	<b>150 kg</b>



# BIODIVERSITY



The company is located in the Prato industrial textile district, the largest textile centre in Europe. The Prato textile district is supported by specific industrial and environmental policies, as the industrial area is far from protected areas of particular environmental value and/or vulnerability or subject to constraints.

# EMERGENCIES



No environmental emergencies occurred during the reporting year. No nonconformities were received during the reference period.



# VERIFICATION OF CHEMICAL CONFORMITY

The organisation focused on containing the presence of APEO on processed yarns and fabrics. For this purpose, it identified some batches of materials considered to be most at risk and carried out the necessary laboratory tests for the analyte.

	2020	2021
<b>Number of total chemical tests carried out on the raw materials</b>	<b>13</b>	<b>20</b>
for APEO	13	7
for Carcinogenic/Allergenic Dyes		
for Amines	3	3
for Formaldehyde		
for Heavy Metals	2	3
for PFCs		
for Phenols	6	6
for Pesticides		1

Total cost of chemical tests carried out on raw materials	2021	Total of failed chemical tests on raw materials	2021	1
	2,821 €		2020	1
	2020		2021	5%
	3,129 €		2020	4.2%
		% of failed chemical tests on raw materials		

During 2021, among the chemical tests carried out on raw materials 1 test provided non-compliant results with respect to the parameters required for APEO. The supplier, not being able to ensure compliance with the parameters set out in the PRSL4S specifications for future orders was replaced by a new supplier.

## Wastewater monitoring

Water analysis is required from contractors at high chemical risk using the 4sustainability® protocol.



In 2021 3-piece dyeworks, 2 package yarn dyeworks, and 1 fabric finisher shared Clearstream.

### DUE DILIGENCE TESTS

Number of failed due diligence tests	<b>2021</b>	<b>0</b>	% of failed due diligence tests	<b>2021</b>	<b>0%</b>
	2020	1		2020	0.1%

### TESTS ON THE FINISHED PRODUCTS

Tests on finished products are carried out following the indications on customer's technical specifications.

The main test carried are: formaldehyde, azo dyes and APEO. To a lesser extent tests are also carried out relating to heavy metals, chlorophenols and disperse dyes.

Total number of tests carried out on finished products	<b>2021</b>	Failed tests on finished products	<b>2021</b>	<b>1</b>
	<b>40</b>		2020	0
	<b>2020</b>	% of failed ZDHC tests	<b>2021</b>	<b>0%</b>
	<b>41</b>		2020	0%

During 2021, among the test carried out on finished products 1 test provided non-compliant results with respect to the parameters required for APEO.





# GOALS FOR OUR FUTURE

This is the third edition of Lyria's Sustainability Report and contains all the data and initiatives promoted and carried out by the company along the path towards a sustainable business model, aware of how much is still possible, but above all necessary to do.

For Lyria publishing this report makes it possible to communicate its sustainability strategy and achievements to its stakeholders and outline its commitments for the future.

Below are the many initiatives, goals, and strategies, some of which have already started and others will be implemented during the course of 2022 and 2023.

- Lyria supports and protects its supply chain, with all outsourcers belonging to the district, and considers it essential to leverage its commitment and expertise. For this reason since 2021 it has joined the 4s TRACE initiative of the 4sustainability® roadmap. This project set up with the support of Process Factory and supported by Banca Intesa within the context of the concessions present in the National Recovery and Resilience Plan, is the start of an ecological transition path of the production model and aims to share the company's ethical, social, and environmental values with its suppliers in order to create a sustainable supply chain.
- As part of its commitment to sustainability Chemical Management activities will continue according to the 4sustainability® 4s CHEM protocol to control and reduce toxic and harmful chemicals.
- On the transition path towards a sustainable business model the company has decided to adopt models based on the circular economy and depend less on the global value chain, emphasising a more artisanal approach, which proved to be resilient during the pandemic. This model, part of the company's DNA, will be developed, promoting the responsible use of products and reuse, and recycling practices, increasing the use of sustainable raw materials (such as GOTS cotton and GRS wool, in particular), and adopting an environmental policy aimed at safeguarding the planet. Furthermore, the company will evaluate the implementation of projects to use recycled material including felt and paper also provided for in the NPRP. In the context of circular economy activities Lyria has set itself the goal of creating synergies with possible partners also to optimise the use of stock fabrics present in the company and to promote good circular economy practices.



- In continuity with previous years the company will carry out the activities necessary to maintain GOTS, GRS and FSC certifications by evaluating the possibility of acquiring new ones.
- As part of digital innovation and industry 4.0 projects Lyria will continue the “Rinascimento Industriale 4.0” with the Regione Toscana that involves training courses aimed at employees focusing on digital integration, digital marketing, in-depth analysis of production process and margins, as well as training for management using Business Intelligence tools.
- Lyria aims moreover to strengthen its investments in hardware by purchasing a new server designed for “Disaster Recovery,” and software necessary to improve business processes with a view to product traceability.
- In collaboration with the Faculty of Management Engineering at the University of Florence and the University of Prato, Lyria will continue the yarn warehouse reorganization project from an industry 4.0 perspective.
- Lyria recognizes the importance of enhancing and developing human capital and for this reason has started training programmes with the support of Process Factory aimed at strengthening internal skills in the field of sustainability.
- As part of its path towards sustainability the company will consider carrying out assessment activity aimed at assessing the company situation in relation to the management of social sustainability and social responsibility. This activity will focus on assessing the current state of Lyria and define any areas that need to be addressed.
- Another planned initiative is to set up a Corporate Sustainability Committee which will meet regularly to share and discuss choices relating to sustainability.
- In the field of social sustainability Lyria will assess the possibility to join the Progetto Pascal for the inclusion of personnel with disabilities in the company.
- Finally, in line with making the reporting process more and more an activity of involvement and sharing and not simple data collection, new stakeholder engagement initiatives will be launched starting with employees.



**SUSTAINABILITY**

# RE PO RT

**2022** data 2021



lyria s.p.a. - via venezia,30/32 - 59013 montemurlo (po) italia - tel + 39 0574 797 411 - [www.lyria.it](http://www.lyria.it) - p.i./c.f./impr. po 01905190979 - iscr. rea 48176 - c. s. 365.448,00 i.v.