(GF) VIEW

GRUPPO FLORENCE
MAGAZINE

JULY MMXXIV
SPECIAL EDITION
MILAN, ITALY

AU—
XI—
LIUM

SUSTAINABILITY REPORT 2023

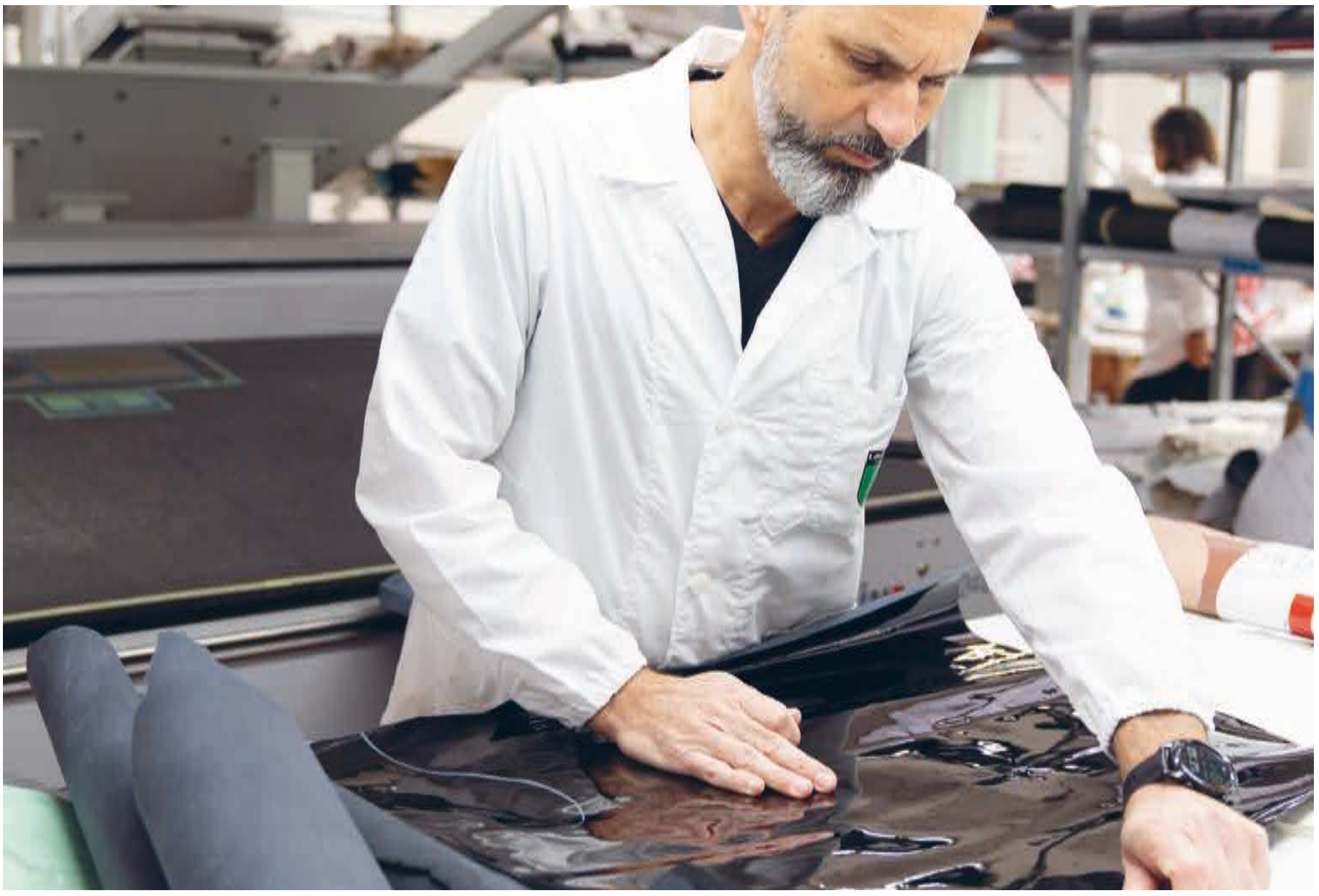


TABLE OF CONTENTS

3 Letter to Stakeholders
4 Methodological note

7 1. PAST, PRESENT AND FUTURE OF THE GROUP THAT IS REVOLUTIONIZING THE LUXURY SUPPLY CHAIN

10 1.1 Stories of Italy's Industrial Excellence
20 1.2 Group Vision and Pillars
21 1.3 Corporate governance for business integrity and success

25 2. GRUPPO FLORENCE'S JOURNEY TO SUSTAINABILITY

26 2.1 Priorities and relevant topics: materiality analysis
29 2.2 Strategy and objectives: the Sustainability Agenda
31 2.3 Permira's entry to support and accelerate Gruppo Florence's journey to Sustainability

33 3. SCALING CIRCULARITY FOR THE PLANET – CHALLENGES AND OPPORTUNITIES

34 3.1 A step toward reducing carbon emissions
37 3.2 CSRD: The New Regulatory Framework for Sustainability
39 3.3 SBTi: The Key to Sustainable Competitiveness
40 3.4 Awareness and Action: Measuring and Reducing our Carbon footprint
43 3.5 Transition to a circular fashion system
49 3.6 Our commitment to safeguarding precious water resources
3.6.1 Gruppo Florence adopts ZDHC Standards: a choice of environmental liability
3.6.2 Chemicals Management: Improving Safety and Reducing Environmental Impact
54 3.7 The first steps towards the protection of Biodiversity

55 4. REDEFINING ITALY'S EXCELLENCE: THE DELICATE BALANCE BETWEEN TRADITION AND INNOVATION

56 4.1 Creating shared value – The social and collaborative mission
61 4.2 The Group's role in promoting a more sustainable Made in Italy supply chain
4.2.1 Material sourcing: quality and sustainability
4.2.2 Supplier evaluation: a crucial element
4.2.3 Human Rights as a pillar of supplier qualification activities
66 4.3 Made in Italy luxury between tradition and innovation

69 5. DESIGNING A RESPECTFUL ENVIRONMENT FOR OUR STAFF: HOW WE PROMOTE WELL-BEING AND PROFESSIONAL GROWTH

70 5.1 People's well-being at the center
73 5.2 Investing in the personal and professional growth of the team
76 5.3 Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity
83 5.4 Our commitment to occupational health and safety

86 GRI Content Index

FSC www.fsc.org MIX Paper | Supporting responsible forestry FSC™ C111692

Dear Stakeholders,

In this report, we would like to share with you the evolution of the journey undertaken by Gruppo Florence, which during 2023 experienced another crucial step, aimed again at the preservation of the values of manufacturing, and the simultaneous creation of an integrated production cluster, based on the core values of Tradition, Excellence, Innovation and Sustainability.

The first big news was the Permira fund's entry among the Group's shareholders during the year. In October 2023, Permira, a private equity firm operating on a global scale, acquired a majority interest in the Company from the founding shareholders: VAM Investments, Fondo Italiano d'Investimento, Italmobiliare, and the entrepreneurs of the companies that joined Gruppo Florence. The entrepreneurs, management team, and VAM Investments reinvested a significant stake in the Group, thus confirming their commitment to the project; Fondo Italiano d'Investimento retained a minority interest; Francesco Trapani continued to hold the position of Chairman while I had the privilege of continuing to lead the Group as Chief Executive Officer.

In giving continuity to the strategy designed by Gruppo Florence, the entry of a major fund has helped accelerate our journey to growth focused on protecting and developing a sustainable supply chain, acting on the three ESG levers: Environmental, Social and Governance sustainability.

As at 31 December 2023, Gruppo Florence included 39 laboratories, each of them contributing complementary experiences, ideas and talents to create a highly specialized and differentiated range of services. Our growth has been supported by the integration of supply chain excellence businesses, which are leaders in their market segments, through expanding production capacity in intermediate processing, and inaugurating the leather goods business segment. This development, together with the adoption of sustainability performance appraisal criteria, has enriched our craftsmanship heritage, thus enabling us to provide the highest quality services to our customers.

During 2023, we intensified the adoption of best practices in ESG policies, a pillar of our value creation plan. Although identifying and implementing solutions takes time, ESG drivers remain an investment priority. We achieved significant results during 2022 with a multi-step procedure to qualify and monitor the supply chain on an ethical basis. The goal is to continue qualifying the supply chain by supporting it in continuous performance improvement, thus ensuring our customers a monitored supply chain in accordance with the ethical and social principles adopted by Gruppo Florence.

The concept of Quality, which has always been an integral part of our services to global fashion brands, has merged decisively with the values of Sustainability. This integration reflects our responsibility to the environment, local communities, and all stakeholders with whom we interact, driving our ambitious growth process.

The journey to sustainability that began with the birth of the Group has led to the consideration of all priority impact areas, setting an initial Sustainability Agenda. Among the main initiatives we have been engaged in are the measurement of our carbon footprint, the definition and implementation of a Chemical Management process, and investments in training programs in the fashion industry aimed at promoting the development of manufacturing skills. We have also developed proactive projects through the R&D Club, encouraging collaboration and innovation in product development, anticipating market needs, and offering cutting-edge solutions. In addition to traditional manufacturing services, the Group also offers digital technology services, which are a combination of innovation and sustainability through advanced technologies such as 3D design that facilitates consumption reduction.

Supply chain digitization is a project we have initiated to improve production efficiency, and shorten delivery times.

The approach taken by Gruppo Florence not only addresses ESG challenges with great involvement, but also transforms them into proactive opportunities, thereby enhancing the preservation of our customers' reputation. Our perspective extends far beyond mandatory requirements, investing in innovation, and collaborating with new partners to provide brands with cutting-edge services.

Gruppo Florence aspires to be more than merely a supplier, becoming a partner of excellence that embraces innovation, collaboration, and transformation in the sectors in which we operate, and offering advanced and proactive solutions to meet the needs of the global luxury market.

In this second sustainability report, we share our contribution to creating a sustainable and responsible value chain. This approach not only addresses present and future customer needs, and social, environmental, and economic changes, but also allows us to communicate our ESG performance to stakeholders with the utmost transparency.

Our commitment to sustainability grows in ambition and concreteness.

Yours sincerely,
Attila Kiss
CEO, Gruppo Florence

METHODOLOGICAL NOTE

This is the second Sustainability Report (hereinafter also referred to as the "Report") which Gruppo Florence S.p.A. decides to publish on a voluntary basis in order to provide its stakeholders with information and disclosures about the Group's environmental, social and governance (ESG) commitment and achievements during 2023, including the business' impact on human rights.
This report has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in their most recent version (GRI Standards 2021), adopting the "with reference to" approach that has enabled the Group to select the most appropriate indicators to describe its performance in the ESG area. At present, the GRI Standards are the most widely used, and globally recognized non-financial reporting standards.
Gruppo Florence's Sustainability Report 2023 has been prepared, in the same manner as the previous one, starting from the performance of impact materiality, a key element of the GRI standards. For the reporting under consideration, the materiality analysis carried out for the preparation of Gruppo Florence's Sustainability Report 2022 has been subject to a critical review, as required by the standards themselves, and as detailed in paragraph 2.1 Priorities and relevant topics: materiality analysis.
In accordance with the GRI guidelines, Gruppo Florence has prepared the Report in compliance with the principles of balance, clarity, accuracy, timeliness, comparability, completeness, and reliability, to ensure the quality of the information, and the appropriateness of the way it is presented. In order to facilitate the reading of the document, the GRI Content Index is provided where the GRI indicators associated with each identified material topic identified can be consulted.

The qualitative and quantitative information provided in the document refers to the financial year between 1 January 2023 and 31 December 2023, and is compared to the year 2022. In order to ensure greater comparability of the data in view of the changes in the corporate perimeter resulting from the continued expansion of the Group, where available, environmental indicators are also reported for the year 2023 with regard to the scope as at 31 December 2022.

The information provided in this document refers to the underlying operating companies, which, following a merger transaction, were merged by incorporation into Gruppo Florence S.r.l., thus effectively becoming divisions of a single company (except for the foreign

Company	Business Unit	HQ		
ABC FASHION GROUP S.R.L.	Intermediate Processes	ITALY	TUSCANY	Quarrata (PT)
ABC RICAMI S.R.L	Intermediate Processes	ITALY	TUSCANY	Quarrata (PT)
ALBA S.R.L	Leather Goods	ITALY	TUSCANY	Calenzano (FI)
AMBRA SH.P.K.	Ready to Wear	ALBANIA	Durres	
ANTICA VALSERCHIO SRL	Ready to Wear	ITALY	TUSCANY	Castelnuovo di Garfagnana (LU)
				Montale (PT)
BISON SRL	Foot Wear	ITALY	MARCHE	Treia (MC)
CALZATURIFICIO LORENZA SRL	Foot Wear	ITALY	ABRUZZO	Filetto (CH)
CAM SRL	Ready to Wear	ITALY	LOMBARDY	Bergamo (BG)
CFT SRL	Foot Wear	ITALY	TUSCANY	Capraia e Limite (FI)
CIEMMECI FASHION SRL	Ready to Wear	ITALY	TUSCANY	Empoli (FI)
CIM S.A.R.L.	Ready to Wear	TUNISIA	Rejiche	
CONFEZIONI ELLEDUE SRL	Ready to Wear	ITALY	TUSCANY	Arezzo (AR)
DURANTINA TEXTILE S.R.L.	Ready to Wear	ROMANIA	Bihor - Stei	
EFFEBI S.R.L	Leather Goods	ITALY	TUSCANY	Scandicci (FI)
EMMEGI SRL	Ready to Wear	ITALY	LOMBARDY	Bulciago (LC)
FACOPEL PRODUZIONE SRL	Ready to Wear	ITALY	TUSCANY	Chiesina Uzzanese (PT)
FB PACKAGING S.R.L	Leather Goods	ITALY	PIEDMONT	Firenze (FI)
FREDIANI SRL	Ready to Wear	ITALY	PIEDMONT	Turin (TO)
G COMPANY S.R.L	Intermediate Processes	ITALY	ABRUZZO	Sant'Egidio alla Vibrata (TE)
GIUNTINI SPA	Ready to Wear	ITALY	TUSCANY	Peccioli (PI)
GRUPPO FLORENCE SPA	Holding company	ITALY	LOMBARDY	Milan (MI)

PICTURE NO. 01: LIST OF OPERATING COMPANIES IN GRUPPO FLORENCE AT 31.12.2023

Company	Business Unit	HQ		
IDEAL BLUE MANIFATTURE SPA	Ready to Wear	ITALY	MARCHE	Urbania (PU)
LUCIANO BARBETTA SRL	Ready to Wear	ITALY	PUGLIA	Nardò (LE)
MAGLIFICIO ERIKA SRL	Ready to Wear	ITALY	VENETO	Gazzo Veronese (VR)
MAGLIFICIO LEONELLO SPAGNOL SRL	Ready to Wear	ITALY	VENETO	Montebelluna (TV)
MANIFATTURE CESARI SRL	Ready to Wear	ITALY	UMBRIA	Città di Castello (PG)
MANIFATTURE SFG SRL	Foot Wear	ITALY	TUSCANY	Montelupo Fiorentino (FI)
MELY'S SRL	Ready to Wear	ITALY	TUSCANY	Arezzo (AR)
METAPHOR SRL	Ready to Wear	ITALY	EMILIA ROMAGNA	Carpi (MO)
NOVARESE SRL	Foot Wear	ITALY	MARCHE	Corridonia (MC)
OFFICINA CIEMMECI SRL	Intermediate Processes	ITALY	TUSCANY	San Miniato (PI)
PARMAMODA SRL	Ready to Wear	ITALY	EMILIA ROMAGNA	Parma (PR)
			VENETO	Stienta (RO)
PIGOLOTTI SRL	Ready to Wear	ITALY	UMBRIA	Perugia (PG)
PPH EUROTEX SP.Z O.O.	Ready to Wear	POLAND	Lublin - Radzyn Podlaski	
RED PIXEL SRL	Intermediate Processes	ITALY	UMBRIA	Città di Castello (PG)
RICAMIFICIO GS S.R.L.	Intermediate Processes	ITALY	ABRUZZO	Sant'Egidio alla Vibrata (TE)
SIPAFF S.R.L.	Ready to Wear	ITALY	LOMBARDY	Verdellino (BG)
TACCETTI SRL	Foot Wear	ITALY	TUSCANY	Montelupo Fiorentino (FI)
TREND MANIFATTURA S.R.L.	Leather Goods	ITALY	TUSCANY	Scandicci (FI)
TREND S.R.L	Leather Goods	ITALY	TUSCANY	Scandicci (FI)
		ROMANIA	SIBIU	

PICTURE NO. 02: LIST OF OPERATING COMPANIES IN GRUPPO FLORENCE AT 31.12.2023

companies and Trend S.r.l. and its subsidiaries). The merger transaction, with legal effects as from 31 December 2023, and accounting and tax effects backdated to 1 January 2023, is part of the rationalization of the organizational structure of the structured investment project undertaken by Gruppo Florence S.p.A. to create a group of leading companies in the "Made in Italy" luxury clothing sector.

The indicators with boundary limitations with respect to the described consolidation have been clearly reported in the document through specific footnotes. These limitations are mainly due to the verifiability of certain data by certain companies included in the reporting boundary. In some cases, Gruppo Florence has used estimates to calculate the final values of the parameters reported in the document. The following is a summary of the main limitations and estimates used in the process of drafting the report:

- The weight of materials used during the year is partly subject to estimates because the figure is reported in the system in different units of measurement based on the types of raw materials that have been purchased (meter, piece, square meter etc.). Since it was not possible to make such a conversion for the totality of materials used, the indicator covers 59% of the items purchased in 2023;
- Due to the non-full availability or verifiability of information for Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l. in this document, the following indicators do not take into account any foreign companies: employees by professional category and age group, non-employee workers, average training hours by professional category, employees who left the organization during the year (and negative turnover rate), median of the annual total remuneration, and periodic evaluation of employee performance;
- The figure for hours worked, which is useful for the purpose of calculating the occupational injury rate, is also subject to estimate. In addition, the estimate does not include the foreign Group companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l.

Furthermore, it should be noted that, with respect to what was published in the year 2022 document, the figure for energy consumption, and, consequently, GHG Scope 1 emissions, has been revised due to an incorrect calculation of the consumption in a division of the Group.
For this second year of non-financial reporting, the Group decided to have the document audited by a third-party audit firm, Ernst & Young S.p.A., in order to ensure greater reliability of the information provided therein.
For more details regarding the information provided herein, you may contact the function responsible for the preparation of the report at the following address: **esg@gruppoflorence.com**.

1 It is specified that, following the merger, Gruppo Florence S.r.l. incorporated the Italian operating companies acquired by Gruppo Florence, except for Trend S.r.l. and its subsidiaries acquired in November 2023. The merger transaction did not involve any foreign subsidiaries, which became directly controlled by Gruppo Florence S.r.l.. For more details about the merger transaction, and the present corporate structure, please refer to chapter 1.3 Corporate Governance for business integrity and success

PAST, PRESENT AND FUTURE OF THE GROUP THAT IS REVOLUTIONIZING THE LUXURY SUPPLY CHAIN

GRUPPO FLORENCE: A GLOBAL BUSINESS IN SUSTAINABLE LUXURY MANUFACTURING

With a view to reshaping the luxury manufacturing industry, Gruppo Florence, the leading Italian industrial platform, has welcomed Permira, a global private equity firm, as its new majority shareholder. This strategic acquisition, which was finalized in November 2023, marks a pivotal moment for the Group, with profound implications for its path to growth and expansion, and its commitment to sustainability in the luxury industry.

A KEY INVESTMENT FOR FUTURE GROWTH

Permira's acquisition of a majority interest in Gruppo Florence marks a significant turning point, opening a new era of accelerated growth. The reinvestment by the entrepreneurs, management team and VAM Investments, along with the retention of a minority interest by Fondo Italiano d'Investimento, highlights their continued commitment to the project.

This capital injection aims to strengthen the development of a sustainable manufacturing supply chain, focusing on ESG (environmental, social and governance) levers. The investment will enhance the Group's capabilities in environmental protection strategy, social responsibility and governance, thus strengthening its leadership in luxury manufacturing.

THE GENESIS OF A SUSTAINABLE VISION

Gruppo Florence was founded in October 2020 by three visionary Tuscan entrepreneurs, with the support of VAM Investments, Fondo Italiano d'Investimento, and Italmobiliare. After having evolved rapidly into a manufacturing business combination, the Group now incorporates the entire value chain from product development to production, serving luxury clothing markets, and intermediate processing on a global scale. With an unwavering focus on fine materials, and manufacturing excellence, Gruppo Florence aims to be synonymous with innovation, quality and design on an ongoing basis.

EMBRACING THE PRINCIPLES OF CIRCULARITY

Gruppo Florence is dedicated to the circular economy, with the goal of decoupling economic growth from the use of natural resources. This approach supports sustainability, reduces waste, and increases long-term resilience. In responding to growing consumer demand for access to sustainable fashion, the Group is setting new standards in the industry.

In an uncertain economic and social environment, Gruppo Florence's commitment to training, and enhancing craftsmanship skills is a beacon of hope. Through an integrated and forward-looking approach, the Group is not only preserving the Italian manufacturing tradition, but also laying the foundation for an innovative and sustainable future in the luxury industry. The strategic entry of Permira further strengthens Gruppo Florence's position as a leader in sustainable luxury manufacturing, setting new standards, and driving growth through ESG principles.

THE LUXURY FASHION CLUSTER: A PERFECT COMBINATION OF MASTERY AND INNOVATION

Born in Tuscany and developed in 9 regions of Italy, Gruppo Florence exploits its rich cultural, philosophical and production heritage as the foundation for the Group's evolution. Our industrial project aims to elevate the Italian craftsmanship while safeguarding the values of its districts, for the global luxury market, particularly in the clothing, footwear, and leather goods sectors.

READY-TO-WEAR

It is an all-encompassing business unit, which provides high-quality clothing and accessories to its customers. Our products are made with scrupulous attention to detail, and aiming for excellence, from the first prototype to the final stages of production.

INTERMEDIATE PROCESSING

It is a business unit, which serves as an asset of creativity, and know-how through techniques and processing that are capable of enriching and embellishing garments and accessories. The offer is broad, and limitless in imagination: embroidery, weaving, appliqué combined with modern printing technologies, and techniques for washing materials and finished products.

SHOES

It is a business unit that is proud of its commitment to quality and craftsmanship, combining traditional and modern processes to create elegant and casual shoes that will last you a long time. Every stage of shoe manufacture is attended to in minute detail, from the selection of the best materials to precision work on finishing.

LEATHER GOODS

It is a business unit dedicated to supporting brands and designers in the design and manufacture of bags, wallets, belts and accessories. Laboratories of excellence are able to interpret and support brands, and their creative teams in the product development and manufacturing process, providing the multiple skills of prototyping, industrialization, craftsmanship, and product management.

GROUP VISION AND PILLARS

MISSION: AN ECOSYSTEM OF VALUE TO SUPPORT BRANDS

Gruppo Florence's mission is to provide advanced solutions for luxury brands while promoting industrial development, sustainable transformation, the transfer of knowledge, and technological and digital transformation. As an authentic representation of Italian Value, the Group seeks to preserve and enhance the heritage and expertise of each workshop, with the vision of sharing them with the world and future generations.

THE FOUR OPERATIONAL PILLARS OF GRUPPO FLORENCE

MANUFACTURA

The foundations of Gruppo Florence rest on the valuable legacy of expertise of the companies that embody the Italian Value in global manufacturing. In this context, the fundamental stages of design, prototyping, engineering, production, and quality control of the various operating entities in the clothing, footwear, leather goods, and intermediate processing sectors converge.

AUXILIUM

Gruppo Florence's commitment is aimed at making a concrete contribution to economic, social and environmental sustainability through the control of the entire production chain, the verification and monitoring of the chemicals used, the path to measuring, and reducing the carbon footprint, and projects supporting the path to circularity in the luxury industry.

ACADEMIA

It is the Group's training program aimed at developing new talents, ennobling the workforce, and professional skills that belong to Italy's cultural and manufacturing heritage, through projects within and outside the perimeter of its companies.

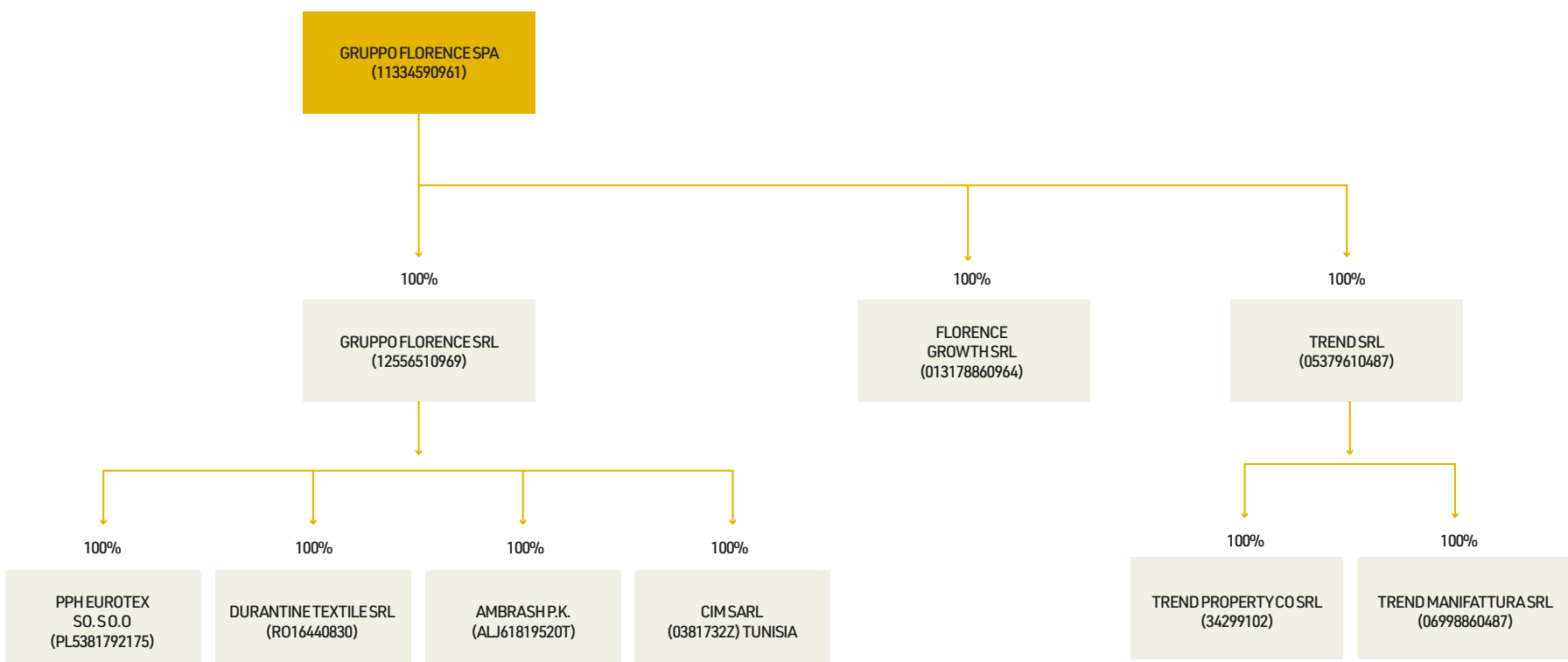
ENZYME

As a reaction accelerator Enzyme is an open community of innovators, entrepreneurs and creatives working together on the transformation of the luxury supply chain. In adopting a collaborative and interdisciplinary approach, Enzyme seeks innovative solutions to design, test, and expand new projects on products, technology, and sustainability.

CORPORATE GOVERNANCE FOR BUSINESS INTEGRITY AND SUCCESS

Gruppo Florence consists of Gruppo Florence S.p.A., and its subsidiaries, including Gruppo Florence S.r.l., which, following a recent restructuring of its organizational structure, has become the main operating company in the Group. In fact, through a merger transaction that took place on 2 October 2023 and finalized on 13 December, Gruppo Florence srl officially incorporated all the Italian operating companies, except for Trend S.r.l., and its subsidiaries. The merger transaction did not involve any foreign subsidiaries, which became directly controlled by Gruppo Florence S.r.l

As at 31 December 2023, the structure of Gruppo Florence was as follows:
Since October 2023, Gruppo Florence has been controlled by the international investment firm Permira, which works alongside Vam Investments, and Fondo Italiano d'Investimento, which have been present in the Group since its founding, as well as by the management team, and all the entrepreneurs who have decided to embrace the industrial project.



PICTURE NO. 03: ORGANIZATIONAL STRUCTURE OF GRUPPO FLORENCE AT 31.12.2023

The Group's governance structure is therefore based on close cooperation between the financial partners, the management team's entrepreneurial expertise, and the Group's high-quality manufacturing know-how.

Gruppo Florence is characterized by a transparent organizational structure based on a clear distribution of responsibilities, and the definition of functions, rules and processes to ensure the fairness and integrity of activities, both production and administrative, and all business practices. This organizational structure is, in fact, one of the main evolutionary elements of the process of integration of each production entity within the Group, whose dynamism and proactivity are accompanied by control activities and measures aimed at ensuring the legitimacy and ethicality of the decision-making process.

At the time of preparation of this document, the Board of Directors (BoD) was composed of 10 members appointed by the shareholders' meeting:

- Francesco Trapani, Chairman of the Board of Directors;
- Attila Kiss, Chief Executive Officer;
- 8 directors with powers of extraordinary administration, 5 of whom represent minority group shareholders, appointed on the basis of votes cast on lists submitted by them.

Below is the composition of the BoD of the parent company Gruppo Florence S.p.A.:

Members of the Board of Directors	UoM	2022			2023		
		Men	Women	Total	Men	Women	Total
Number of the members of governing bodies	no.	11	1	12	8	2	10
Age less than 30 years	no.	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	no.	8	1	9	3	1	4
Age over 50 years	no.	3	-	3	5	1	6
Percentage	%	92	8	100	80	20	100
Age less than 30 years	%	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	%	67	8	75	30	10	40
Age over 50 years	%	25	-	25	50	10	60

TABLE NO. 04: MEMBERS OF THE BOARD OF DIRECTORS

The BoD is entrusted with the ordinary and extraordinary management of the Group, including the power to appoint the Chief Executive Officer, conferring authority of ordinary management that also covers environmental, social, and governance issues. With regard to the aforementioned issues, the BoD holds the power to approve official procedures and documents, including this report, and has delegated to the management the task of developing the Group's sustainable development strategy, including setting policies, procedures, and goals.

At present, there are no specific measures or procedures for engagement of the highest governing body on ESG issues. Top Management meetings are held on a weekly basis, with the aim of keeping the Board of Directors always up-to-date and informed on major developments that affect the course of business.

In order to establish and share the values that guide the Group in its operations, Gruppo Florence has implemented various corporate policies and procedures that apply to all Companies within the scope of this reporting. The Group has a Code of Ethics, inspired by internationally recognized principles, such as the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labor Organization (ILO), and the Dhaka Principles for the responsible recruitment and employment of migrant workers.

The Code of Ethics is shared with key stakeholders, such as employees, suppliers, and business partners, and sets out the principles and rules of conduct to be adopted in the performance of business activities, and in all of the Group's relations with its stakeholders, with the aim of ensuring responsible and ethical conduct with full respect for the environment and human rights.

At present, Gruppo Florence has not formalized specific procedures aimed at mitigating the risk of conflicts of interest but, as a preventive measure, it carries out some investigations on an annual basis, regarding the related parties of members of the highest governing body, and of managers in charge of functions to ensure that they always act in accordance with the principles of good conduct as defined in the Code of Ethics.

Gruppo Florence also has a sustainability policy that defines the main corporate responsibilities with regard to managing impacts on stakeholders, and the organizational systems structured by the Group in order to monitor its performance in the ESG area. Responsibility for monitoring, preventing and mitigating the impacts of Gruppo Florence's organizations towards the environment and stakeholders has been given to the ESG function of Gruppo Florence S.p.A. as the parent company, which is supported by the other functions. and subsidiaries in implementing solutions and initiatives aimed at minimizing these impacts.

Among potential adverse impacts associated with improper management of its governance processes, Gruppo Florence has identified corruption, anti-competitive behavior, unethical tax practices, non-compliance with laws and regulations, and, finally, violations of customers' intellectual rights. Gruppo Florence has therefore adopted monitoring and auditing safeguards, and formalized specific procedures aimed at preventing occurrence of such offences, including the Organizational and Management Model in compliance with Legislative Decree 231/2001, which is aimed, precisely, at preventing the commission of various types of offences.

Gruppo Florence has appointed a Supervisory Board (SB), which is responsible for establishing, on a periodical basis, whether the model has been actually implemented, is adequate to prevent the offences provided for in Legislative Decree 231/2001, and meets the requirements of soundness and functionality over time.

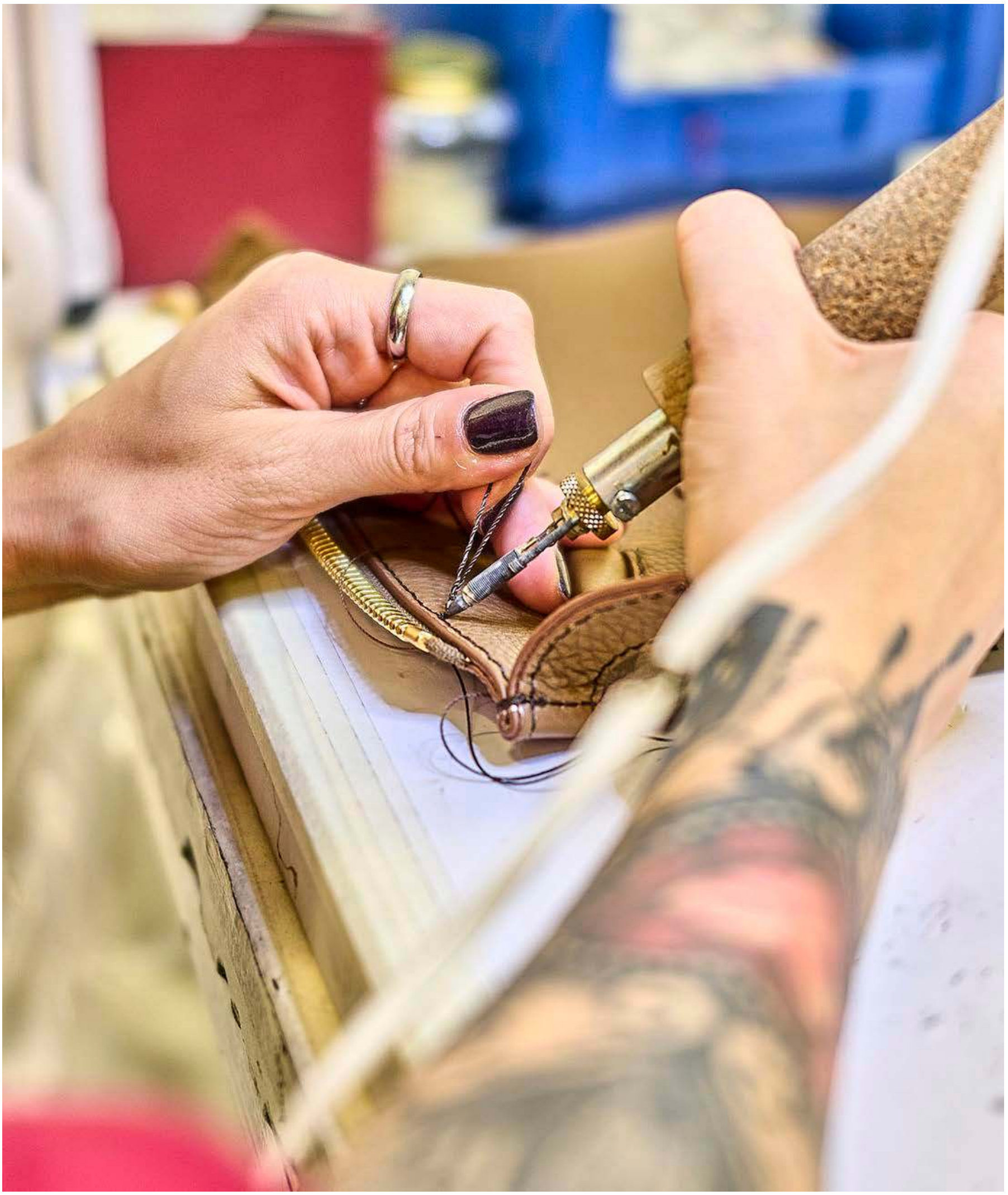
In accordance with Article 6 of the same decree, Gruppo Florence has also established a computerized Whistleblowing system to enable all of the Group's stakeholders to report any suspected unlawful acts and irregularities to the Supervisory Board, including:

- alleged unlawful acts among those set forth in the Organizational Model 231;
- violation of the principles of transparency, fairness, and professionalism;
- violations related to Occupational Health and Safety;
- violations related to environmental issues;
- attempted or actual acts of corruption;
- misuse of company assets;
- illegal and/or fraudulent activities to the detriment of customers or of the Public Administration.

In order for the Supervisory Board to proceed with establishing whether the information it receives is true, and with applying any necessary measures if it is confirmed that offences have been actually committed, the relevant reports must be based on precise and consistent factual elements, and must provide any useful evidence, such as, for example, the parties involved, the place, and the period of time.

As a demonstration of the efficiency of the safeguards adopted by Gruppo Florence, none of the companies that are part of the Group reported any incidents of corruption and/or other unlawful acts, let alone any complaints of any kind received by the Supervisory Board, during 2023.

.



GRUPPO FLORENCE'S JOURNEY TO SUSTAINABILITY

PRIORITIES AND RELEVANT TOPICS: MATERIALITY ANALYSIS

In 2022, at the same time as preparing its first Sustainability Report, Gruppo Florence felt strongly the need to identify, understand, and formalize the most relevant ESG issues for the entire Group in order to identify a common sustainable development strategy consistent with the different approaches to business and, consequently, to sustainability, which have characterized over time, and still characterize, each of the Group's production entities.

According to GRI reporting standards, the concept of materiality or relevance refers to the identification, and assessment of any actual/potential positive/negative impacts that the company generates towards the environment, and the society, including human rights, and the economy. Materiality analysis, therefore, ensures that the needs and interests of all the Group's stakeholders are taken into account, reported, and managed effectively in the ordinary course of business.

In the previous year, Gruppo Florence had then mapped the impacts of its business on the ESG area on the basis of an analysis of the environment inside and outside the Group's organization, aimed at understanding the latter's interactions with its stakeholders and, therefore, the resulting impacts, and at identifying the best practices to aspire to. Subsequently, through some interviews with the Group's main company functions, the relevance of each impact was assessed on the basis of its significance, understood as the totality of the scale, scope, and irremediable character (for negative impacts) of the impact, and the likelihood of occurrence. The assessment allowed a prioritization of the identified impacts, and the consequent identification of 13 related sustainability issues, which would be most relevant to the Group, and to its internal and external stakeholders.

For the purposes of this report, the abovementioned materiality analysis underwent a critical review process in accordance with GRI standards in order to consider the changes that occurred during 2023. In fact, Gruppo Florence's acquisition of new companies specializing in the manufacture of leather bags and accessories resulted in a new business unit being established for Leather Goods. During the year, Permira, a new relevant stakeholder of the Group, also acquired a majority interest in the Group.

Where necessary, the impacts identified in the 2022 materiality analysis were updated to reflect these changes. In detail, a review was carried out to describe certain impacts, including environmental impacts related to the manufacture of leather products, and the related value chain, and impacts related to digital innovation, with a specific focus on cybersecurity and data protection.

The analyses described above were completed with an analysis of the external sustainability context, which showed that Gruppo Florence's level of maturity and ESG performance - with respect to the criteria analyzed – are in line with industry players. In fact, the Group effectively oversees any sustainability issues that are most relevant to its peers and competitors. The analyses carried out did not reveal any new material topics, and/or impacts compared to those highlighted by the 2022 materiality analyses.

.

The relevant issues for the Group and any related impacts, including the main impacted stakeholders, are reported below.

Material topic	Impact	Description of the impact	Stakeholder
Reduction of emissions into the atmosphere	Other emissions into the atmosphere	Emissions into the atmosphere of substances associated with environmental impacts other than the greenhouse effect such as ozone-depleting gases (ODSs), Nitrogen oxides (NOx), Sulphur oxides (SOx), or any other significant atmospheric emissions resulting from the Group's manufacturing activities, and its value chain.	• Environment and future generations • Trade ESG associations • Local communities
	GHG emissions	Greenhouse gas emissions into the atmosphere as a consequence of the Group's production activities, and value chain such as, for example, the washing and processing of leather and fabrics, and the related use of machinery, the production and use of natural materials, and synthetic fibers and, finally, logistics activities for shipping raw materials, and semi-finished and finished products.	
Circularity of production	Production waste generation	Generation of waste and production residues that need to be managed through treatment, transport, disposal and/or recycling procedures, with a negative impact on the environment.	
	Packaging waste generation	Generation of significant amounts of waste associated with the use of single-use packaging and logistics packaging materials, such as plastic, paper and cardboard.	
	Transition to a circular fashion system	Through research and development, the Group promotes circular products, and innovative, regenerative production systems, stimulating its customers (brands) towards alternatives to virgin materials, for a transition to a circular economy that protects biodiversity.	
Protection of water resources	Critical water consumption	Withdrawal of water resources in the Group's production processes, such as ironing and washing of garments, and in the production chain of natural materials (e.g. cotton and leather), such as to contribute to the creation of water scarcity conditions in certain areas.	
	Water pollution	Pollution of underground and/or surface water bodies resulting from the production processes of the Group, and of its suppliers, which require the use of chemicals for the treatment of certain materials, such as leather.	
Production excellence	Preservation of artisanal know-how	Preservation of the cultural and technical heritage, including at an international level, associated with the handcrafted manufacture of clothing, leather goods and footwear, especially within the "Made in Italy" area.	• Customers' brand • Processing subcontractors • Suppliers of raw materials • Research centers and Universities
	Customer and consumer satisfaction	The high level of quality offered by the Group, both in terms of product and service, ensures the satisfaction of its customers and, indirectly, of end consumers.	
Creation of shared value	Economic value generation along the value chain	Generation of economic value and development opportunities for stakeholders, both upstream and downstream of the Group in the value chain.	
	Risks to supply chain business continuity	Negative economic impacts associated with the disruption of operations due to supply chain malfunctions and/or slowdowns in economy caused by external forces such as political instability, health emergencies, extreme weather events, or new legislation.	
Digital innovation and process traceability	Information management	Positive economic impacts associated with efficient and digitized information management throughout the production process, including through the introduction and use of Artificial Intelligence technologies.	
	Lack of traceability	The lack of traceability of information relating to production processes in the value chain can cause a reputational damage, and a consequent loss of profits for the Group if its suppliers are involved in environmental scandals, cases of cruelty to animals, and/or violations of human rights.	
Supply chain ESG Leadership	Contribution to the creation of a sustainable value chain	Through the performance of due diligence activities, the Group promotes a transparent and traceable procurement system, which integrates social and environmental criteria into the selection of suppliers, in order to ensure respect for fundamental human rights, the preservation of the environment, and the protection of animal species.	
	Industry sustainability culture	Through its participation in trade associations and events, the Group promotes a culture of sustainability, and strengthens the industry's commitment to reducing negative impacts on the environment and society.	
	Biodiversity	The use of virgin raw materials of natural and animal origin, and the withdrawal of resources necessary for the Group's production activities, and its value chain, could contribute to biodiversity loss, and the depletion of ecosystems.	

TABLE NO. 05: ANALISI DI MATERIALITÀ DI GRUPPO FLORENCE

Material topic	Impact	Description of the impact	Stakeholder
Ethical governance	Anti-competitive behavior	Negative economic and social impacts associated with anti-competitive behavior affecting factors that are essential to the proper functioning of markets.	• Customers' brand • Processing subcontractors • Suppliers of raw materials • Research centers and Universities
	Incidents of corruption	Negative economic and social impacts associated with incidents of corruption within the Group's business.	
	Non-compliance with laws and regulations	Negative economic and social impacts associated with the commission of unlawful acts, and the violation of regulations and/or standards which the Group has decided to adopt.	
	Unethical tax practices	Negative impacts associated with an incorrect fiscal approach, and/or unethical use of public funds granted to the Group.	
	Violations of intellectual property rights	Negative reputational impacts associated with infringements of third-party intellectual property, particularly of the Group's brand customers.	
Enhancement and well-being of human capital	Employee well-being	By awarding competitive wages and salaries, and preparing corporate welfare plans, the Group promotes the well-being of all its employees, even those who work in countries with lower per capita income.	• Employees • Shareholders • Subsidiaries • Trade unions • Workers in the sector
	Psychological and emotional stress of employees	An inadequate level of attention to the working conditions, and well-being of Group employees could generate conditions of emotional and psychological stress for them, with possible negative effects on retention.	
	Work-Life balance of company population	Through policies aimed at flexible working time management, the Group allows its employees to balance their professional and personal needs in an effective manner, thus promoting their psychological and emotional well-being.	
Training and skills development	Employee training	Personal and professional training opportunities for employees useful for developing organizational, interpersonal and technical skills for the fashion industry.	
	Raising employee awareness	Raising employee awareness of sustainability issues by sharing good consumer practices, and providing training on environmental and social issues, in all countries where the Group operates.	
Equality and respect for diversity	Aggression at work	Negative social impacts associated with incidents of harassment, aggression, intimidation and violence in the Group's workplace, with possible negative effects on retention.	
	Discrimination at work	Negative social impacts associated with incidents of discrimination on the basis of gender, ethnicity, age, sexual orientation, disability, or any other inherent characteristics of the person.	
Occupational health and safety	Accidents at work	In the performance of production activities, the Group's workers are exposed to occupational health and safety risks, which may materialize in accidents at work, commuting accidents, or occupational diseases.	
Protection of human rights	Forced labor, child labor and violations of human rights	The Group is exposed to the risk of incidents of forced labor, child labor and/or violations of human rights within its value chain.	

TABLE NO. 06: MATERIALITY ANALYSIS – GRUPPO FLORENCE

STRATEGY AND OBJECTIVES: THE SUSTAINABILITY AGENDA

In 2022, based on the findings of the Group's first materiality analysis, Gruppo Florence decided to start a strategic planning process that took shape in a Sustainability Plan, i.e. the Sustainability Agenda. It consists of a set of objectives and initiatives aimed at addressing the environmental, social and economic challenges of greatest relevance to the Group, in line with its vision of strategic development in the years to come..

"Creating value for the luxury fashion system through an integrated and sustainable platform – a symbol of Italian manufacturing excellence".

This vision emphasizes the importance of integrating sustainability into all stages of production and operations in the industry, with the aim of preserving the environment, promoting social welfare, and ensuring responsible and sustainable development.

Gruppo Florence's Sustainability Agenda is based on three pillars, which define the Group's areas of commitment to sustainability. Each pillar - Environment, Production, Social - encapsulates the specific objectives and initiatives that Gruppo Florence intends to achieve, thus making its contribution to the achievement of the Sustainable Development Goals (SDGs). The seventeen goals aim to promote Sustainable Development on a global scale, addressing the major economic, social and environmental challenges facing our Planet. The SDGs provide a shared vision for the future, seeking to end extreme poverty, protect the planet, and ensure a decent life for all by 2030. They represent a global commitment to a better, and more sustainable future for all, involving governments, international organizations, the private sector, civil society, and citizens around the world.

The Group's state of work progress against each activity and goal set is presented during the year-end reporting scheduled between Gruppo Florence's ESG function and the Board of Directors.

The first pillar, "Scaling circularity for the planet", which relates to the environment, focuses on various initiatives aimed at promoting environmental sustainability within the Group; the procurement of energy from renewable sources, energy efficiency, and the planning of a well-established strategy to deal with climate change, constitute operational objectives aimed at ensuring the reduction of emissions, and the use of fossil fuels. Another goal of the Group is to ensure the implementation of a chemicals management process, promoting their controlled and efficient use.

The second pillar, "Shaping the new Italian excellence, between tradition and innovation", was created with the aim of promoting value creation along the supply chain in a lasting and sustainable way, combining tradition and innovation. To this end, the Group has designed various initiatives, such as, for example, the adoption of a data repository, which is an effective tool that enables the complete tracking of the production chain of ready-made garments.

Finally, the third pillar, "Designing a respectful environment for our people", promotes respect for people, and the protection of human rights within the Group's production processes, and along its supply chain. The Group is committed to ensuring the well-being of its employees, and their complete personal and professional satisfaction by implementing welfare plans and training programs.

"Creating value for the luxury fashion system through an integrated and sustainable platform – a symbol of Italian manufacturing excellence".

Pillar	Material topics	High-level goal	SDGs
Scaling circularity for the planet	**E.1** Reduction of emissions into the atmosphere **E.2** Protection of water resources **E.3** Circularity of production	**E.1** Reduce the group's direct and indirect emissions, including through the consumption of energy from renewable sources **E.2** Reduce the impact of our processes on water resources **E.3** Promote circular management of waste generated by our Companies	13, 6, 12
Shaping the new italian excellence, between tradition and innovation	**P.1** Production excellence **P.2** Creation of shared value **P.3** Digital innovation and process traceability **P.4** Supply chain ESG leadership **P.5** Ethical governance	**P.1** Continue to ensure the highest quality in services to our customers **P.2** Create value in a lasting and sustainable way for investors, brands, suppliers and employees **P.3** Promote digital innovation by investing in solutions aimed at ensuring the traceability of information on production processes **P.4** Ensure that our high standards of sustainability are met along the supply chain **P.5** Promote the development of a working environment based on ethics and fairness	12, 9, 17
Designing a respectful environment for our people	**S.1** Enhancement and well-being of human capital **S.2** Training and skills development **S.3** Equality and respect for diversity **S.4** Occupational health and safety **S.5** Protection of human rights	**S.1** Promote the satisfaction of our employees through initiatives aimed at maximizing their mental and physical well-being **S.2** Invest in the development of our employees' technical and organizational skills to foster their opportunities for professional growth **S.3** Ensure an inclusive working environment that enhances the diversity of individuals **S.4** Create healthy and safe working environments for all our employees and support our suppliers in meeting the same conditions **S.5** Ensure that human rights and the highest standards of employee well-being are respected in our manufacturing operations	3, 4, 5, 8, 10

TABLE NO. 07: SUSTAINABILITY AGENDA – GRUPPO FLORENCE

PERMIRA'S ENTRY TO SUPPORT AND ACCELERATE GRUPPO FLORENCE'S JOURNEY TO SUSTAINABILITY

On 19 October 2023, the Permira Funds' subsidiary acquired a majority interest in Gruppo Florence. Prior to the investment, Permira conducted an ESG due diligence audit, and developed an ESG action plan for the company. This is part of Permira's standard process in evaluating investment opportunities. The due diligence work focused on key ESG issues for Gruppo Florence, such as supplier audit, chemicals management, environmental and health and safety compliance, circular economy, and ESG strategy and resources. Actions to cope with ESG risks, and value creation opportunities identified in ESG due diligence, have been included in the ESG action plan for Gruppo Florence, and the progress of work on these actions is monitored by Permira.

In full alignment with the Group's management team, Permira considers ESG to be critical to the success of Gruppo Florence, and a key lever for the Group's strategic positioning.

One of the value creation opportunities identified by Permira relates to better positioning the company to support its luxury brand customers in achieving their sustainability goals, such as through responsible sourcing, circularity, and innovation with more sustainable fabrics. At present Gruppo Florence is developing a strategy to address this opportunity together with Permira.

Gruppo Florence is an investment controlled by Permira VIII Investment Platform (P8), classified as an Article 8 fund under the EU Sustainable Finance Disclosures Regulation (SFDR). The P8 fund "promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices." Permira has set ESG goals for P8, which Permira believes will help protect and create value in the companies in the underlying portfolio. Permira will support the management team to help them achieve these goals (where they have not already been achieved) in the coming years.

On 19 October 2023, the **Permira Funds'** subsidiary acquired a majority interest in **Gruppo Florence.**

This integrated and strategic approach on the part of Permira and Gruppo Florence will not only further the company's competitive positioning in the luxury market, but also contribute to a more sustainable future for the entire industry.

SCALING CIRCULARITY FOR THE PLANET - CHALLENGES AND OPPORTUNITIES

A STEP TOWARD REDUCING CARBON EMISSIONS

Climate change due to greenhouse gas (GHG) emissions, with its direct and potentially irreversible consequences on the environment, biodiversity and the community, is now the main challenge facing nations, governments, businesses and citizens in the coming decades. As awareness of climate change grows, consumers are now aware that they can influence market trends by choosing environmentally friendly products and services. A new approach is therefore needed for the economic system built to date: Gruppo Florence, as well as the entire industrial world, is called upon to rethink the way we use natural resources, and produce goods and services, implementing solutions aimed at mitigating any negative consequences associated with climate change.

In line with its goal of decarbonization, Gruppo Florence has been actively promoting the continuous monitoring of energy consumption within the Group for quite some time. With this in mind, three divisions of Gruppo Florence - Manifatture Cesari, Maglificio Erika, and Metaphor - carried out an energy diagnosis during 2023.

This diagnosis made it possible, through a systematic procedure, to obtain adequate knowledge of the energy consumption profile of the production facilities, and, consequently, to identify and quantify opportunities for energy savings.

During the inspections at the sites, the data provided by the divisions were discussed, a preliminary analysis was carried out, and areas for improvement were identified. The information gathered led to the preparation of energy, electrical, thermal and refrigeration models, and the evaluation of any possible intervention to reduce energy consumption.

In addition, other divisions of the Group also implemented various initiatives during the year, with the aim of increasing the energy efficiency of their plants. In particular:

- **EFFEBI**

renovated the heating system with state-of-the-art equipment, saving about 25% in electricity (kW). The traditional lighting system was also converted to LED technology lights, thus achieving energy savings of about 40% (kW) on an annual basis;

- **PARMAMODA**

at the new plant to which it moved one of its two production sites from October 2023, PARMAMODA opted for installation of 100% LED lighting system, discontinuing the use of the previous fluorescent-type system. A heat pump was also installed to replace the old boiler, saving more than Euro 9,200 in gas supply costss;

- **TREND**

replaced a large part of the lighting system, converting it to the LED type:

- **CIM**

started an initial intervention to replace 20% of the neon lighting system with LED technology, which will continue in the following years until its complete replacement.

In order to ensure proper management of energy consumption, and related efficiency upgrade measures, Gruppo Florence also plans to extend its ISO 14001:2015 certification to various Group entities (in addition to ISO 45001:2018 and SA8000) during 2024, with the goal of covering all plants by the three-year period 2024-2026 while maintaining any already existing certifications.

Gruppo Florence supports and promotes the generation and procurement of electricity from renewable sources in order to mitigate its impact on the environment. In fact, several Group companies have decided to cover part of their energy requirements through renewable energy from PV panels, which are installed on the roofs of the production plants.

Compared to 2022, Gruppo Florence has generated 1,601.22 GJ more electricity through PV panels installed at the Group's various sites.

In line with previous years, the organization has also opted to purchase electricity from certified renewable sources with guarantee of origin (G.O.) amounting to 10.43% of the total electricity it has purchased. In line with the gradual process of decarbonization undertaken, Gruppo Florence is committed to signing, in the coming years, an increasing number of renewable energy supply agreements for all Group Companies.

During 2023, total energy consumption by Gruppo Florence companies was 165,445.70 GJ, up from 2022, given also the acquisitions of new companies during the year.

Energy consumption – Gruppo Florence	UoM	2022	2023 with perimeter 2022	2023
Self-produced (renewable) energy[2]	**GJ**	**3.007,58**	**4.039,71**	**4.608,80**
of which consumed	GJ	1.986,21	2.817,50	3.229,62
of which sold	GJ	1.021,38	1.222,21	1.379,18
Purchased energy	**GJ**	**30.255,30**	**37.486,60**	**43.808,11**
of which from non-renewable sources	GJ	24.571,13	31.454,76	37.383,81
of which from renewable sources	GJ	5.684,17	6.031,84	6.424,30
Purchased steam	**GJ**	**57,55**	-	-
Total fuels	**GJ**	**102.379,61**	**115.221,13**	**118.407,96**
For heating and processes (non-renewable)	**GJ**	**88.344,98**	**96.749,02**	**97.874,35**
of which Natural Gas	GJ	23.448,89	25.659,50	26.784,83
of which LPG [3]	GJ	64.886,02	71.061,81	71.061,81
of which Diesel oil	GJ	10,08	27,72	27,72
For motor vehicle traction (non-renewable)	**GJ**	**14.034,63**	**18.472,10**	**20.533,61**
of which Gasoline [4]	GJ	1.883,74	2.050,03	2.121,14
of which Diesel oil	GJ	12.150.89	16.224,09	18.211,09
of which LPG	GJ		197,97	201,38
Total energy consumed by Gruppo Florence	**GJ**	**134.678,66**	**155.525,23**	**165.445,70**

TABLE NO. 08: TOTAL ENERGY CONSUMPTION

2 Self-produced energy through PV panels installed on some Group sites.

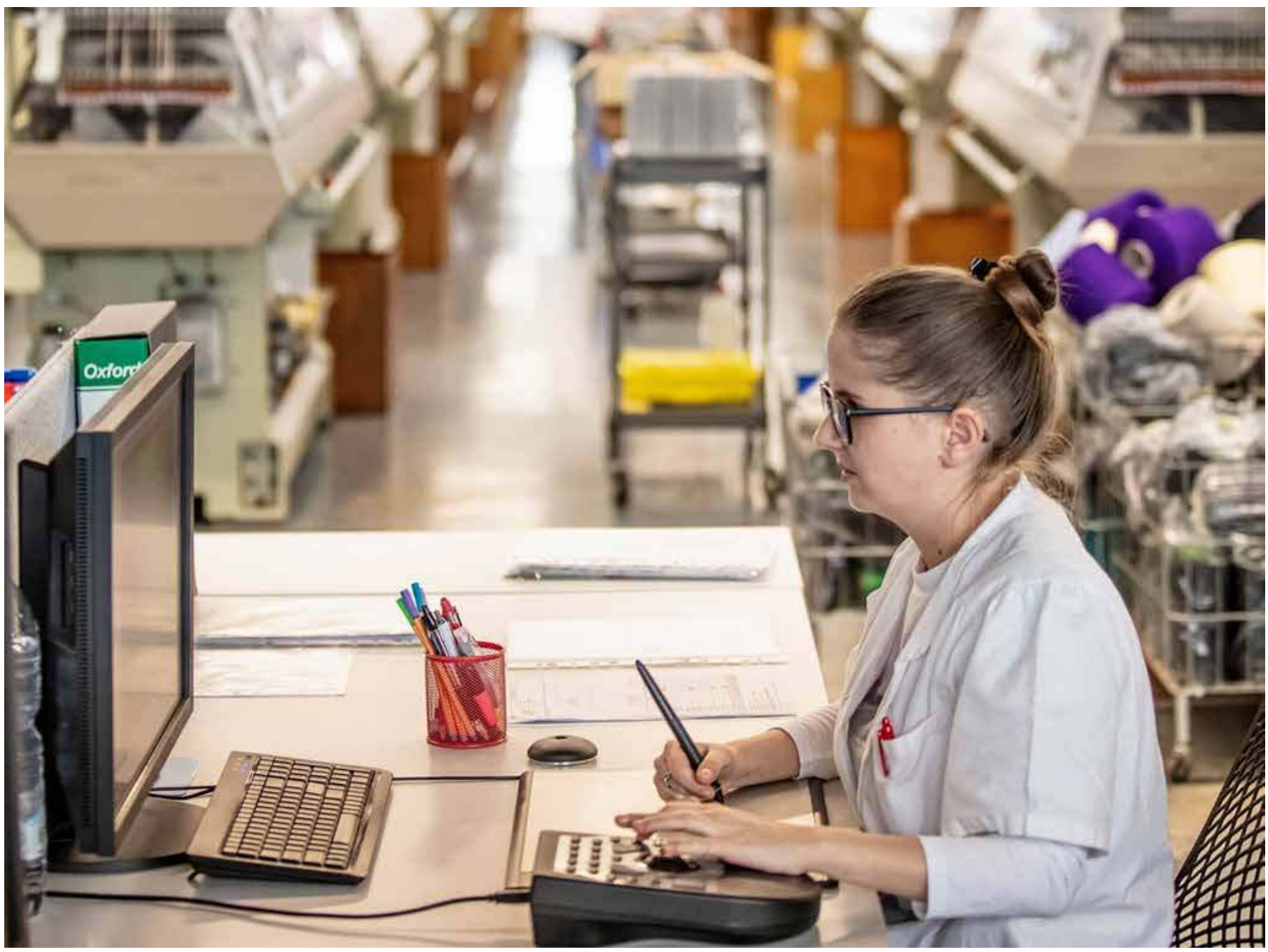
3 The figure for LPG consumption in 2022 has been revised from what was reported in the Sustainability Report 2022 following an improvement in the reporting process of Gruppo Florence.

4 This figure includes the fuel (gasoline) used for hybrid vehicles owned by Gruppo Florence.

The table below shows the energy intensity figure as at 31 December 2023.
Compared with the previous year, the Group's energy intensity parameterized on turnover appears to have decreased, as does the figure parameterized on the number of employees

Energy intensity - Gruppo Florence	UoM	2022[5]	2023
Total energy consumed	**GJ**	**134.678,66**	**165.445,70**
Turnover – Gruppo Florence	€th.	532.443,47	692.616,77
Energy consumed/Turnover	**GJ/€th.**	**0,2529**	**0,2389**
Number of employees	no.	2.550	3.665
Energy consumed/Employees	**GJ/no.**	**52,81**	**45,14**

TABLE NO. 09: ENERGY INTENSITY



5 The energy intensity figure for 2022 has been changed from when reported in the previous Report following the recalculation of energy consumption, as specified in the methodological note.

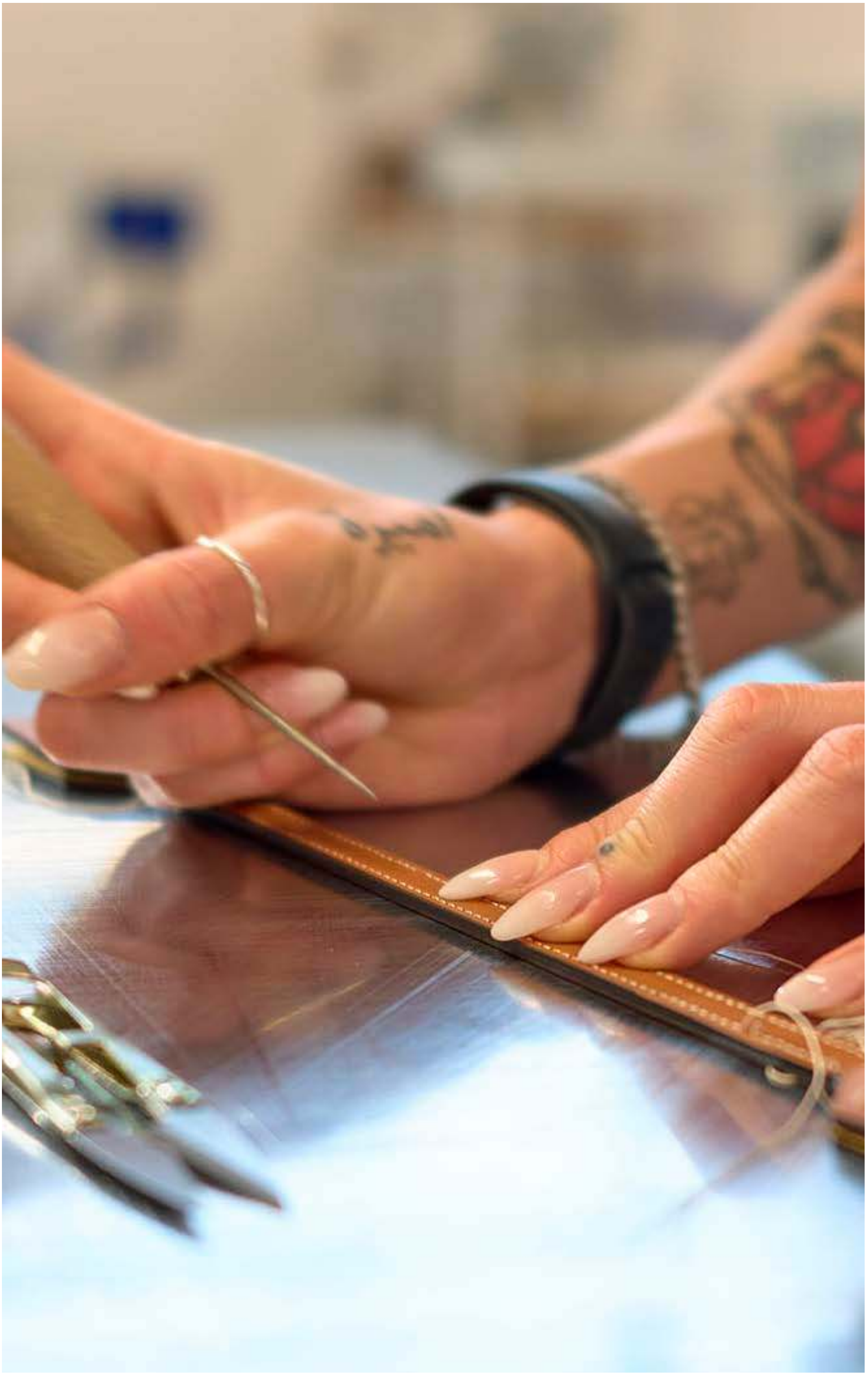
CSRD: THE NEW REGULATORY FRAMEWORK FOR SUSTAINABILITY

The European Corporate Sustainability Reporting Directive (CSRD) aims to improve the transparency, and consistency of sustainability information provided by companies. The CSRD provides for more stringent requirements for more companies, obliging them to report on their environmental, social and governance (ESG) performance. The goal is to provide more detailed and comparable information to investors and other stakeholders, promoting more sustainable and responsible business practices throughout the European Union.

Gruppo Florence S.p.A., with a turnover of Euro 692 million at 31 December 2023, and its 3,665 employees, is among the approximately 50,000 companies in the European Union (including about 3,000 in Italy), which will be required to report their ESG impact according to the Corporate Sustainability Reporting Directive (CSRD, 2023).

more **sustainable** and **responsible** business practices throughout the **European Union**

The compliance requirement will become applicable in 2026 (financial year 2025).



SBTI: THE KEY TO SUSTAINABLE COMPETI— TIVENESS

In the face of developments in regulations, and challenges in the luxury fashion market, Gruppo Florence continues to invest in the measurement and decarbonization of its carbon footprint. The strategy consists of three main steps:

1. Measure the CO2 footprint: Scopes 1, 2 and 3;

2. Decarbonize through a roadmap of interventions that reduce energy costs, and lower CO2 emissions (Scopes 1 and 2) in a structured way. Subsequently, evaluate additional activities to decarbonization in Scope 3;

3. Communicate: from 2024, start communicating in view of regulatory requirements.

The Science Based Target initiative (SBTi) falls within the scope of the communication and commitment area. This initiative calls on companies to set science-based greenhouse gas reduction targets, demonstrating leadership in combating climate change with public commitments. The Science Based Targets (SBTs) are aligned with the ambitions of the Paris Agreement, which stipulates how much, and by what time, companies must reduce emissions to limit global temperature rise to within 1.5°C. The targets are divided into two categories:

Near-term science-based targets: 5-10 year greenhouse gas mitigation targets aligned with the 1.5°C scenario.

Net-zero science-based targets: long-term mitigation targets, aiming at zero value chain emissions by 2050, aligned with the 1.5°C scenario.

Gruppo Florence continues to invest in the measurement and decarbonization of its carbon footprint.

SBTi requirements require a clear definition of timelines and quantities of emission reductions. The targets must cover a period of a minimum of 5 to a maximum of 15 years from the date of submission to SBTi.

In setting a goal to adhere to the SBT initiative in 2025, Gruppo Florence has therefore decided to quantify its GHG emissions (Scopes 1, 2 and 3) in their entirety so that it can set baseline reduction targets for the coming years in line with SBTi requirements. This strategy demonstrates Gruppo Florence's commitment to being a leader in sustainability, paving the way for a greener, and more responsible future in the luxury sector

AWARENESS AND ACTION: MEASURING AND REDUCING OUR CARBON FOOTPRINT

Among the initiatives implemented to address climate change are mainly those aimed at limiting greenhouse gas emissions into the atmosphere. These initiatives are based on an approach consisting of several steps, the first of which is the quantification, and reporting of the emission footprint. As early as 2022, Gruppo Florence had been calculating direct (Scope 1) and indirect (Scope 2) emissions associated with the Group's energy consumption; during the current reporting year, it also quantified those in its value chain (Scope 3).

This makes it possible to define the starting point for being able to plan and implement solutions capable of lowering GHG emissions, such as, for example, the purchase of energy from renewable sources, the generation of renewable energy, or energy efficiency in consumption. Finally, it is necessary to monitor changes in emissions on an ongoing basis so as to assess the impact of the solutions that are implemented.

The international "GHG Protocol Corporate Standard" outlines a set of accounting and reporting rules for developing GHG emission inventories of companies.

This standard identifies and classifies emissions related to any and all activities of a given organization, and prescribes requirements for the design, development, management, reporting, and audit of the GHG inventory. The specific methodologies developed to precisely calculate the emissions of each reporting sector and category enable the company to report according to the principles of:

- **RELEVANCE**: "Ensure the GHG inventory appropriately reflects the company's GHG emissions, and serves the needs of internal and external stakeholders."
- **COMPLETENESS:** "Account for and report on all GHG emission sources and activities with the inventory boundary, disclosing and justifying any exclusions."
- **CONSISTENCY**: "Use consistent methodologies to facilitate meaningful comparisons of emissions over time. Documenting any changes to data, inventory boundary, methods, or any other relevant factor in the time series in a transparent manner."
- **TRANSPARENCY**: "Address all issues in a factual and coherent manner, based on a clear audit trail, disclosing relevant assumptions, and making appropriate reference to accounting and calculation methodologies, and data sources used."
- **ACCURACY**: "Ensure that quantification of GHG emissions is not systematically over nor under actual emissions, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance of the integrity of the information reported."

Total emissions – Gruppo Florence[6]	UoM	2022 [7]	2023 with perimeter 2022	2023
Scope 1	TCO2E	6.301	6.764	6.961
Scope 2 (Market Based)	TCO2E	3.684	3.191	3902
Scope 3 [8]	TCO2E	-	-	220.552
Cat 1: Purchased Goods and Services	TCO2E	-	-	206.682
Cat 2: Capital Goods	TCO2E	-	-	4.911
Cat 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	TCO2E	-	-	2.490
Cat 4: Upstream Transportation and Distribution	TCO2E	-	-	1044
Cat 5: Waste Generated in Operations	TCO2E	-	-	625
Cat 6: Business Travel	TCO2E	-	-	122
Cat 7: Employee Commuting	TCO2E	-	-	4678
Total emissions	**tCO2e**	**9.985**	**9.956**	**231.415**

TABLE NO. 10: SCOPE 1, SCOPE 2 AND SCOPE 3 EMISSIONS

6 The emission factors used for the calculation differ according to the emission Scopes as follows: Scope 1 - DEFRA GHG Conversion Factors 2023; Scope 2 Market Based - the supplier's energy mix was used for Italy while the AIB European Residual Mix was used for foreign countries; Scope 3 - Ecoinvent 3, EF Database 3.1, EPA-EEIO 2021 Supply Chain Emission Factors.

7 As specified in the methodological note, the Group's direct emissions figure for 2022 has been revised from what was published in the previous Report following the recalculation of energy consumed. In addition, the Scope 3 figure is not available for the year 2022 because it was calculated as from the current reporting year, as reported within the text.

8 The calculation of emission categories refers to all Group activities, except for the following categories: Category 3.4 - The calculation does not include any internal movement of products between Group divisions and to subcontractors. Due to higher quality of primary data, it will be possible to include these impacts in category 3.4 during the next year.

The emissions of the Group and its value chain have been reported in accordance with the provisions of the GHG Protocol.

Scope 1 - direct emissions, which come from sources controlled, or owned by the organization, such as, for example, emissions associated with fuel combustion in boilers and corporate fleet vehicles, are equal to 6,961 tCO2 in 2023.

Scope 2 - GHG emissions, on the other hand, are related to the purchase of electricity from the grid, and/or self-generated or certified green energy (G.O.), thermal energy, and steam. Scope 2 emissions have been calculated by using the Market-based approach, which considers the portion of residual emissions deriving from the generation of energy from non-renewable sources. The calculation therefore considers zero emissions associated with the supply of energy from renewable sources (e.g., Guarantee of Origin Certificate, self-generation from PV panels, etc.).

Through this methodology, it is therefore possible to give an account of the energy supply policy adopted by the parent company and its subsidiaries. Gruppo Florence's Scope 2 emissions are found to be 3,902 tCO2 for the year 2023, while adopting the Location Based calculationd[9] these amount to 3,598 tCO2.

Finally, during the year, Gruppo Florence calculated Scope 3 emissions to quantify the impact of the emissions of the entire value chain, and to identify where to focus reduction activities.

Among the 15 categories of emissions defined by the GHG Protocol, designed to be mutually exclusive so that a company does not double-count emissions across categories, Gruppo Florence identified those that are applicable,

- **Categoria 1:** Purchased Goods and Services;
- **Category 2**: Capital Goods;
- **Category 3**: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2;
- **Category 4**: Upstream Transportation and Distribution;
- **Category 5**: Waste Generated in Operations;
- **Category 6**: Business Travel;
- **Category 7:** Employee Commuting;

In detail, total GHG emissions were calculated in tons of CO2eq by summing the product of the emission of each GHG by the relative Global Warming Potential (GWP) according to the following equation:

CO2 eq [kg]=∑GHG emissions [kg GHG] * GWP100 [GHG]

The global warming potential for each gas, over 100 years, is derived from the "IPCC Sixth Assessment Report, 2021 (AR6)."

95% of these emissions are attributable to Scope 3 emissions, as can be seen in the chart below, with the remaining 5% attributable to Scope 1 and Scope 2 emissions.

The data collected above can be divided into two categories:

- Primary data, such as site/division-specific data.
- Secondary data, derived from literature and estimates.

The two types of data were used to feed the carbon footprint model built through the support of a professional LCA calculation tool (Sima Pro 9.5), and through the IPCC 2021 GWP100 calculation method.

The table below summarizes the data sources used for quantification. The approach used always favored the use of primary data, including division-specific data; secondary data were used when

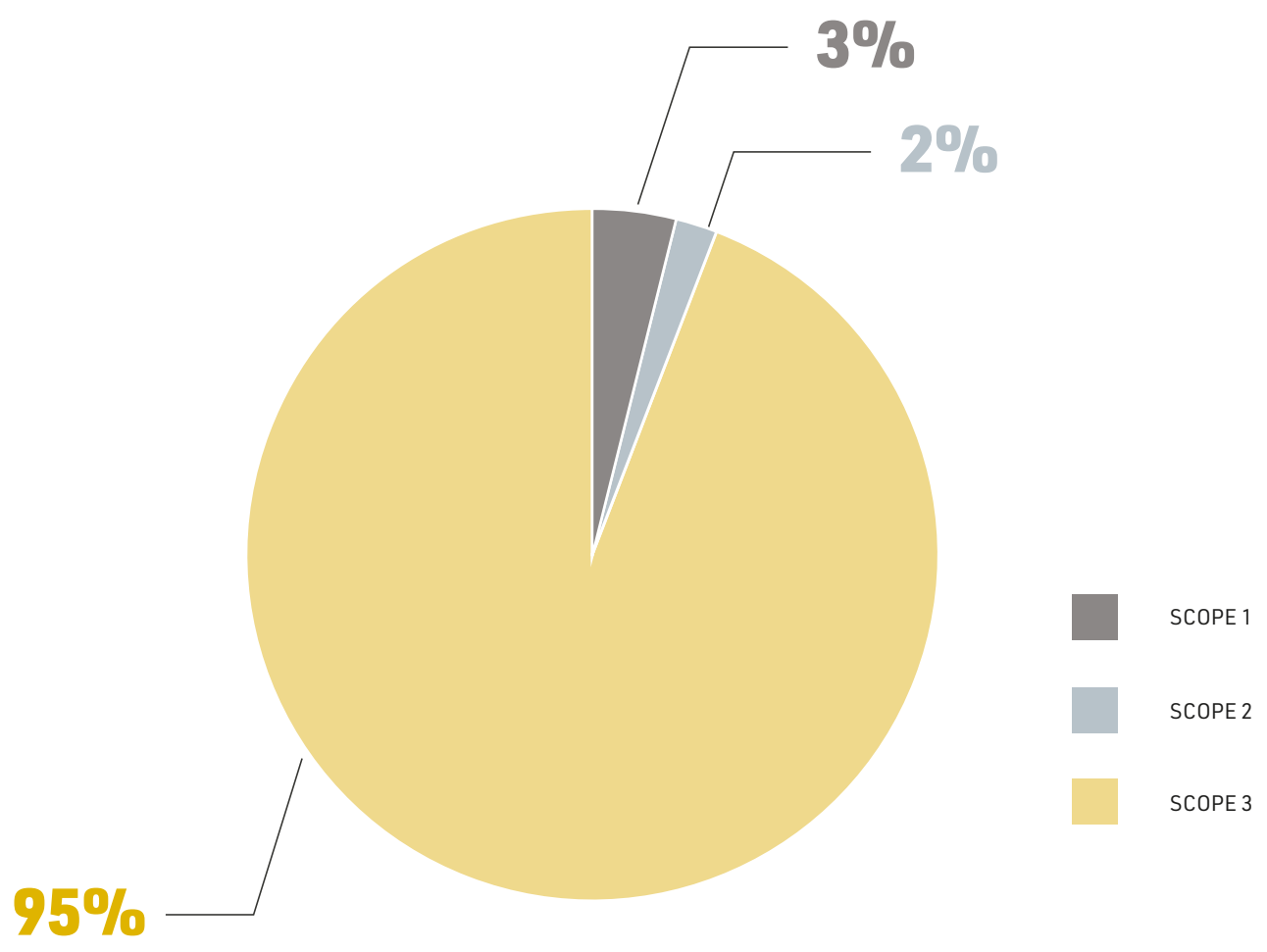


CHART N. 11: CARBON FOOTPRINT – GRUPPO FLORENCE

9 Conversion factors from "Terna 2020 international benchmarks" have been used to calculate Scope 2 emissions with the Location-based method. They do not include Ambra shpk emissions due to the unavailability for Albania of science-based emission factors and conversion factors.

primary data were not available. In some cases, carbon footprint modeling is done by using monetary emission factors, in line with the provisions of the "Technical guide for calculating Scope 3 emissions" of the Greenhouse Gas Protocol.

Specifically, the "EPA-EEIO 2021 Supply Chain Emission Factors" database was used for monetary factor emission modeling. The data source is recognized by the GHG Protocol, and is consistent with the scope of determination of indirect emissions to be included in the GHG inventory.

Categories (Scope)	Categories of GHG emissions and absorptions	Data collected
1	Scope 1 - Direct Emissions	Primary
2	Scope 2 MB – Indirect Emissions	Primary
3.1	Purchased Goods and Services	Primary/Secondary
3.2	Capital Goods	Primary
3.3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Primary
3.4	Upstream Transportation and Distribution	Primary/Secondary
3.5	Waste Generated in Operations	Primary
3.6	Business Travel	Primary
3.7	Employee Commuting	Primary

TABLE NO. 12: SOURCE OF DATA

The table below shows the Group's emission intensity figure calculated by considering Scope 1 direct, and Scope 2 indirect emissions. In parallel with the Group's energy intensity data, both the parameterized turnover figure, and the emission intensity per employee, are decreasing.

Emission intensity – Gruppo Florence [10]	UoM	2022 [11]	2023
Total emissions (Scopes 1 e 2)	**tCO2e**	**9.985**	**10.863**
Turnover – Gruppo Florence	€th.	532.443,47	692.616,77
Total emissions/Turnover	**tCO2e/€th.**	**0,0187**	**0,0157**
Number of employees	No. of employees	2.550	3.665
Total emissions/Employees	**tCO2e/No. of employees**	**3,9156**	**2,9640**

TABLE NO. ##: EMISSION INTENSITY

10 For the sake of data comparability, the calculation of emission intensity does not consider Scope 3 emissions, calculated as from the year 2023.

11 As specified in the methodological note, the Group's direct emissions figure for 2022 has been revised from that published in the previous Report following the recalculation of energy consumed. del Gruppo del 2022 è stato rivisto rispetto a quanto pubblicato all'interno del precedente Bilancio a seguito del ricalcolo dell'energia consumata.

TRANSITION TO A CIRCULAR FASHION SYSTEM

Gruppo Florence's commitment to greater circularity within the fashion industry is first reflected in the efficient management, and continuous monitoring of waste generated within the Group's production cycle.

The waste generated by the Group's divisions is temporarily stored at each site, and then disposed of by third parties who, in accordance with the regulations in force in Italy, issue a waste identification form (FIR) detailing the types of waste collected, and their relative destinations. On an annual basis, the Group prepares a Single Environmental Declaration Form (MUD), which outlines the overall picture of waste generated, and managed by the organization during the year.

Among the main types of waste generated by the Group are textile and leather scraps, packaging materials such as plastic, paper and cardboard, and other mixed packaging. Although most of the materials and substances produced by the Group are of a non-hazardous nature, Gruppo Florence generates waste in its production activities, which, due to its chemical or biological characteristics, presents a significant risk to human health and/or the environment, and may include toxic substances and corrosive or reactive substances. In order to limit its potential negative impact, Gruppo Florence is committed to managing hazardous waste through a specific process that provides for its disposal exclusively at authorized facilities.

Since it is aware of the need to stimulate the creation and growth of virtuous waste management processes, the Group promotes the reuse of waste materials, and unused deadstock through collaboration agreements with specialized organizations, and through donations to training institutions dedicated to the development of craft skills in the Italian fashion industry. The initiatives are part of the "Re-use for good" program, which aims to establish a new production paradigm for the Italian fashion industry, based on circularity of materials, and waste reduction in production processes.

In parallel to an ever more accurate waste management, the Group aims, under the "Cut physical, everywhere" program, to reduce the number of physical prototypes made in the pre-production phase in favor of 3D digital models. This also gives the Group's customers greater flexibility in their prototyping, and industrialization activities, thus avoiding the consumption of unnecessary physical materials during these phases of creative and technical experimentation. However, in the case of logoed textile scraps or inventories, it is not always possible to proceed with recycling and reuse activities, and they are therefore sent to a waste treatment plant in accordance with the policies of each customer.

During 2023, the Group generated a total of 1,264.68 tons of waste, of which 1,201.57 tons was non-hazardous waste, and 63.11 tons was hazardous waste. Compared to 2022, the leather processing activities, which increased significantly following the acquisition of some companies active in this business segment, and the consequent creation of the Leather Goods business unit, generated a significant amount of waste, amounting to approximately 20% of the total non-hazardous waste. In addition, a more precise classification of waste, undertaken at the same time as the drafting of this document, has made it possible to precisely identify certain types of waste that had previously been identified as "Unsorted Waste" or "Other waste."

Total waste generated [12]	2022	2023 with perimeter 2022	2023
Non-hazardous waste (ton)	**852,26**	**1.034,50**	**1.201,57**
Fabric	216,96	222,48	277,13
Leather	32,14	203,66	239,91
Paper and cardboard	194,90	181,45	191,18
Plastic	29,97	64,35	64,35
Wood	10,69	24,51	25,61
Iron and steel	19,70	9,62	11,80
Glass	3,63	-	-
Mixed packaging	244,09	241,20	301,97
Aqueous solutions	3,63	24,76	25,23
Absorbent and filter materials	-	31,86	31,90
Discarded equipment and components	1,34	2,84	2,86
Unsorted waste	89,68	7,97	7,97
Other waste	5,53	19,79	21,66
Hazardous waste (ton)	**17,33**	**59,81**	**63,11**
Absorbent and filter materials	1,33	11,79	12,33
Paints, varnishes and solvents	0,06	11,70	12,31
Spray cans	0,27	-	0,76
Waste sealant adhesives	0,42	9,50	9,60
Contaminated packaging	3,47	24,06	24,94
Discarded equipment and components	0,47	0,01	0,03
Aqueous solutions	5,00	1,20	1,26
Sludge	-	0,45	0,45
Other waste	6,31	1,09	1,43
Total waste generated (ton)	**869,59**	**1.094,31**	**1.264,68**

TABLE NO. 13: TOTAL WASTE GENERATED BY TYPE

12 The figure for non-hazardous and hazardous waste per category was revised from that presented in the Sustainability Report 2022 due to a different classification of waste.

Most of the waste generated by Gruppo Florence is destined for recovery rather than disposal. The proportion of waste not sent to landfill is an indication of the Group's actual commitment to implementing an efficient waste management program that can improve the Organization's overall operational efficiency, and reduce waste disposal costs.

Total waste destined for recovery [13]	2022	2023 with perimeter 2022	2023
Non-hazardous waste (ton)	**753,85**	**958,23**	**1066,13**
Fabric	216,74	193,12	247,77
Leather	29,01	199,62	227,45
Paper and cardboard	192,52	181,45	190,48
Plastic	29,94	64,35	64,35
Wood	10,69	24,51	25,61
Iron and steel	19,58	9,62	11,80
Glass	3,63	-	-
Mixed packaging	243,08	240,94	252,08
Aqueous solutions	0,10	0,25	0,30
Absorbent and filter materials	-	14,09	14,13
Discarded equipment and components	1,34	2,84	2,86
Unsorted waste	7,48	7,97	7,97
Other waste	2,93	19,46	21,33
Hazardous waste (ton)	**6,55**	**31,70**	**33,91**
Absorbent and filter materials	0,03	0,54	1,08
Paints, varnishes and solvents	0,06	8,84	8,99
Spray cans	0,19	-	0,76
Waste sealant adhesives	0,42	0,38	0,38
Contaminated packaging	1,48	20,59	21,33
Discarded equipment and components	0,47	0,01	0,03
Aqueous solutions	-	-	-
Sludge	-	0,45	0,45
Other waste	3,90	0,89	0,89
Total waste recovered (ton)	**760,40**	**989,93**	**1.100,04**

TABLE NO. 14: WASTE DESTINED FOR RECOVERY BY TYPE OF WASTE

13 Ibid.

Below is the data on the main recovery methods used by Gruppo Florence subsidiaries:

Methods of waste recovery [14]	2022	2023 with perimeter 2022	2023
Non-hazardous waste (ton)	**753,85**	**958,23**	**1.066,13**
Reuse	16,46	-	-
Recycling	68,57	162,95	162,95
Other recovery operations [15]	668,82	797,28	903,17
Hazardous waste (ton)	**6,55**	**31,70**	**33,91**
Reuse	-	-	-
Recycling	-	-	-
Other recovery operations	6,55	31,70	33,91

TABELLA N.15: WASTE DESTINED FOR RECOVERY BY TYPE OF TREATMENT

Reuse operations are carried out directly at production sites. On the contrary, all recycling and recovery operations are carried out at recovery facilities operated by third-party firms in charge of waste pick-up.

In adopting a residual approach to waste for recovery, the Group's divisions also resort to the disposal of waste that cannot be recycled or reused. Waste disposal is a fallback option since this results in a loss of resources, and can cause a negative impact on the environment, and human health. Leachate generated within landfills, for example, could lead to soil and water contamination. In addition, methane released from the decay of organic waste at landfills contributes to climate change. Negative environmental impacts associated with waste incineration, on the other hand, mainly involve air pollution arising from the combustion process.

14 "Other recovery operations" include delivery with destination from R6 to R13. It should be noted that for 2022 the subsidiaries Ambra SH.P.K, Antica Valserchio S.r.l., and Emmegi did not give evidence of the share of waste destined for recycling or reuse; therefore, the quantities of waste "not sent to landfills" flow into the item "other recovery operations."

15 It should be noted that for 2022 waste that had been incorrectly reported under "Incineration for energy recovery" was reallocated to "Other recovery operations."

Below are details of waste destined for disposal:

Total waste destined for disposa[16]	2022	2023 with perimeter 2022	2023
Non-hazardous waste (ton)	**98,41**	**76,27**	**135,45**
Fabric	0,22	29,36	29,36
Leather	3,13	4,04	12,46
Paper and cardboard	2,38	-	0,70
Plastic	0,03	-	-
Wood	-	-	-
Iron and steel	0,12	-	-
Glass	-	-	-
Mixed packaging	4,20	0,26	49,89
Aqueous solutions	3,53	24,51	24,94
Absorbent and filter materials	-	17,77	17,77
Discarded equipment and components	-	-	-
Unsorted waste	82,20	-	-
Other waste	9,25	0,33	0,33
Hazardous waste (ton)	**10,79**	**28,11**	**29,21**
Absorbent and filter materials	1,30	11,26	11,26
Paints, varnishes and solvents	-	2,86	3,32
Spray cans	0,08	-	-
Waste sealant adhesives	-	9,12	9,22
Contaminated packaging	1,99	3,48	3,61
Discarded equipment and components	-	-	-
Aqueous solutions	5,00	1,20	1,26
Sludge	-	-	-
Other waste	2,41	0,20	0,54
Total waste disposed (ton)	**109,19**	**104,38**	**164,65**

TABLE NO.16: WASTE DESTINED FOR DISPOSAL BY TYPE OF WASTE

16 See note 12.

Below is the data on the main disposal methods that Gruppo Florence subsidiaries used in the years being reported. All disposal operations are carried out at the sites of specialist firms in charge of waste pick-up from group companies.

Total waste destined for disposal	2022	2023 with perimeter 2022	2023
Non-hazardous waste (ton)	**98,41**	**76,27**	**135,45**
Incineration without energy recovery	-	27,62	27,62
Landfill	84,84	48,65	107,83
Other disposal operations [17]	13,57	-	-
Hazardous waste (ton)	**10,78**	**28,11**	**29,21**
Incineration without energy recovery	-	-	-
Landfill	7,08	28,11	29,21
other disposal operations	3,70	-	-

TABLE NO.17: WASTE DESTINED FOR DISPOSAL BY TYPE OF TREATMENT

17 It should be noted that for 2022 the subsidiary Luciano Barbetta S.r.l. did not give evidence of the share of waste destined for disposal; therefore, the quantities of such waste flow into the item "other disposal operations."

OUR COMMITMENT TO SAFEGUARDING PRECIOUS WATER RESOURCES

Since it is fundamental to the survival of ecosystems and community well-being, water is a precious resource, especially in the current environmental context marked by climate change with negative consequences on water availability in various parts of the world. For this reason, Gruppo Florence, and all its divisions have long been committed to monitoring and, where possible, reducing water consumption in its production activities, minimizing waste, in line with the goals set within the Sustainability Agenda.

In addition, the Group divisions holding the ISO 14001 certification have in place a procedure to assess the environmental impact of water consumption.

Below are the Group divisions that held the ISO 14001:2015 certification as at 31 December 2023:

- **GIUNTINI**
- **ANTICA VALSERCHIO**
- **MAGLIFICIO ERIKA**
- **MAGLIFICIO LEONELLO SPAGNOL**
- **IDEAL BLUE**
- **TREND**

Within the Group's production processes, much of the water is used in industry-specific activities such as garment dyeing, washing, and ironing operations. During 2023, Gruppo Florence's total water withdrawal for both production and civilian purposes amounted to 42.13 ML. The figure, on a like-for-like scope, slightly decreased compared to the prior year, with about 3.7 ML less of water withdrawals. 78% of the Group's withdrawals during 2023 came from third-party water sources, including municipal aqueducts. Since some of the Group's production plants are located in water-stressed areas, Gruppo Florence is promoting initiatives to raise awareness for more efficient use of water resources and against waste in order to gradually decrease water withdrawal by the Group's divisions.

While Gruppo Florence's direct use of water resources is limited to garment treatment and care activities, the Group contributes indirectly, through its value chain, to intensive water use. In fact, the production of certain materials such as leather and textiles requires significant volumes of water, especially during agricultural activities necessary to obtain natural materials such as cotton and leather, and in general all fibers produced through agriculture and animal husbandry. In addition, leather processing operations, such as tanning, also require several washes to achieve the desired result, which is a durable, waterproof, and breathable material.

Finally, with regard to the entire product life cycle, the fashion industry cannot fail to consider the water consumption resulting from the use of the garments themselves.

The water used in the production processes is disposed of by the production plants and Gruppo Florence companies in full compliance with the environmental rules and regulations regarding the disposal of the wastewater they generate. Most of the water discharges pertaining to the companies' buildings can be assimilated to those for civilian use, since they mainly result from the use of toilets, restrooms etc.. Where industrial water discharges are operating, establishments are provided with a special permit issued by the Regional Government (e.g., Single Environmental Authorization - AUA), which defines the frequency of renewal, and discharge limits, in terms of both quantity and quality. The Group Companies that resort to the use of chemicals added in liquid form provide for the purification of contaminated volumes directly at the production site; when this is not made possible, water is withdrawn and managed by third parties specialized in the management of contaminated wastewater.

The details of the Group's discharges during the years being reported are given below. The amount of Gruppo Florence's water discharges corresponds to the total withdrawals for 2023 too, and for this reason the Group's net water consumption is to be considered to be equal to zero.

Water withdrawn by source	2022[18]	2023 with perimeter 2022	2023
Groundwater (ML)	**10,96**	**8,51**	**8,51**
of which freshwater	-		
of which other water	10,96	8,51	8,51
of which in water-stressed areas [19]	7,54	5,40	5,40
Third-party water (ML)	**28,92**	**27,71**	**33,62**
of which freshwater	28,92	27,71	33,62
of which other water	-		-
of which in water-stressed areas	24,61	21,78	25,93
Total withdrawals	**39,88**	**36,22**	**42,13**

TABLE NO. 18: WATER WITHDRAWALS BY SOURCE

Water discharged by destination	2022[20]	2023 with perimeter 2022	2023
Water discharged to surface (ML)	**7,42**	**7,28**	**7,28**
of which freshwater		-	-
of which other water	7,42	7,28	7,28
of which in water-stressed areas	4,00	4,17	4,17
Water discharged to third-party systems (ML)	**32,46**	**28,94**	**34,85**
of which freshwater			
of which other water	32,46	28,94	34,85
of which in water-stressed areas	28,15	23,01	27,16
Total discharges	**39,88**	**36,22**	**42,13**

TABLE NO. 19: WATER DISCHARGES BY DESTINATION

18 The breakdown of the source was revised compared with to what was published in the previous document following an improvement in the reporting process.

19 Water-stressed areas were defined based on data made available by World Resource Institute (WRI) at the following address:

https://resourcewatch.org/data/explore?section=All+data&selectedCollection=&zoom=4.374459551818541&lat=46.79122343673394&lng=11.594244839640208&pitch=0&bearing=0&basemap=dark&labels=light&layers=%255B%257B%2522dataset%2522%253A%2522c66d7f3a-d1a8-488f-af8b-302b0f2c3840%2522%252C%2522opacity%2522%253A1%252C%2522layer%2522%253A%2522fdf06d8c-72e9-48a7-80f1-27bd5f19342c%2522%257D%255D&aoi=&page=1&sort=most-viewed&sortDirection=-1&topics=%255B%2522water%2522%255D

20 Ibid.

GRUPPO FLORENCE ADOPTS ZDHC STANDARDS: A CHOICE OF ENVIRONMENTAL LIABILITY

ZDHC (Zero Discharge of Hazardous Chemicals) is a global initiative committed to reducing the use, and release of hazardous chemicals in the textile, apparel and footwear industry. The ZDHC program promotes shared standards and sustainable chemicals management practices throughout the supply chain. By establishing partnerships with businesses, government agencies, and other stakeholders, ZDHC works to improve transparency, safety and efficiency in chemicals management while promoting positive environmental and health impacts.

As from November 2023, Gruppo Florence has decided to join this initiative, and is therefore officially a Signatory Friend of ZDHC, a significant step in embracing sustainability in every aspect of our work. This new chapter is not only a voluntary commitment, but symbolizes a genuine reminder of our responsibility to the planet and future generations.

ZDHC's Friend program is managed by Stichting ZDHC Foundation.

The ZDHC Foundation oversees the implementation of the Roadmap to

Gruppo Florence is officially a Signatory Friend of ZDHC

Zero program, and is a global industry collaboration of Brands, value chain companies, and partners in the sports, fashion, luxury, and outdoor industries.

CHEMICALS MANAGEMENT: IMPROVING SAFETY AND REDUCING ENVIRONMENTAL IMPACT

The implementation of Chemicals Management involves the adoption of strategies aimed at the safe and sustainable management of chemicals used in production processes, which can be summarized in the following steps:

- **Risk Assessment and Management:** Identify the chemicals used, and assess the risks associated with their handling, and their impact on human health and the environment.
- **Regulatory Compliance:** Ensure that the company complies with national and international regulations governing the management and release of hazardous chemicals.
- **Traceability and Sustainability:** Implement systems to trace chemicals throughout the supply chain, promoting the use of substances that are less harmful to the environment and health.
- **Training and Awareness:** Educate employees about best practices for safe handling of chemicals, and promote a sustainability-conscious corporate culture.
- **Collaboration and Transparency:** Collaborate with suppliers and partners to ensure compliance with Chemicals Management standards, and ensure transparent sharing of information on chemicals management.
- **Monitoring and Reporting:** Monitor Chemicals Management performance on an ongoing basis, including collecting data on consumption of chemicals, and reporting reductions in environmental impact.
- **Innovation and Continuous Improvement:** Pursue research and development on innovative solutions to reduce the use of hazardous chemicals, and to continuously improve business practices toward more ambitious sustainability goals.

This approach not only aims to ensure occupational safety, and reduce environmental impact, but also to meet the growing expectations of consumers and stakeholders regarding sustainability in the fashion industry. Gruppo Florence has implemented a Chemicals Management protocol to guide its supply chain toward high standards in chemicals management, promoting efficiency and circularity of resources used in production processes. The

> Promoting **efficiency** and **circularity** of resources used in production processes.

firms involved in this first phase of project implementation during 2023 included: Antica Valserchio, Ciemmeci Fashion, Mely's, Facopel, Giuntini, Manifatture Cesari, Parmamoda and Barbetta. Among them, some have reached a level of maturity in implementing the protocol that places them at the following levels in the Supplier to Zero Program. In detail:

- **GIUNTINI SPA**
  has reached the 2nd LEVEL
- **ANTICA VALSERCHIO**
  has reached the 2nd LEVEL
- **FACOPEL**
  has reached the 2nd LEVEL

uppo Florence's commitment, on 7 November 2023 the CEO Attila Kiss spoke on the panel "Implementation in Action: Best Practices & Partnerships in Southern Europe" during the ZDHC Southern Europe Conference 2023 in Paris. This commitment demonstrates Gruppo Florence's dedication to promoting a sustainable and responsible supply chain in line with global sustainability goals.

THE FIRST STEPS TOWARDS THE PROTECTION OF BIODIVERSITY

Gruppo Florence is aware of the importance of safeguarding biodiversity: it represents the variety of living organisms, including diversity within species and ecosystems. Its value is not only intrinsic, but also influences fundamental aspects such as human health, food safety, and economic prosperity, as well as playing a crucial role in climate change mitigation and adaptation.

The current regulatory framework increasingly recognizes the importance of biodiversity protection. This is witnessed to by the establishment of the Taskforce on Nature-related Financial Disclosures (TNFD), having developed recommendations and guidelines to encourage businesses and the financial sector to assess, make disclosures, and act regarding nature-related dependency, impacts, risks and opportunities.

At the same time as the preparation of the Sustainability Report 2023, Gruppo Florence therefore decided to map its operating sites to verify that they are not located in, or near protected areas or areas of high biodiversity value. For this analysis, the Group used the European Union's tool for biodiversity conservation, the "Natura 2000 Network", an ecological network that includes Sites of Community Interest (SCIs) and Special Protection Areas (SPAs). This network was created by the European Union to protect habitats and species considered a priority by Member States, aiming to ensure their long-term survival and considering economic, social and cultural needs with a view to sustainable development. After the necessary analysis, the Group reports that it does not own or operate facilities or operating sites located within protected areas or areas of high biodiversity value.

In order to better assess the potential impact of its operating sites, the Group expanded the analysis to include proximity (approximately 5 kilometers) to such areas, noting that some divisions are actually located near protected areas. For this reason, Gruppo Florence is committed to continuously monitoring its operations and related impacts that could lead to negative consequences on the surrounding biodiversity.

REDEFINING ITALY'S EXCELLENCE: THE DELICATE BALANCE BETWEEN TRADITION AND INNO-VATION

CREATING SHARED VALUE – THE SOCIAL AND COLLABORATIVE MISSION

In 2023, Gruppo Florence continued its growth, strengthening its position as an increasingly prominent player in the international fashion supply chain. In fact, the importance of the divisions in terms of logistics and production for some of the most prestigious luxury fashion brands, as well as the Group's role in the ongoing economic development of a wide range of stakeholders (subcontractors, workers, the community, etc.), makes Gruppo Florence a key player in the luxury fashion scene. In line with the social responsibility policies that have always distinguished the Group and its divisions, Gruppo Florence is committed to promoting the economic and social development of the local communities in which it operates through the creation of jobs and business opportunities, even in peripheral areas, far from the main urban and industrial centers. A discontinuance or slowdown in the Group's operations, therefore, would not only result in a loss of economic value for shareholders, but could also jeopardize the business continuity of customers and the employment and social welfare of the communities in which it operates.

The Group is committed to distributing the economic value it generates in an equitable, sustainable and lasting manner in order to support the economic and social development of the communities of which it is a part. In 2023, Gruppo Florence distributed a total value of Euro 637,552.19 thousand to

EVG&D[21]		UoM	2022	2023
Direct economic value generated	**Total**	**€th.**	**532.919,01**	**692.616,77**
	Value of production Income from equity investments Other financial income Foreign exchange gains	€th.	532.919,01	692.616,77
Economic value distributed	**Total**	**€th.**	**468.227,55**	**637.552,19**
	Costs for raw materials Costs for services Costs for leases and rentals Changes in inventories of raw materials Sundry operating costs (net of tax)	€th.	350.170,15	459.558,86
	Personnel costs		88.127,83	122.223,49
	Interest and other financial costs Foreign exchange losses Dividends distributed in the year		7.843,85	34.194,62
	Current and prepaid income taxes Sundry operating costs (only the value of indirect tax)		21.719,54	21.185,77
	Donations Sponsorships Membership fees		366.16	389,45
Economic value not distributed	**Total**	**€th.**	**64.691,46**	**55.064,58**

TABLE NO. 20: ECONOMIC VALUE GENERATED AND DISTRIBUTED

its stakeholders, corresponding to 92.05% of the value generated. As shown in the tables below, the value distributed to stakeholders includes various financial costs and charges through which Gruppo Florence distributes economic value to different stakeholders. These include:

- Group suppliers who receive a value corresponding to the costs incurred by subsidiaries in obtaining raw materials and services;
- third parties who hold ownership of assets used by the Group;
- the personnel employed by Gruppo Florence S.p.A. and its subsidiaries;
- banks through the payment of interest and financial charges;
- the Treasury through the payment of taxes;
- the communities and association groups in which Gruppo Florence divisions participate economically through the disbursement of donations, sponsorships and membership fees The EVG&D indicator allows Gruppo Florence to assess the economic value allocated to the economic and social development of the external environment in which it operates.

This approach is an integral part of Gruppo Florence's sustainability strategy, which is constantly striving to operate in harmony with the environment, and in the interests of all stakeholders with whom it collaborates in carrying out its activities.

21 Economic data are calculated as the sum of the statutory financial statements of individual companies, net of intercompany items.

Below is a breakdown of the economic value generated and distributed by country and business unit, reflecting the Group's focus on the different contexts in which it operates. Since most of the production plants are located in Italy, direct economic value is generated and distributed mainly within the country, with a residual portion generated and distributed in Poland, Albania, Romania, and Turkey. The main business volume concerns the Ready to Wear (RTW) business unit, which includes tailoring, knitwear, Cut & Trim (C&T), and headwear operations.

EVG&D	Breakdown by Country	UoM	2022	2023
Direct economic value generated	**Total**	**€th.**	**532.919,01**	**692.616,77**
	of which Italy	€th.	529.937,89	686.271,59
	of which Poland		47,54	705,98
	of which Albania		2.906,22	5.579,57
	of which Romania		27,35	15,47
	of which Tunisia		-	44,15
Economic value distributed	**Total**	**€th.**	**468.227,55**	**637.552,19**
	of which Italy	€th.	459.169,33	620.701,68
	of which Poland		3.889,74	7.179,96
	of which Albania		4.613,31	7.817,16
	of which Romania		555,17	632,36
	of which Tunisia		-	1.221,03
Economic value retained [22]	**Total**	**€th.**	**64.691,46**	**55.064,58**
	of which Italy	€th.	64.099,58	55.248,52
	of which Poland		317,81	488,66
	of which Albania		217,79	(968,29)
	of which Romania		56,27	52,18
	of which Tunisia		-	243,51

TABLE NO. 21: ECONOMIC VALUE GENERATED AND DISTRIBUTED BY COUNTRY

22 The economic value retained was obtained by excluding items of amortization and depreciation, impairment, and provisions from the financial statements of individual companies, in accordance with GRI 201-1 Indicator Reporting Guidelines.

Gruppo Florence and its divisions recognize the importance of involving and supporting local communities, and the most vulnerable groups, and, since their founding, have been actively participating in the social development of the local communities in which they operate, including through charitable sponsorships. The parent company Gruppo Florence S.p.A. carries out monitoring and approval of expenditure for these purposes.

In 2023, too, Gruppo Florence was able to benefit from funding received from governments and Public Authorities, totaling Euro 1,312.47 thousand, which is essential to enable the Group to meet economic challenges, and maintain the stability of its operations. The financial aid was received from governments through various forms, such as tax relief and tax credits (Euro 58.79 thousand), but mainly through grants (Euro 980.48 thousand), and subsidies (Euro 270.40 thousand). These benefits helped to reduce the company's tax burden, allowing more resources to be allocated to strategic investments to foster the sustainable development of the Group. The table below shows the breakdown, including by country, of the forms of financial aid received during the reporting financial year.

Gruppo Florence adopts an approach based on the main principles of prudence, fairness, legality, and transparency for all its economic choices and operations, both in its dealings with the Public Authorities, and in all administrative activities of the organization. The Group, which is predominantly composed of Italian companies, also includes some foreign companies located in Poland, Albania, Romania and Tunisia. Responsibility for tax matters within the Group lies with the Group Chief Financial Officer.

Gruppo Florence employs consultants who maintain direct relations with Group companies and, in addition, is supported by reputable tax firms at head office level. This ensures a rigorous, uniform and shared approach to the management of ordinary and extraordinary tax issues, with each strategic transaction subjected to a careful preliminary tax analysis to mitigate any potential tax risks. The Group's operations are geared towards the utmost tax honesty, rejecting any "aggressive tax planning" schemes aimed at obtaining tax advantages. Gruppo Florence complies with the regulations, and lines of interpretation, applicable in the countries in which it operates, and condemns the use of elusive schemes or tools. Every choice is made according to the legitimate op-

EVG&D	Breakdown by BU	UoM	2022	2023
Direct economic value generated	**Total**	**€ th.**	**532.919,01**	**692.616,77**
	of which RTW	€ th.	397.132,44	474.487,98
	of which IP (and associated operations)		4.996,37	78.545,78
	of which Footwear		130.790,20	118.207,82
	of which Leather Goods		-	21.375,19
Economic value distributed	**Total**	**€ th.**	**468.227,55**	**637.552,19**
	of which RTW	€ th.	340.986,74	437.185,66
	of which IP (and associated operations)		5.390,80	66.865,15
	of which Footwear		121.850,02	114.152.99
	of which Leather Goods		-	19.348,38
Economic value retained [23]	**Total**	**€ th.**	**65.286,62**	**55.064,59**
	of which RTW	€ th.	56.461,06	42.033,93
	of which IP (and associated operations)		297,58	10.451,47
	of which Footwear		8.527,98	(246,59)
	of which Leather Goods		-	2.825,78

FINANCIAL AID RECEIVED FROM THE GOVERNMENT

23 The economic value retained was obtained by excluding items of amortization and depreciation, impairment, and provisions from the financial statements of individual companies, in accordance with GRI 201-1 Indicator Reporting Guidelines.

Financial aid received from the government	Breakdown by Type	UoM	2022	2023
Economic value of financial aid received from the government	**Total**	**€th.**	**5.670.16**	**1.312,47**
	Tax relief and tax credits	€th.	5.019,01	58,79
	Subsidies		-	270,40
	Grants		104,86	980,48
	Premiums		-	-
	Suspension of payments		11,47	-
	Financial aid granted by credit agencies		-	-
	Incentives		530,71	2,80
	Other benefits		4,11	-

TABLE NO. 23: FINANCIAL AID RECEIVED FROM THE GOVERNMENT BY TYPE

tions offered by the regulations, and guided by the principle of prudence. With a view to transparency, relations with tax authorities are oriented towards cooperation, and the use of authorization and dialogue tools such as tax rulings.

Intercompany transactions comply with guidelines in terms of Transfer Pricing. The parent company fulfills, where necessary, all obligations to provide documents on intercompany transactions with foreign subsidiaries, preparing a "Master file" with information on the Group, and the transfer pricing policy, and the "country file" with specific information on subsidiary entities.

The Group's approach also includes the dissemination of tax culture and knowledge among personnel, with the aim of ensuring a proper and prompt determination and settlement of taxes due, and the discharge of any related obligation, mitigating the risk of tax violations. Gruppo Florence's top management is aware of the tax impacts for all planned strategic operations, ensuring that every tax decision is consistent with the Group's strategy and prudent approach.

Financial aid received from the government	Breakdown by Country	UoM	2022	2023
Economic value of financial aid received from the government	**Total**	**€th.**	**5.670,16**	**1.312,47**
	of which Italy	€th.	5.636,16	1.312,47
	of which Poland		34,06	-
	of which Albania		-	-
	of which Romania		-	-
	of which Tunisia		-	-

TABLE NO. 24: ASSISTENZA FINANZIARIA RICEVUTA DAL GOVERNO PER PAESE

THE GROUP'S ROLE IN PROMOTING A MORE SUSTAINABLE MADE IN ITALY SUPPLY CHAIN

The fact of contributing to the creation of a sustainable value chain is a constituent part of Gruppo Florence's mission, aimed at enhancing the value of a responsible Italian supply chain. Since this goal inevitably requires the involvement not only of the Group's divisions, but also of the entire network of subcontractors, Gruppo Florence decided to organize an EXCELLENCE TOUR during 2023, which is an event created to raise awareness, and aggregate the Italian sustainable supply chain.

The tour, organized in three stages, involved various players in the supply chain - including 65 processing suppliers - on sustainability issues with the aim, together with the participation of 6 divisions of Gruppo Florence, of increasing their awareness of the issue, and their involvement.

The initiative is part of the "Share the path" project with which Gruppo Florence aims to structure a shared growth plan with other players in the fashion industry for the definition of a new industry organization, based on the principles of sustainable development, and the creation of shared value for the benefit of all stakeholders. The project stems from the conviction that, at present, the luxury supply chain is not sufficiently unified and robust to serve global markets. In Italy, it is, in fact, mainly composed of family businesses that interface with large corporate companies with a management that is attentive and sensitive to market changes and demands.

Gruppo Florence intends therefore to promote the supply chain's commitment to respond to market challenges, and align the various players in its value chain with its sustainability strategy, towards a transparent supply chain, and increasingly satisfactory performance.

MATERIAL SOURCING: QUALITY AND SUSTAINABILITY

Raw materials are selected by customer brands: however, the Group is committed to promoting and supporting customers in the selection of sustainable materials, including the purchase and use of recycled, certified, and renewable materials.

The Group, with the formation of a head office R&D team, also aims to have the vendor's role evolve in the area of selecting and industrializing the most sustainable raw materials. This approach will not only improve the quality, and sustainability of the materials the Group uses, but also promote innovation and collaboration along the entire supply chain. The head office R&D team will work closely with the Group's divisions to identify innovative solutions, develop new processes and technologies that reduce environmental impact, and improve production efficiency.

During 2023, the Group purchased the following raw materials with sustainability characteristics to support its customers' collections:

- Fabrics, yarns and linings which are GOTS (Global Organic Textile Standard), RWS (Responsible Wool Standard), GRS (Global Recycle Standard) certified, and of recycled origin;
- RDS (Responsible Down Standard) certified feathers;
- LWG (Leather Working Group) certified leather.

These internationally recognized product certifications guarantee the use of raw materials composed of natural fibers, or from cruelty-free processes, as in the case of feathers, promoting sourcing that respects the environment, and workers' rights.

In this process of sourcing certified raw materials with sustainability characteristics, the Group acts as a guarantor of batch traceability at all intermediate stages of processing until the finished product is made.

The table below shows the raw materials purchased by Gruppo Florence during 2023, divided between renewable, i.e. materials that are derived from resources that replenish themselves through ecological cycles and agricultural processes, and non-renewable, which are derived from resources that do not regenerate over time.

The first category includes yarns and fabrics from cotton, wool, cashmere, silk and linen, leather, as well as paper and cardboard used in packaging. Non-renewable raw materials, on the other hand, include textiles and synthetics, plastics, and accessories composed of different materials.

The high-quality standards of customer brands, which make a scrupulous selection of the finest materials, as well as the Group's efforts to promote responsible and sustainable procurement, mean that, of the total purchased materials under consideration, more than 85% is made up of those of renewable origin.

Materials used	UoM [24]	2023[25]
Renewable	ton	2433
Non-renewable	ton	338
Total	**ton**	**2.771**

TABLE NO. 25: MATERIALS USED

24 Where not available, weight was estimated from the unit of measurement in the system (e.g., linear meters, square meters, pieces, etc.), assigning an average weight depending on the material..

25 The figure refers to 59% of the total materials purchased in 2023. For the remaining portion, in fact, it was not possible to determine the weight on the basis of the unit of measurement in the system due to the lack of robustness of information on the composition of the material. It is specified that this indicator was collected and reported for the first time in 2023: comparative data with the year 2022 are therefore not available.

SUPPLIER EVALUATION: A CRUCIAL ELEMENT

In the operational environment of the Group, respect for human rights is another particularly relevant issue in supplier management.

In addition to suppliers of raw materials, selected by the brands to meet the criteria of style and quality, the Group also relies on allied firms of processing suppliers who provide support in managing the production cycle of our products.

In 2023, given the acquisition of new companies joining the Group, the number of suppliers increased, in terms of both size and geographical area, including suppliers of raw materials, and processing suppliers, both in Italy and abroad.

Gruppo Florence has given priority to continuously strengthening the qualification and monitoring procedure aimed at reporting any possible violation of human rights before entering into business agreements with processing suppliers.

In order to cope with these risks, and ensure full respect for human rights throughout the production chain, Gruppo Florence has adopted a proactive and responsible approach, implementing a procedure for qualifying and monitoring the ethical and social performance of suppliers of processing, which applies to all workshops with which the Group collaborates for the production of items manufactured by its subsidiaries.

This policy sets out criteria for the qualification, activation, and monitoring of workshops through a thorough on-site audit process, focusing particularly on social issues.

The merger transaction carried out by Gruppo Florence at the end of 2023 will allow for a strengthening of supplier monitoring. For this reason, Gruppo Florence is committed, in the coming years, to disclose information in a transparent manner, and on an ever-widening perimeter of monitoring.

The table below shows data on the ethical and social qualification audits conducted on processing suppliers during the reporting years.

With the aim of carefully examining the production processes of its supply chain, the Group put in place an evaluation system in 2023, not only on social issues but also paying attention to the priority environmental issues (e.g., legislative compliance) of its processing suppliers, thus specifically focusing on both potential social impacts and potential negative environmental impacts..

Commitment to the qualification and monitoring of processing suppliers aims to ensure that all products and processing entrusted to Group companies are handled by reliable business partners who comply with current regulations on the protection of workers and of the environment.

Social assessment of processing suppliers	UoM	2022	2023
Total number of processing suppliers assessed in relation to social impacts[26]	no.	353	571
Number of processing suppliers on whom significant social impacts have been identified[27] and actions have been planned	no.	79	191
Number of new processing suppliers (arising from company acquisitions in 2023)	no.	-	60
Number of new processing suppliers assessed in relation to social impacts	no.	-	58
Number of new processing suppliers on whom significant social impacts have been identified	no.	-	15

TABLE NO. 26: PROCESSING SUPPLIERS AND NEW PROCESSING SUPPLIERS AGAINST WHOM SOCIAL ASSESSMENTS HAVE BEEN CARRIED OUT

26 Processing suppliers of processing for which an appraisal is available on ethical and social performance carried out directly by Gruppo Florence and/or by the customer, since the incorporation of Gruppo Florence S.p.A.

27 In the evaluation matrix with a range from 1 to 4, where 1 indicates the highest significance, and 4 the lowest, processing providers who obtained a qualification result between 1 and 2 are included in the stated value

The evaluation is carried out through a detailed and systematic process that includes the following steps:

- Submitting a request for documentation to understand the policies and procedures formalized to protect social and environmental issues;
- Analyzing the completeness of the documentation received with respect to the requests and critically evaluating its suitability in responding to social and environmental issues that are important for Gruppo Florence;
- Organizing audits to gather evidence on the actual implementation of formalized procedures;
- Based on the evidence collected, developing a final assessment of the social and environmental protection practices adopted by the processing supplier, in accordance with the criteria set out by Gruppo Florence;
- Taking certain actions to improve the processing supplier's performance within the scope of the assessment;
- Organizing follow-up meetings with the processing supplier's representatives in the months following the assessment to monitor the status of implementation of improvement actions.

Following the ethical, social and environmental audits, an improvement plan may need to be developed to address any critical issues, and improve areas that require compliance in relation to the abovementioned issues.

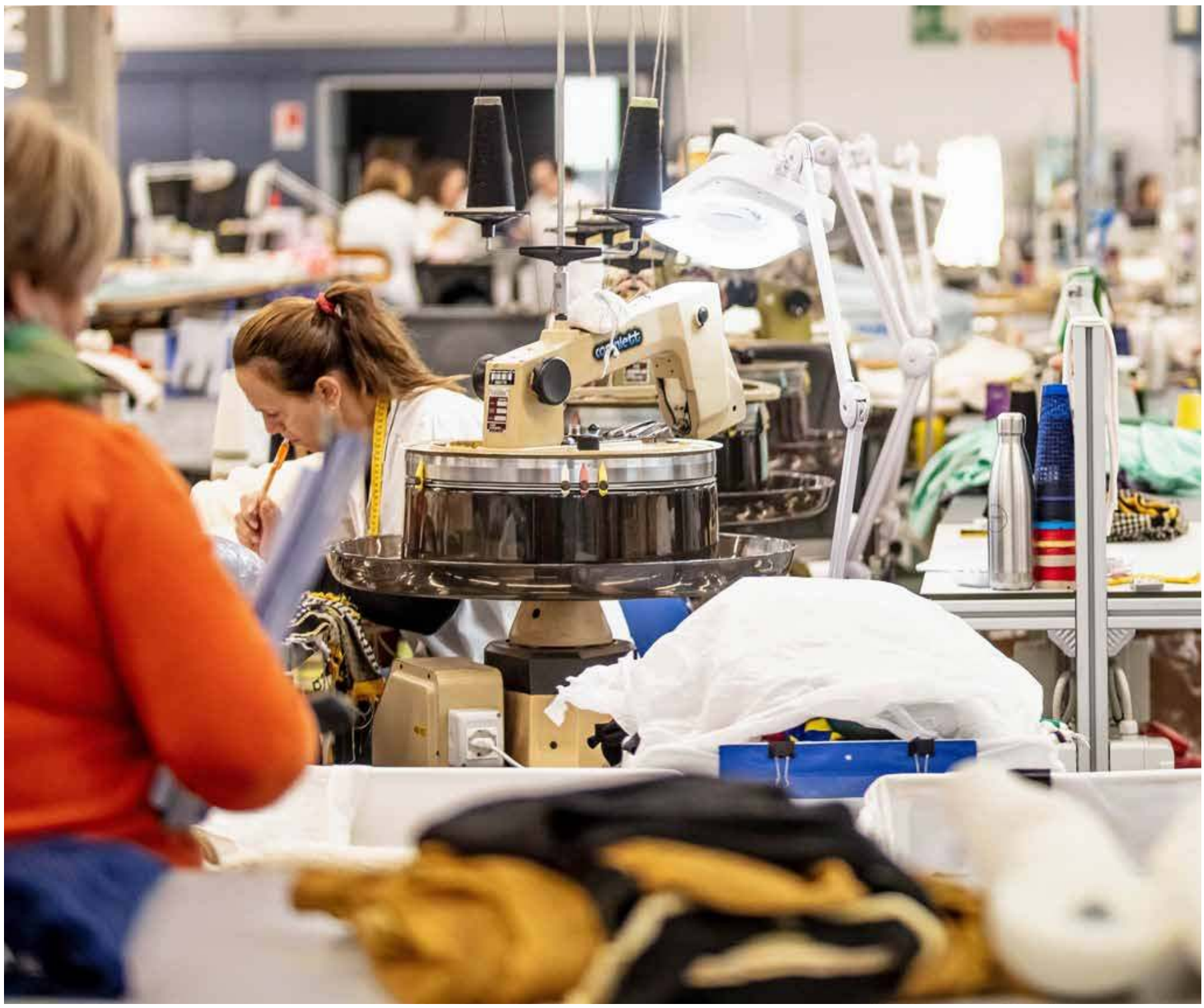
Environmental assessment of processing suppliers	**UoM**	**2022[28]**	**2023**
Total number of processing suppliers	**no.**	**-**	**571**
Number of processing suppliers on whom significant environmental impacts have been identified[29] and actions have been planned	no.	-	4
Number of new processing suppliers (arising from company acquisitions in 2023)	no.	-	60
Number of new processing suppliers assessed in relation to environmental impacts	no.	-	58
Number of new processing suppliers on whom significant environmental impacts have been identified	no.	-	-

TABLE NO. 27: PROCESSING SUPPLIERS AND NEW PROCESSING SUPPLIERS AGAINST WHOM ENVIRONMENTAL ASSESSMENTS HAVE BEEN CARRIED OUT

28 The environmental assessment of processing suppliers, and new processing suppliers was strengthened by Gruppo Florence during 2023, which is why the figure for 2022 is not available.

29 In the evaluation matrix with a range from 1 to 4, where 1 indicates the highest significance, and 4 the lowest, processing providers who obtained a qualification result between 1 and 2 are included in the stated value.

HUMAN RIGHTS AS A PILLAR OF SUPPLIER QUALIFICATION ACTIVITIES



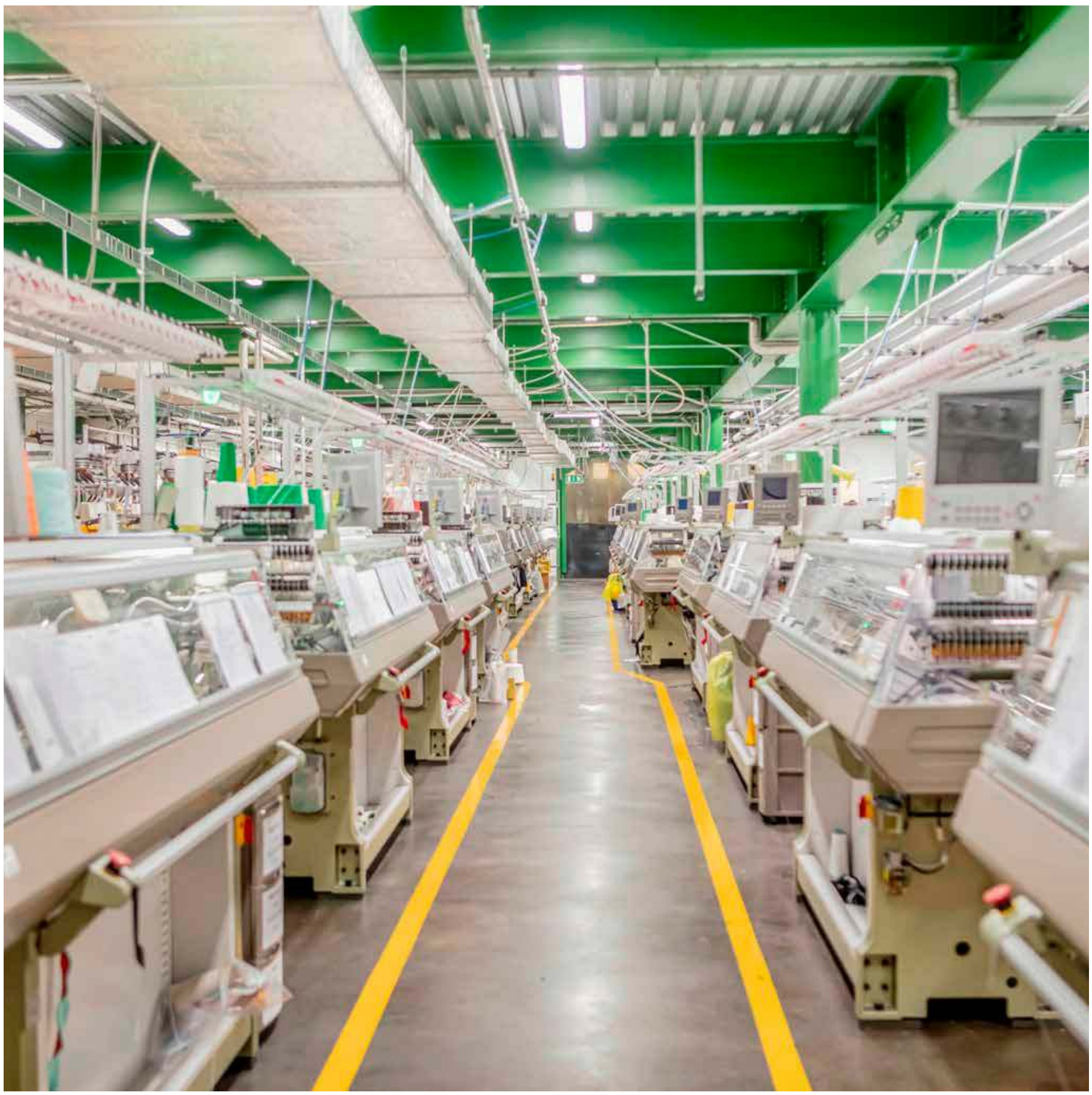
In developing the qualification and monitoring procedure for processing suppliers, and especially in preparing the check tools to be used during qualification audits, Gruppo Florence paid special attention to the issue of modern slavery.

Violations of human rights, and modern slavery in the production chain can manifest in different forms depending on the fundamental rights violated by the employer. For example, forced labor is an unjust condition in which workers are forced to perform their duties under threat or intimidation, without any possibility of vacation, leave, or adequate time off with respect to the efforts required. This form of employment, which is also known as modern slavery, is a fundamental denial of individual freedom, and human dignity.

Another form of violation of human rights is the restriction on freedom of association or collective bargaining. This risk is particularly significant in the supply chain of processing suppliers, which includes both small manufacturing firms, which are generally less prone to unionization, and large organizations operating in developing countries, where the protection of workers' rights does not receive the same attention given in Western countries. On the contrary, this risk is less present in the raw materials supply chain, which tends to consist of stronger organizational and union structures with greater bargaining power to negotiate respectful working conditions.

A final possible violation of human rights concerns the employment of children not yet of working age. Although this parameter varies according to national regulations, the International Labor Organization (ILO) defines child labor as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their physical and mental development.

MADE IN ITALY LUXURY BETWEEN TRADITION AND INNOVATION



The range of services offered by Gruppo Florence is distinguished by its uniqueness, authenticity, and quality of craftsmanship that bring the products of its customer brands to life.

Valuable craftsmanship know-how, rooted in the Italian fashion supply chain, characterizes the processes of all the Group's divisions, and is a priceless heritage, essential to guarantee customer and end-consumer satisfaction thanks to meticulous attention to detail, and a great passion for the product.
This heritage stems from the combination of knowledge from ancient Italian manufacturing traditions with a constant search for excellence based on technology and innovation, and with a view to preserving the value of craftsmanship, Gruppo Florence's supply chain is mainly composed of Italian suppliers.

In fact, the Group believes that it is essential to preserve and enhance such know-how on an ongoing basis, since this is the most valuable asset for its growth and development, together with the people who guard it.

TRAINING AS A BRIDGE BETWEEN TRADITION AND FUTURE IN ITALIAN MANUFACTURING.

In an era of rapid change and economic uncertainty, Gruppo Florence is committed to sustaining Italy's manufacturing tradition, preserving and enhancing craftsmanship. The challenge is twofold: addressing generational change, and making craftsmanship attractive to new generations.

THE CHALLENGE OF GENERATIONAL CHANGE

The Italian manufacturing industry, renowned for its excellence in fashion, is facing a crisis of generational change. The lack of young people willing to take the path of craftsmanship risks leaving a gap that is difficult to fill. In this context, training and the creation of culture becomes crucial not only for the livelihood of the industry, but also for its future development.

GRUPPO FLORENCE'S INITIATIVESE

With an awareness of this challenge, Gruppo Florence has taken some actions aimed at training The Hands of Fashion, ensuring a prosperous future for the industry.

Through projects such as the Academia Diffusa academy, the company offers training programs within its facilities, providing both theoretical and practical skills. These programs, carried out in collaboration with institutes such as Mita and Polimoda, and with the support of the Tuscany Regional Government, have already seen the participation of many local unemployed workers, who have been able to learn a trade, and discover the professional opportunities that the fashion supply chain can offer themionali che la filiera moda può offrire loro.

A FUTURE FOR SCHOOLS

Gruppo Florence's commitment does not stop here. The Adotta una Scuola (anzi mille!) (Adopt a school (actually a thousand)) project aims to improve the quality of vocational high schools, bringing them closer to the needs of businesses, and making the trades more attractive. Classroom testimonials, company visits, dual apprenticeship opportunities, and internship tracks are just some of the initiatives aimed at bringing education and industry closer together. To date we have formed partnerships with seventeen schools in eight regions. The Group's goal is to involve more and more institutions in order to strengthen collaboration with them.

COMPANY GROWTH AND INNOVATION

At the same time, Gruppo Florence also invests in up-skilling its employees in its Atelier di competenze (Skills workshop). Projects such as the 3D course, the BIG Academy for management training, and growth programs for the second generation of the Group's entrepreneurs bear witness to the company's commitment to improve the skills of its employees on an ongoing basis. These programs, ranging from leadership to digital transformation, are tailored to each lab and department, ensuring continuous and targeted professional growth.

360-DEGREE SUPPORT

Looking beyond its borders, Gruppo Florence also supports young emerging talents, and the economic sustainability of its supply chain. Collaboration with the best Italian and international design schools, such as Polimoda and Central Saint Martins, allows students to turn their creative ideas into reality, thanks to the technologies and means made available by the company. In addition, Gruppo Florence selects and supports young emerging designers, offering them the chance to make their debut on the fashion scene.

Finally, again in the area of training, the company is dedicated, through the Excellence Tour program, to improving the management skills of micro businesses in its supply chain. This includes assistance in managing traceability practices, production advancement, and the search for new talent to ensure adequate generational change.

CONCLUSION

In an uncertain economic and social environment, Gruppo Florence's commitment to training, and enhancing craft skills is a beacon of hope. Through an integrated and forward-looking approach, the company not only preserves the Italian manufacturing tradition, but also builds the foundation for an innovative and sustainable future.

With an integrated and forward-looking approach, Gruppo Florence is committed to preserving the Italian manufacturing tradition while working to build the foundation for an innovative and sustainable future in luxury, starting with the use of new technological tools. Since 2022, and throughout 2023, Gruppo Florence has continued in its digital innovation process, adopting new information technology tools to improve the efficiency of production processes without compromising the handcrafted quality of the workmanship. The accurate management of information about processes, products, business partners along the value chain, and employees is, in fact, crucial to the Group's evolution and transformation of business flows. The Group aims to gradually digitize all of its processes, implementing key technologies to optimize workflows, develop integrated business information management of Group companies, and implement innovative solutions for data collection and sharing along the entire production chain.

The strategic use of digital technologies offers an opportunity for business growth, creating value for Gruppo Florence and all stakeholders through a more informed and controlled management of environmental and social impacts. A significant initiative within the framework of the collaboration agreements that Gruppo Florence maintains with its business partners is the "R&D Club", a cross-functional working group created with the aim of coordinating research and development activities across, and in a synergistic manner among, the Group's companies and divisions, in order to develop innovative production processes and materials characterized by a reduced environmental impact. In the medium term, through the work performed by the members of the R&D Club, Gruppo Florence intends to invest in some of the solutions proposed to create valid environmentally friendly alternatives to the traditional materials that are currently used by its customer brands. Again with a view to coordinating and expanding the range of digital and innovative solutions adopted, Gruppo Florence is continuing its work on the Orchestra project, launched in 2022 and aimed at developing a Digital Development Competence Centre within which company staff and specialist third-party consultants maintain a constant exchange of views on the state of the art of the Group's digital systems, and the implementation of new tools aimed at supporting the achievement of Gruppo Florence's strategic objectives.

In addition to improving operational efficiency and effectiveness in order to offer quality services to customer brands, the integration of IT processes at the supply chain level creates an information connection between organizations in the fashion value chain, allowing the sustainability of processes to be assessed and improved from a holistic perspective that also involves second, third and fourth tier suppliers. Among the technological tools of greatest interest to Gruppo Florence, those dedicated to the monitoring and traceability of processes throughout the supply chain are solutions with great potential for improving the management of sustainability issues. Process traceability is, in fact, fundamental for the Group, since it is closely linked to the assessment of the legality and ethicality of business partners' activities, as well as to the understanding of the environmental, social and labor impacts of their operations. To this end, Gruppo Florence not only defines procedures to formalize the role and responsibilities of company contact persons in data collection, but also provides for the implementation of dedicated IT solutions.

An example of such digital tools is the Supply Chain Platform (SCP) system, aimed at increasing integration and efficiency between the Group and the supply chain, simplifying and speeding up the management, and monitoring of contracts, and supporting the supply chain's digitization and ecological transition program. The digital platform, entirely designed and realized by Gruppo Florence, can be used both via app and desktop, and includes various functionalities that minimize the effort, and the amount of information required from the supply chain operators. In addition, through the cloud-based mode, which allows information to be managed at central level, the Group is in direct contact with the operators in the supply chain. At the level of use, the Supply Chain Platform provides dedicated functionalities based on the role of the various players involved in Gruppo Florence's supply chain, both "Company users" and "supplier/subcontractor users." In the near future, Gruppo Florence intends to develop new IT systems that will make it possible to coordinate the collection of a wider range of information useful for sustainability reporting, in order to increasingly support the management and monitoring of the activities on which Gruppo Florence value chain is based.

A Supply Relationship Management (SRM) tool will be put in place to optimize, in a more integrated and streamlined manner, the current process of managing all the information needed to establish the relationship with our suppliers. This work will start from the very first, and fundamental phase of onboarding: the SRM toll will be complemented by a more vertical tool for the ESG area (Product Sustainability Platform, PSP), which will have as a fundamental objective to manage in a more structured way a set of specifications (compliance declarations, reputational audits, supply chain mapping, recursive auditing), and to apply specific methodologies (e.g., LCA calculation - Life Cycle Assessment). The PSP may be fed by multiple tools: by PLM (Product Life Cycle Management) to manage and systemically track sustainability information, and data useful for measuring environmental impact for raw materials, semi-finished, and finished products; by MES (Manufacturing Execution System) for any scrap data; by ERP (Enterprise Resource Planning) for tracking RM purchase batches; and by other third-party platforms for RM, and processing energy consumption indices.

These new tools (SRM, PSP, PLM, MES, and ERP) are within the broader Copernicus project, into which all IT architecture rationalization initiatives converge to support, and improve the present business processes.

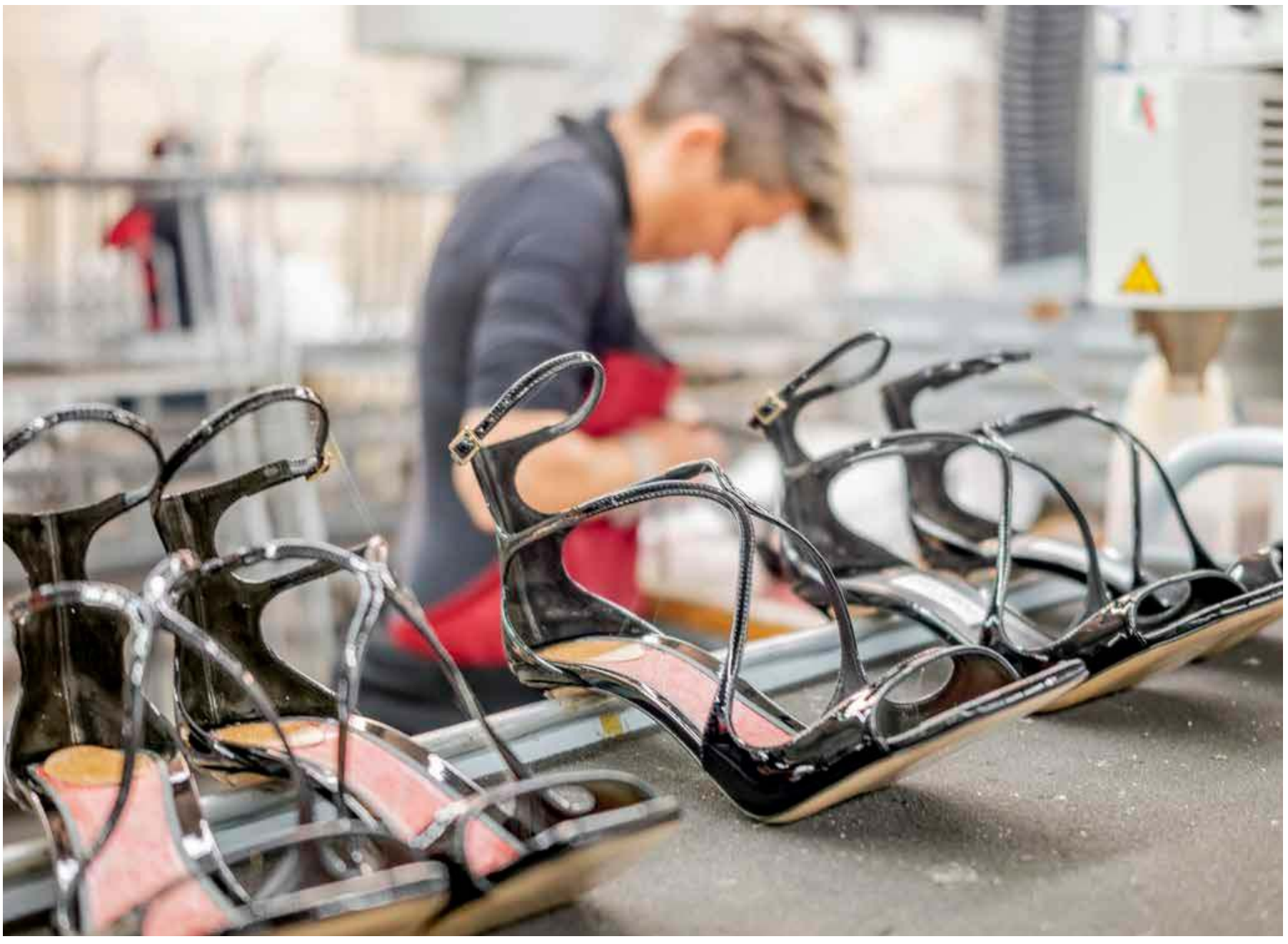
However, while new digital systems are a tool towards greater production efficiency, and simplified management of working activities, an increasingly frequent and pervasive use of such systems brings with it significant risks to the privacy and security of computer data. For this reason, the Group supports and promotes good practices for the proper management of the data of its employees, suppliers and customers. In the current reporting year, Gruppo Florence reported the absence of any cases of complaints received regarding breaches of its customers' privacy.

A major overhaul of the infrastructure is also planned within the Copernicus project to increase the level of data security while at the same time trying to improve the Group's energy efficiency.

30 Tier 2, 3 and 4 suppliers, i.e. suppliers upstream in the production chain, which provide Gruppo Florence organizations with materials or services needed to help create the finished products sold by customer brands.

DESIGNING A RESPECTFUL ENVIRONMENT FOR OUR STAFF: HOW WE PROMOTE WELL-BEING AND PROFESSIONAL GROWTH

PEOPLE'S WELL-BEING AT THE CENTER



Gruppo Florence places the well-being of its people at the centre of its sustainability vision. Indeed, the leadership of Gruppo Florence firmly believes that investing in people, and their well-being, is fundamental to the long-term success of the business. For this reason, Gruppo Florence is committed to promoting with determination a corporate culture based on respect for everyone, collaboration, and personal and professional development, with a view to creating a working environment that allows the full expression of individual and collective potential.

At the same time, the Group is aware of any possible inherent negative effects of business activities. Among the Group's main negative impacts on human resources is the psychological stress that employees may be subjected to during peak production periods, when customers launch seasonal collections. In fact, the need to meet the often stringent delivery times of production contracts agreed with customer brands could require extraordinary availability of workers. In order to prevent overtime work from becoming a habitual demand, causing potential stress damage, Gruppo Florence strives to agree realistic delivery times with customers that allow employees to maintain a healthy work-life balance.
In order to ensure a good work-life balance, Gruppo Florence offers employees whose duties allow it an agile work schedule, allowing them to work with flexible hours, and in ways that suit their personal needs. The Group also recognizes the health and safety risks of its workers, especially those who work inside production facilities near machinery and other equipment. For this reason, Gruppo Florence is constantly engaged in promotion and training aimed at reducing, and possibly eliminating, health and safety risks, thus creating a healthy and safe working environment. More details on the Group's commitment to health and safety can be found in the dedicated chapter.

In order to ensure that employee-related issues, including negative impacts, are always taken care of, and monitored on an ongoing basis, Gruppo Florence decided to centralize human resources management in 2023, firstly under the responsibility of the group's individual divisions or companies. The Human Resources function, which is now integrated at corporate level, allows for a more coordinated and strategic management of personnel, in line with the Group's strategic and operational objectives.

This organizational change makes it possible to optimize personnel selection, training, and development processes, guaranteeing all Group employees the same opportunities for growth and working conditions, regardless of their loca-

tion. In addition, the centralization of this function makes it possible to monitor - with a view to continuous improvement - personnel management practices, ensuring the adoption of high standards throughout the Group, including in light of the Group's continuous expansion, both in Italy and abroad.

As at 31 December 2023, the Group employed a total of 3,665 employees, recording an increase of 44% in workforce compared to 2022, when the total number of employees was 2,550. Of these, well over 90% are hired on permanent contracts, confirming the Group's intention to protect its employees by ensuring stable working conditions, both in Italy and abroad.

The 2022 figures reported in this chapter do not include new entities that have been integrated into the 2023 Sustainability Report as a result of acquisitions, and an expanded reporting boundary.

The number of non-employee workers also increased in 2023, from 101 to 148. In particular, during the current reporting period, the Group offered more than 30 internship contracts (compared to only 6 in 2022), as proof of its intention to train young talent that can contribute to the future development of the industry.

Temporary employees, who work mainly in production, tailoring, and warehousing, providing fundamental support to ensure the Group's success at peak times, also saw significant growth in 2023, equal to 59%. On the other hand, there was a significant decrease in the number of third-party collaborators relied on by Gruppo Florence during 2023.

Employees by contract	UoM	2022[31]			2023		
		Men	Women	Total	Men	Women	Total
Total employees at 31/12	**no.**	**518**	**2.032**	**2.550**	**748**	**2.917**	**3.665**
Italy	no	474	1.416	**1.890**	684	1.958	**2.642**
Open-ended contract	no.	454	1.350	**1.804**	629	1.825	**2.454**
Fixed-term contract	no.	20	66	**86**	55	133	**188**
Workers with non-guaranteed hours	no.	-	-	**-**	-	-	**-**
Poland	no.	7	151	**158**	8	159	**167**
Open-ended contract	no.	-	-	**-**	6	125	**131**
Fixed-term contract	no.	-	-	**-**	2	34	**36**
Workers with non-guaranteed hours	no.	-	-	**-**	-	-	**-**
Albania	no.	34	425	**459**	31	483	**514**
Open-ended contract	no.	-	-	**-**	31	483	**514**
Fixed-term contract	no.	-	-	**-**	-	-	**-**
Workers with non-guaranteed hours	no.	-	-	**-**	-	-	**-**
Romania	no.	3	40	**43**	17	95	**112**
Open-ended contract	no.	-	-	**-**	17	95	**112**
Fixed-term contract	no.	-	-	**-**	-	-	**-**
Workers with non-guaranteed hours	no.	-	-	**-**	-	-	**-**
Tunisia	no.	-	-	**-**	8	222	**230**
Open-ended contract	no.	-	-	**-**	8	222	**230**
Fixed-term contract	no.	-	-	**-**	-	-	**-**
Workers with non-guaranteed hours	no.	-	-	**-**	-	-	**-**

TABLE NO. 28: DIPENDENTI PER CONTRATTO

31 The headcount calculation methodology at 31/12 for the reporting years has been used.

Employees by worked hours	UoM	2022			2023		
		Men	Women	Total	Men	Women	Total
Total employees at 31/12	**no.**	**518**	**2.032**	**2.550**	**748**	**2.917**	**3.665**
Italy	no.	474	1.416	**1.890**	684	1.958	**2.642**
Full-time	no.	463	1.313	**1.776**	673	1.809	**2.482**
Part time	no.	9	105	**114**	11	149	**160**
Poland	no.	7	151	**158**	8	159	**167**
Full-time	no.	-	-	**-**	8	159	**167**
Part time	no.	-	-	**-**	-	-	**-**
Albania	no.	34	425	**459**	31	483	**514**
Full-time	no.	-	-	**-**	31	483	**514**
Part time	no.	-	-	**-**	-	-	**-**
Romania	no.	3	40	**43**	17	95	**112**
Full-time	no.	-	-	**-**	17	95	**112**
Part time	no.	-	-	**-**	-	-	**-**
Tunisia	no.	-	-	**-**	8	222	**230**
Full-time	no.	-	-	**-**	8	222	**230**
Part time	no.	-	-	**-**	-	-	**-**

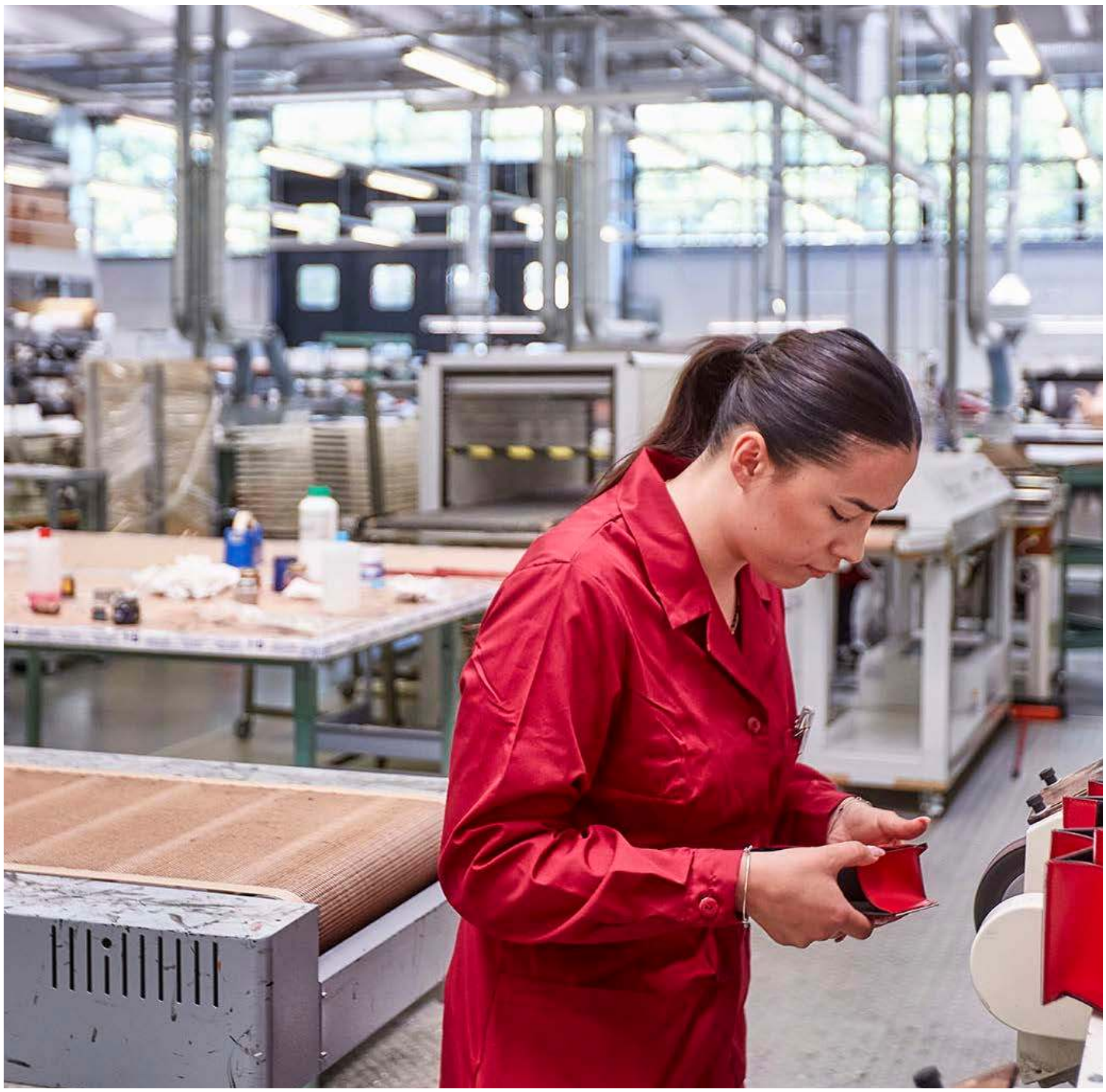
TABLE NO. 29: EMPLOYEES BY WORKED HOURS

Non-employee worker[32]	UoM	2021			2022		
		Men	Women	Total	Men	Women	Total
Total non-employee workers at 31/12	**no.**	**41**	**60**	**101**	**37**	**111**	**148**
Interns	no.	3	3	**6**	6	28	34
Temporary workers	no.	19	49	**68**	26	82	108
Third-party collaborators	no.	19	8	**27**	5	2	7

TABLE NO. 30: NON-EMPLOYEE WORKERS

32 Data for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM Sarl are not available: the scope of the indicator therefore only includes the Group's Italian companies.

INVESTING IN THE PERSONAL AND PROFESSIONAL GROWTH OF THE TEAM



Gruppo Florence recognizes the importance of creating and maintaining a working environment where employees can plan their professional and personal growth, in order to ensure satisfaction and motivation during their working activities. Gruppo Florence chooses to invest in its human capital, training the talents that will be able to support and guide the Group's development in the future. By investing in training, it aims to become a leading company in the fashion industry that promotes innovative and effective solutions to address key issues such as the sustainable management of resources, the development of environmentally friendly production practices, and the implementation of new technologies for the transmission of information in the fashion supply chain. This is the only way to meet the challenges of an ever-changing environment.

During 2023, Gruppo Florence continued to strengthen its training offer in order to make the entire Group fully aware of the main sustainability challenges related to its business, aiming at creating a stimulating, and proactive working environment, capable of combining the issues of innovation, efficiency, and social and environmental responsibility. Through a complete mapping of the skills present within its organization, Gruppo Florence is able to exploit the synergies present among the various contact persons in the divisions, thus maximizing the potential of its workforce through col-

laboration, and the sharing of these skills. At the same time, the mapping work makes it possible to identify any gaps to be filled by means of specific training, such as, for example, specialist training courses in the field of modeling, or training events dedicated to soft skills for managerial positions.

Through the Academia project, Gruppo Florence pursues its goal of shaping a central hub set up specifically to offer learning opportunities, and talent development initiatives, with the ultimate aim of protecting craft skills, and identifying the organization's future leaders. Gruppo Florence has set up company up-skilling projects run by the divisions to improve employees' knowledge and skills, as well as programs focused on leadership development, technical and communication skills, and digital transformation, offered through online training, classroom sessions, workshops, seminars, and conferences. As part of this project, Gruppo Florence is also offering intensive three- to six-month courses aimed at providing training opportunities for unemployed people, or first-time jobseekers, which are essential for embarking on a career in the fashion industry, preparing specialist professionals for roles such as tailors, prototypists, and patternmakers.

In 2023, the total number of training hours was 4,647, of which 3,963 were delivered to women, and 684 to men. There was a slight increase in the figure for executives while there was a decrease in the number of training hours provided to office workers, manual workers, and middle managers.

Training not only improves employees' technical and interpersonal skills, but also fosters their involvement in achieving corporate sustainability goals, encouraging them to become promoters of good practices, both inside and outside the organization. With this in mind, making employees aware of environmental and social issues is the first step towards creating an organizational culture that is aware of, and committed to sustainability.

In 2023 too, Gruppo Florence provided hours of specific training in the field of sustainability. During the current reporting year, training involved white-collar staff for a total of 120 hours, of which 40 hours were provided to men, and 80 hours to women.

Total hours of training [33]	UoM	2022[34]			2023		
		Men	Women	Total	Men	Women	Total
Total	ore	2.161,00	4.947,50	**7.097,00**	684,00	3.963,00	4.647,00
Manual workers	ore	1.411,00	2.946,00	**4.357,00**	334,00	2.242,00	2.576,00
Office workers	ore	643,00	1.939,50	**2.573,50**	221,00	1.647,00	1.868,00
Middle Managers	ore	48,00	62,00	**110,00**	71,00	26,00	97,00
Executives	ore	68,00	-	**68,00**	58,00	48,00	106,00
Average Hours	ore	4,23	2,62	**2,78**	1,00	2,02	1,76
Manual workers	ore	3,89	2,05	**2,31**	1,50	1,61	1,39
Office workers	ore	5,03	4,53	**4,65**	1,21	3,08	2,61
Middle Managers	ore	4,80	5,64	**5,24**	2,84	1,08	1,98
Executives	ore	5,67	-	**2,72**	2,76	6,00	3,66

TABLE NO. 31: TOTAL AND AVERAGE HOURS OF TRAINING

33 The breakdown by professional category for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l. is not available: the perimeter of the indicator therefore only includes the Group's Italian companies.

34 The figure for total hours, and average hours of training in 2022 was revised from that published in the previous report due to a transposition error.

CHALLENGER
RACER
ML

GRUPPO FLORENCE TOWARDS AN INCREASINGLY INCLUSIVE ENVIRONMENT, RESPECTING EQUALITY AND DIVERSITY

Since its foundation, Gruppo Florence has been engaged in the creation of a working environment based on the principles of equality, respect, and inclusion. The Group proudly promotes the evolution of the fashion industry, aiming to create entities in which production efficiency is integrated with a constant focus on human values, and respect for people. This commitment, maintained over the years, has made it possible to shape a working environment in which every employee is able to express themselves freely, and which make them feel valued.

Gruppo Florence adopts a fair and inclusive approach towards people, starting with the recruitment process, assessing candidates on the basis of their merit, and required skills. The company's recruitment policies are also aimed at promoting, and enhancing diversity among employees, and aimed at ensuring equal opportunities for candidates with different working, and cultural backgrounds. This merit-based selection process offers professional development opportunities to those who demonstrate that they possess the characteristics required by the Group, without discrimination based on gender, age, ethnicity, disability, or other personal characteristics.

The Group's employees are required to fully comply with the key ethical and behavioral principles of the document. With this in mind, Gruppo Florence is committed to training employees on the importance of respecting the Code of Ethics, and to supporting the application of ethical and fair behavior in the performance of everyday working activities.

Furthermore, Gruppo Florence has adopted policies and preventive measures to prevent the occurrence of incidents of abuse and discrimination in the workplace, such as the computerized whistleblowing system prescribed by the relevant legislation. Through this tool, all the Group's stakeholders, whether internal or external, can report a suspected unlawful act in a completely anonymous form, with full respect for the privacy, and safety of the reporting party. The purpose of the IT system is therefore to discourage improper and unethical behavior, thus ensuring a protected, and respectful working environment. As proof of the Group's commitment, and the effectiveness of the awareness-raising and preventive measures put in place, there were zero incidents of discrimination reported during 2023.

Gruppo Florence carefully monitors the human capital diversity parameters, the details of which are shown in the tables below.

Employees by professional category, age, gender and Country[35]	UoM	2022			2023		
		Men	Women	Total	Men	Women	Total
Total employees at 31/12	**no.**	**518**	**2.032**	**2.550**	**748**	**2.917**	**3.665**
Italy	no.	474	1.416	1.890	684	1.958	2.642
Manual workers	no.	330	1.014	1.344	456	1.392	1.848
Age less than 30 years	no.	57	127	184	90	210	300
Age between 30 and 50 years (inclusive)	no.	147	437	584	230	632	862
Age over 50 years	no.	126	450	576	136	550	686
Office workers	no.	123	388	511	182	534	716
Age less than 30 years	no.	22	52	74	34	91	125
Age between 30 and 50 years (inclusive)	no.	53	221	274	85	305	390
Age over 50 years	no.	48	115	163	63	138	201
Middle managers	no.	9	11	20	25	24	49
Age less than 30 years	no.	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	no.	4	8	12	14	19	33
Age over 50 years	no.	5	3	8	11	5	16
Executives	no.	12	3	15	21	8	29
Age less than 30 years	no.	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	no.	6	1	7	10	4	14
Age over 50 years	no.	6	2	8	11	4	15
Poland	no.	7	151	158	8	159	167
Albania	no.	34	425	459	31	483	514
Romania	no.	3	40	43	17	95	112
Tunisia	no.	-	-	-	8	222	230
Percentages compared to the total at 31/12	%	20	80	100	20	80	100
Italy	%	19	-	74	19	54	73
Manual workers	%	13	40	53	12	38	50
Age less than 30 years	%	2	5	7	2	6	8
Age between 30 and 50 years (inclusive)	%	6	17	23	6	17	23
Age over 50 years	%	5	18	23	4	15	19
Office workers	%	5	15	20	5	15	20
Age less than 30 years	%	1	2	3	1	2	3
Age between 30 and 50 years (inclusive)	%	2	9	11	2	8	10
Age over 50 years	%	2	4	6	1	4	5
Middle managers	%	-	-	1	1	1	2
Age less than 30 years	%	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	%	-	-	-	-	1	1
Age over 50 years	%	-	-	-	-	-	0
Executives	%	-	-	1	1	-	1
Age less than 30 years	%	-	-	-	-	-	-
Age between 30 and 50 years (inclusive)	%	-	-	-	0	-	-
Age over 50 years	%	-	-	-	-	-	-
Poland	%	-	6	6	-	4	4
Albania	%	1	17	18	1	13	14
Romania	%	-	2	2	-	3	3
Tunisia	%	-	-	-	-	6	6

TABLE NO. 32: EMPLOYEES BY AGE GROUP

35 The headcount calculation methodology at 31/12 for the reporting years has been used. In addition, the breakdown by age group for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM Sarl is not available.

Gruppo Florence considers it crucial to invest in the Group's ability to attract, hire and retain new talent in every age group. The year 2023 saw the number of new hires by the Group almost double, most of which took place in Italy.

For the current reporting year, Gruppo Florence supplemented the information on new entries into the Group with data on exits, broken down by age group, and gender, for the Italian territory. The total number of exits was 221, of whom 151 are women, and 70 men.

Gruppo Florence also recognizes the importance of collective bargaining as a tool to reduce inequalities in the workplace, and to build a strong and constructive relationship with its employees. This process helps to create a more equitable working environment, enabling employees to negotiate fair and favorable working conditions. All Group employees, including those working in foreign offices, are hired through the adoption of collective bargaining agreements in force in the territories where Gruppo Florence operates.

The Group is committed to ensuring gross annual salaries that are in line with the market, and reflect the actual experience and expertise of candidates. This is key to attracting and retaining high-level talent, ensuring that staff are fairly remunerated, and motivated to achieve goals of excellence.

The amount of remuneration is established in line with the Group's remuneration policy, and takes into account the average remuneration per professional profile, job function, and contractual classification, as well as the average market remuneration proposed for the professional profile sought.

In order to optimize the remuneration structure, Gruppo Florence carries out periodic performance reviews that allow it to assess performance, identify growth opportunities, and adjust remuneration based on the results achieved, and the skills acquired over time by its employees. In addition, pay increase plans are included in employment contracts, which include bonuses linked to the achievement of specific company objectives, and Long-Term Incentive (LTI) plans.

no. of New hires	UoM	2022[36]			2023[37]		
		Men	Women	Total	Men	Women	Total
Total hires at 31/12	**no.**	**109**	**283**	**392**	**147**	**541**	**688**
Italy	no.	109	283	392	136	335	471
Age less than 30 years	no.	30	69	99	49	97	146
Age between 30 and 50 years (inclusive)	no.	47	143	190	62	161	223
Age over 50 years	no.	32	71	103	25	77	102
Poland	no.	-	-	-	1	16	17
Albania	no.	-	-	-	9	127	136
Romania	no.	-	-	-	1	3	4
Tunisia	no.	-	-	-	-	60	60

TABLE NO. 33: NEW HIRES

These schemes are designed by the Human Resources Department with the support of the Group's Chief Executive Officer during the budgeting phase in order to align the interests of employees with those of the company, thus incentivizing constant, easily measurable, and long-term commitment.

The table below shows the figures for employees who received a periodic appraisal of their performance, and professional development, with specific regard to those who received the MBO (Management by Objectives) bonus in 2023. Out of a total of 45 employees, including 15 women, and 30 men, the Middle Managers and Executives categories are those most subject to periodic performance appraisals.

36 The data for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., and Durantina S.r.l. are not available: therefore, the reporting boundary with reference to the year 2022 includes only the Italian companies of the Group.

37 The breakdown by age group for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l. is not available.

Rate of new hires (positive turnover)	UoM	2022[38]			2023[37]		
		Men	Women	Total	Men	Women	Total
Percentages compared to the total at 31/12		**23,00**	**19,99**	**20,74**	**19,65**	**18,55**	**18,77**
Italy	%	23,00	19,99	20,74	19,88	17,11	17,83
Age less than 30 years	%	37,97	38,55	38,37	39,52	32,23	34,35
Age between 30 and 50 years (inclusive)	%	22,38	21,44	21,66	18,29	47,49	65,78
Age over 50 years	%	17,30	12,46	13,64	11,31	11,05	11,11
Poland	%	-	-	-	12,50	10,06	10,18
Albania	%	-	-	-	29,03	26,29	26,46
Romania	%	-	-	-	5,88	3,16	3,57
Tunisia	%	-	-	-	-	27,03	26,09

TABLE NO. 34: POSITIVE TURNOVER

38 The data for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., and Durantina S.r.l. were not available in 2022: therefore, the reporting boundary with reference to the year 2022 includes only the Italian companies of the Group.

no. of Exits [39]	UoM	2023		
		Men	Women	Total
Total	**no.**	**70**	**151**	**221**
Age less than 30 years	no.	31	30	61
Age between 30 and 50 years (inclusive)	no.	23	71	94
Age over 50 years	no.	16	50	66

TABLE NO. 35: EXITS

Rate of exits (negative turnover) [40]	UoM	2023		
		Men	Women	Total
Total	**%**	**10,23**	**7,71**	**8,36**
Age less than 30 years	%	25,00	9,97	14,35
Age between 30 and 50 years (inclusive)	%	6,78	7,40	7,24
Age over 50 years	%	7,24	7,17	7,19

TABLE NO. 36: NEGATIVE TURNOVER

39 The data for the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l. are not available: therefore, the perimeter of the indicator only includes the Italian companies of the Group.

40 Ibid.

41 Ibid.

Employees subjected to periodic performance appraisal[41]	UoM	2023		
		Men	Women	Total
Total employees at 31/12	no.	30	15	**45**
Manual workers	no.	-	-	**-**
Office workers	no.	10	3	**13**
Middle managers	no.	7	7	**14**
Executives	no.	13	5	**18**
Percentage of employees at 31/12	%	4	1	**2**
Manual workers	%	-	-	**-**
Office workers	%	5	1	**2**
Middle managers	%	28	29	**29**
Executives	%	62	63	**62**

TABLE NO. 37: EMPLOYEES SUBJECTED TO PERIODIC PERFORMANCE APPRAISAL

Finally, the figure on the annual total remuneration rate is given, which is calculated as the ratio of the annual total remuneration of the highest-paid person to the median annual total remuneration of all employees.

Annual total remuneration rate[42]	UoM	2022	2023
Total annual remuneration of the highest-paid individual in the organization	€	200.000	378.462
Median of the annual total remuneration of all employees, excluding the highest-paid individual	€	23.077	23.101
Annual total remuneration rate	**%**	**8,67**	**16,38**

TABLE NO. 38: ANNUAL TOTAL REMUNERATION RATE

42 Ibid.

In its objective assessment of skills and performance, Gruppo Florence aims to definitively eliminate unequal treatment based on gender by committing to balance the salaries paid to its employees, regardless of gender, and other individual characteristics of the person not related to merit.

This path can also be seen in this reporting document, where the figure for the average salary ratio by gender has increased significantly compared to last year for middle managers and executives while remaining almost unchanged for the other job categories.

Average salary ratio by gender[43]	UoM	2022			2023		
		Men	Women	Ratio (%)	Men	Women	Ratio (%)
Manual workers	€	24.414	22.463	0,92	24.456	22.498	0,92
Office workers	€	37.269	31.875	0,86	36.811	31.114	0,85
Middle managers	€	78.651	70.219	0,89	72.239	78.420	1,09
Executives	€	122.567	89.167	0,73	139.107	103.991	0,75

TABLE NO. 39: RATIO OF BASIC SALARY TO REMUNERATION OF WOMEN COMPARED TO MEN

Average remuneration ratio by gender[44]	UdM	2022			2023		
		Men	Women	Ratio (%)	Men	Women	Ratio (%)
Manual workers	€	-	-	-	24.456	22.498	0,92
Office workers	€	-	-	-	37.036	31.169	0,84
Middle managers	€	-	-	-	74.343	82.912	1,12
Executives	€	-	-	-	175.493	127.053	0,72

TABLE NO. 40: RATIO OF REMUNERATION WOMEN COMPARED TO MEN

43 Ibid.

44 Ibid.

OUR COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

In the context of the production activities that characterize the various types of business of its divisions, Gruppo Florence is confronted on a daily basis with the complex management of risks associated with the health of workers; if they are not adequately managed, this can lead to the occurrence of accidents, or the contraction of occupational diseases.

The Group is committed to minimizing any residual risk in order to guarantee a healthy and safe working environment, although it is aware that work-related risks cannot be completely eliminated since they are an intrinsic element of the manufacturing activities carried out within the organization's production (and administrative) sites.

As from November 2023, all issues related to occupational health and safety, previously managed by the teams of the individual divisions, have been supervised, and overseen by a single company Health & Safety team, set up at the end of the year, in order to ensure efficient and effective management throughout the Group, and to ensure the standardized and cross-sector application of the corporate guidelines. This team is made up of a Safety Manager, Prevention and Protection Service Managers (RSPPs), and designated contact persons in the divisions, and is supported by third-party professionals, such as consultants and competent doctors.

The team is committed to meeting annually to analyze the events and changes that occurred during the year, assessing any emerging needs, and situations requiring special interventions, especially in the highest risk contexts.

With the aim of limiting and mitigating both accident risks, and risks associated with occupational diseases, safety measures have been put in place, which aim to reduce the mapped risk to a so-called "acceptable" level, with a view to ensuring the full safety of employees working in ordinary operating conditions, and suitable for providing emergency procedures and guidelines to properly manage any anomalies that could lead to an increase in risks. With this in mind, the Risk Assessment Documents (DVR), and other analyses specific to the contexts in which the divisions and subsidiaries operate are periodically updated by Gruppo Florence based on the identification of new potential health and safety risks for workers. The DVR is drawn up with the aim of identifying and assessing the risks that are taken into consideration by the Company Doctor for the drafting of the Company Health Protocol. The Health Protocol envisages a list of health checks applied on an annual basis, specific to each work activity, which are aimed at immediately identifying any situations that pose a risk to the worker's health, and any related corrective measures.

Pursuant to the relevant National Collective Labor Agreement (CCNL), the Group also offers its workers a supplementary healthcare fund through SANIMODA, an entity that aims to meet the needs and requirements of workers by offering integrated healthcare benefits with the National Health System (NHS). Membership is supported by a monthly contribution paid by the company.

The supervision of occupational safety is extended to everyone involved in Gruppo Florence's operations, including

those who carry out various activities in the workplace, such as cleaning, maintenance, and installation of machinery, or IT systems.

The Group has also found it necessary to address the risk of interference between these various activities by outlining the Single Interference Risk Assessment Documents (DUVRI), for prudent management of such situations.

Each specific risk identified is updated with a view to continuous improvement, and in compliance with the timelines defined in accordance with Legislative Decree 81/2008 ("Consolidated Occupational Safety Act"), either as a result of substantial changes in the process or workplaces, or following any regulatory updates published in the Official Gazette.

The methodology adopted for the identification and assessment of risks in the drafting of the DVR and DUVRI includes:

- lthe definition of work tasks, grouping different activities into homogeneous groups;
- the identification of sources of risk, pursuant to Legislative Decree 81/2008;
- the identification of safety measures taken to reduce the risk associated with the various activities;
- an accurate risk assessment for the tasks involved;
- operational checks necessary to maintain the level of residual risk achieved over time;
- the definition, where necessary, of improvement actions to be taken to further reduce the level of Residual Risk (RR).

The table below shows the data on the injury rate in the workplace[45] for the year, down from 2022.

Occupational injuries	2022		2023	
	No.	Rate (%)	No.	Rate (%)
Number of hours worked[46]	4.387.166		5.328.960	
Number and rate of accidents at work	13	2,96	9	1,69

TABELLA N 41: OCCUPATIONAL INJURIES

Workers employed by Gruppo Florence receive training in occupational safety, in accordance with the provisions laid down by Legislative Decree 81/2008, and State-Regions Agreements, which assumes great importance within the organization, where general and specific training courses are provided, which are supplemented by additional courses dedicated to supervisors, emergency staff, personnel qualified to drive forklifts, and Workers' Safety Representatives (RLS).

In addition, for personnel whose duties involve the use of machinery that poses specific, non-negligible risks to workers' health or safety, specialist training is provided on the safe use of equipment.

Since the issues related to health and safety management are of primary importance to Gruppo Florence, it aims during 2024 to maintain for companies that had already implemented a safety management system - ISO 45001:2018, and extend it to other production sites the ISO 45001 certification for the company that holds the main Italian plants, Gruppo Florence S.r.l..

Below are the divisions that hold ISO 45001:2018 as at 31 December 2023:

- **Giuntini;**
- **Antica Valserchio;**
- **Maglificio Leonello Spagnol;**
- **Maglificio Erika**
- **Trend**

The ISO 45001 certification has enabled divisions to take a proactive and comprehensive approach to risk management, with detailed examination of risks to all stakeholders throughout all company processes. It requires the creation of specific procedures for reporting near misses, thus providing workers with a direct channel for managing these issues.

This is essential to ensure safe working environments, allowing employees to communicate directly with managers, and contribute to the improvement of working conditions.

The table below shows below the number of workers covered by the health and safety management system, with a breakdown of the proportion of workers covered by a system subject to internal audit, and workers covered by a system subject to third-party ISO 45001 certification.

Finally, Gruppo Florence is committed to mitigating, and hopefully zeroing out, any negative impact on the health and safety of its business partners' workers. The qualification of suppliers, both from a social-ethical point of view, and in terms of occupational safety, is of fundamental importance to the Group, which intends to guide its suppliers towards improving the working conditions of workers in the supply chain.

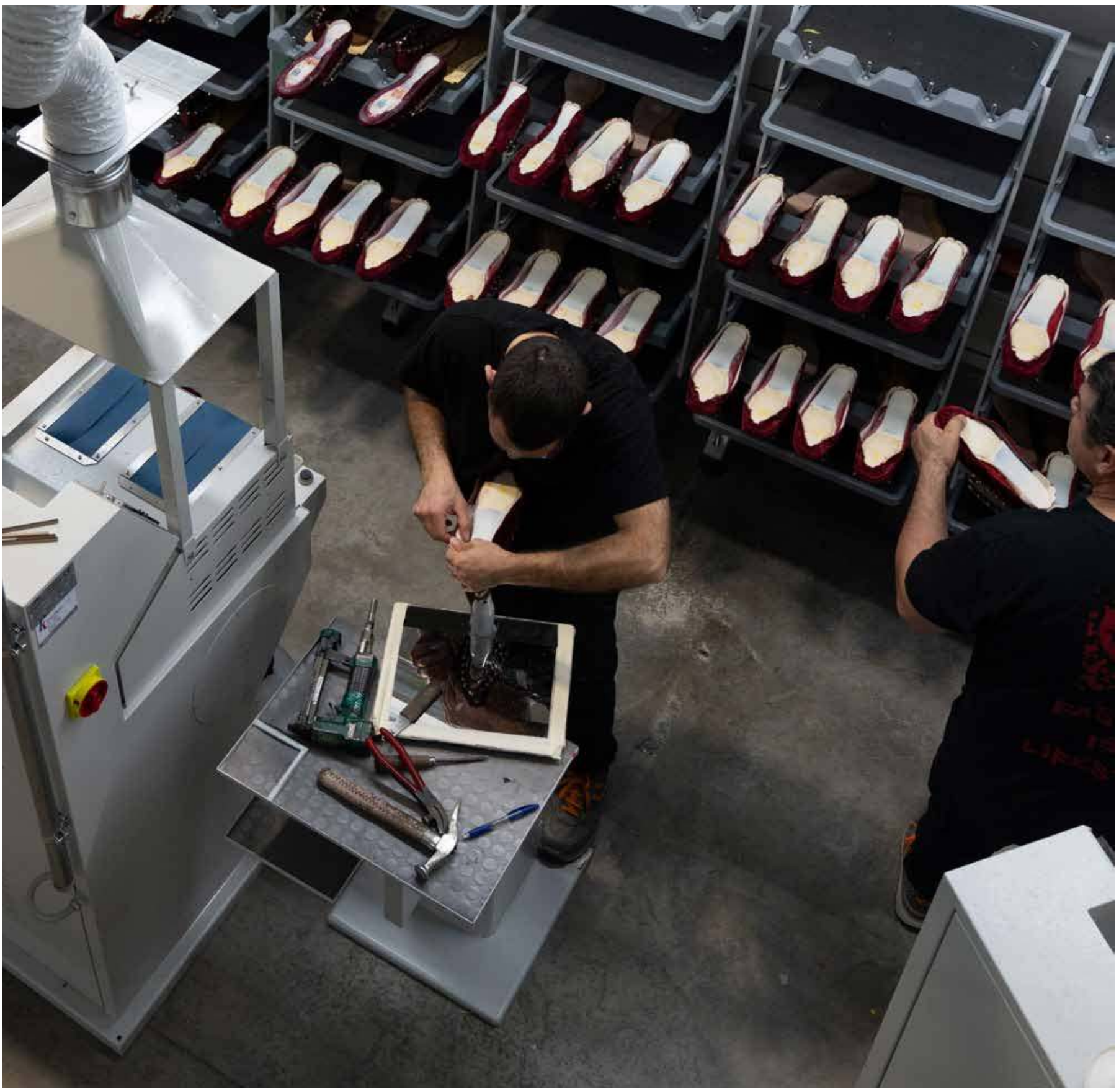
45 The occupational injury rate is calculated as the ratio of the number of recordable injuries to the number of hours worked, multiplied by 1,000,000.

46 The figure for hours worked is estimated from hours envisaged as per contract. The estimate does not include the foreign companies Pph Eurotex sp.z o.o., Ambra SH.P.K., Durantina S.r.l., and CIM S.a.r.l.: therefore, the perimeter of the indicator only includes the Group's Italian companies.

Employees covered by an occupational health and safety management system	2022		2023	
	No.	Rate (%)	No.	Rate (%)
Total employees	**2.250**	**100**	**3.665**	**100**
Workers covered by an occupational health and safety management system	2.250	100	3.665	100
Workers covered by a system subject to internal audit	-	-	3.665	100
Workers covered by an externally certified occupational health and safety management system (ISO 45001)	494	19	550	15

TABELLA N 42: WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Gruppo Florence, through a detailed and exhaustive evaluation process, verifies the safety safeguards in place at its suppliers, scoring them accordingly. If necessary, the Group identifies and schedules improvement actions, and follow-up audits to establish that any issues identified have been actually resolved.



GRI CONTENT INDEX

STATEMENT OF USE	Gruppo Florence has reported information with reference to GRI Standards for the period from 1 January 2023 to 31 December 2023.
GRI 1 HAS BEEN USED	GRI 1 – Foundation - version 2021 has been used

GRI STANDARD	DISCLOSURE	PARAGRAPH	PAGE
INFORMATIVE GENERALI			
GRI 2 – INFORMATIVA GENERALE 2021	2-1 Organizational details	Methodological Note	Page 4
	2-2 Entities included in the organization's sustainability reporting	Methodological Note	Pages from 4 to 5
	2-3 Reporting period, frequency, and contact point	Methodological Note	Page 4
	2-4 Restatements of information	Methodological Note	Page 4 Page 6
	2-5 external assurance	Methodological Note	Page 6
	2-6 Activities, value chain and other business relationships	Group Vision and Pillars Past, present and future of the Group that is revolutionizing the Luxury supply chain	Pages from 8 to 20
	2-7 Employees	People's well-being at the center	Pages from 70 to 72
	2-8 Workers who are not employees	People's well-being at the center	Pages from 70 to 72
	2-9 Governance structure and composition	Corporate Governance for business integrity and success	Pages from 21 to 22
	2-10 Nomination and selection of the highest governance body	Corporate Governance for business integrity and success	Page 21
	2-11 Chair of the highest governance body	Corporate Governance for business integrity and success	Page 21
	2-12 Role of the highest governance body	Corporate Governance for business integrity and success	Pages from 21 to 22
	2-13 Delegation of responsibility for managing impacts	Corporate Governance for business integrity and success	Pages from 21 to 22
	2 -14 Role of the highest governance body in sustainability reporting	Corporate Governance for business integrity and success	Pages from 21 to 22
	2 -15 Conflicts of interest	Corporate Governance for business integrity and success	Pages from 21 to 22
	2 -16 Communication of critical concerns	Corporate Governance for business integrity and success	Page 21 Page 22 Page 23
	2 -17 Collective knowledge of the highest governance body	Corporate Governance for business integrity and success	Page 22
	2-20 Process to determine remuneration	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity	Page 76 Page 78 Pages from 81 to 82
	2-21 a) Annual total compensation ratio	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity	Page 81
	2-22 Statement on sustainable development strategy	Letter to Stakeholders Strategy and objectives: the Sustainability Agenda	Page 3 Page 29 Page 30
	2-25 Processes to remediate negative impactsi	Strategy and objectives: the Sustainability Agenda	Pages from 29 to 30
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance for business integrity and success	Pages from 21 to 22
	2-27 Compliance with laws and regulations	Corporate Governance for business integrity and success	Page 21 Page 23
	2-30 Collective bargaining agreements	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity	Page 78

GRI STANDARD	DISCLOSURE	PARAGRAPH	PAGE
MATERIAL TOPICS			
GRI 3 – MATERIAL TOPICS 2021	3-1 Process to determine material topics	Priorities and relevant topics: materiality analysis	Page 26 Page 27 Page 28
	3-2 List of material topics	Priorities and relevant topics: materiality analysis	Page 26 Page 27 Page 28
ETHICAL GOVERNANCE			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Corporate Governance for business integrity and success	Page 22 Page 23
GRI 205 – ANTI-CORRUPTION 2016	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance for business integrity and success	Page 23
GRI 206 – ANTI-COMPETITIVE BEHAVIOR 2016	206 -1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practicese	Corporate Governance for business integrity and success	Page 23
REDUCING EMISSIONS INTO THE ATMOSPHERE			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	A step toward reducing carbon emissions Awareness and Action: Measuring and Reducing our Carbon footprint	Pages from 34 to 42
GRI 302 - ENERGY 2016	302-1 Energy consumption within the organization	A step toward reducing carbon emissions	Page 35
	302-3 Energy intensity	A step toward reducing carbon emissions	Page 36
GRI 305 – EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Awareness and Action: Measuring and Reducing our Carbon footprint	Page 40 Page 41 Page 42
	305-2 Energy indirect (Scope 2) GHG emissions	Awareness and Action: Measuring and Reducing our Carbon footprint	Page 40 Page 41 Page 42
	305-3 Other indirect (Scope 3) GHG emissions	Awareness and Action: Measuring and Reducing our Carbon footprint	Page 40 Page 41 Page 42
	305-4 GHG emissions intensity	Awareness and Action: Measuring and Reducing our Carbon footprint	Page 42
CIRCULARITY OF PRODUCTION			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Transition to a circular fashion system Material sourcing: quality and sustainability	Page 43 Pages from 44 to 48 Page 62
GRI 306 – WASTE 2020	306-1 Waste generation and significant waste-related impacts	Transition to a circular fashion system	Page 43 Pages from 45 to 46
	306-2 Management of significant waste-related impacts	Transition to a circular fashion system	Page 43 Pages from 45 to 46
	306-3 Waste generated	Transition to a circular fashion system	Pages from 43 to 44
	306-4 Waste diverted from disposal	Transition to a circular fashion system	Page 45 Page 46
	306-5 Waste directed to disposal	Transition to a circular fashion system	Page 47 Page 48
GRI 306 – MATERIALS 2016	301-1 Materials used by weight or volume	Material sourcing: quality and sustainability	Page 62

GRI STANDARD	DISCLOSURE	PARAGRAPH	PAGE
PROTECTION OF WATER RESOURCES			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topicsi	Our commitment to safeguarding precious water resources	Page 49 Page 50
GRI-303 - WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	Our commitment to safeguarding precious water resources	Page 49
	303-2 Management of water discharge-related impacts	Our commitment to safeguarding precious water resources	Page 49
	303-3 Water withdrawal	Our commitment to safeguarding precious water resources	Page 49 Page 50
	303-4 Water discharge	Our commitment to safeguarding precious water resources	Page 49 Page 50
	303-5 Water consumption	Our commitment to safeguarding precious water resources	Page 49
RODUCTION EXCELLENCE			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Made in Italy Luxury between tradition and innovation	Page 66 Page 67 Page 68
CREATION OF SHARED VALUE			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Creation of shared value – The social and collaborative mission The first steps towards the protection of Biodiversity Priorities and relevant topics: materiality analysis	Page 26 Page 27 Page 54 Page 56 Pages from 57 to 60
GRI 201 – ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Creation of shared value – The social and collaborative mission	Page 56 Page 57 Page 58 Page 59
	201-4 Financial assistance received from government	Creation of shared value – The social and collaborative mission	Page 56 Page 59 Page 60
GRI 207: IMPOSTE 2019	207-1 Approach to tax	Creation of shared value – The social and collaborative mission	Page 59 Page 60
	207-2 Tax governance, control, and risk managemen	Creation of shared value – The social and collaborative mission	Page 59 Page 60
	207-3 Stakeholder engagement and management concerns related to tax	Creation of shared value – The social and collaborative mission	Page 59 Page 60
GRI 304 - BIODIVERSITY 2016	GRI 304-2 Significant impacts of activities, products and services on biodiversity	The first steps towards the protection of Biodiversity Priorities and relevant topics: materiality analysis	Page 54 Page 26 Page 27
DIGITAL INNOVATION AND PROCESS TRACEABILITY			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Made in Italy Luxury between tradition and innovatione	Page 68
GRI 418 – CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Made in Italy Luxury between tradition and innovation	Page 68
SUPPLY CHAIN ESG LEADERSHIP			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	The Group's role in promoting a more sustainable Made in Italy supply chain Supplier evaluation: a crucial element	Page 61 Page 62 Page 63 Page 64
GRI 308 - SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	GRI 308- 1 New Suppliers that were screened using environmental criteria	Supplier evaluation: a crucial element	Page 64
	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	Supplier evaluation: a crucial element	Page 63 Page 64
GRI 414 - VALUTAZIONE SOCIALE DEI FORNITORI 2016	414-1 Nuovi fornitori che sono stati selezionati utilizzando criteri sociali	Supplier evaluation: a crucial element	Page 63
	414-2 Impatti sociali negativi nella catena di fornitura e azioni intraprese	Supplier evaluation: a crucial element	Page 63 Page 64
ENHANCEMENT AND WELL-BEING OF HUMAN CAPITAL			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	People's well-being at the cente	Page 70 Page 71

GRI STANDARD	DISCLOSURE	PARAGRAPH	PAGE
TRAINING AND SKILLS DEVELOPMENT			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Investing in the personal and professional growth of the team	Pages from 73 to 74 Page 81
GRI 404 – TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	Investire nella crescita personale e professionale del team	Page 74
	404-3 Percentage of employees receiving regular performance and career development reviews	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity	Page 81
EQUALITY AND RESPECT FOR DIVERSITY			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversity Corporate Governance for business integrity and successs	Page 22 Pages from 76 to 79 Page 82
GRI 401 – EMPLOYMENT 20166	401-1 New employee hires and employee turnover	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversit	Page 78 Page 79 Page 80
GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversità Corporate Governance for business integrity and success.s	Page 22 Page 77
	405-2 Ratio of basic salary and remuneration of women to men	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversit	Page 82
GRI 406 – NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Gruppo Florence towards an increasingly inclusive environment, respecting equality and diversit	Page 76
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topics	Our commitment to occupational health and safety	Page 83 Page 84 Page 85
GRI 406 - NON DISCRIMINAZIONE 2016	403-1 Occupational health and safety management system	Our commitment to occupational health and safety	Page 83 Page 84
	403-2 Hazard identification, risk assessment, and incident investigation	Our commitment to occupational health and safety	Page 83 Page 84
	403-3 Occupational health services	Our commitment to occupational health and safety	Page 83
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our commitment to occupational health and safety	Page 83
	403-5 Worker training on occupational health and safety	Our commitment to occupational health and safety	Page 84
	403-6 Promotion of worker health	Our commitment to occupational health and safety	Page 83 Page 84
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	Our commitment to occupational health and safety	Page 83 Page 84 Page 85
	403-8 Workers covered by an occupational health and safety management system	Our commitment to occupational health and safety	Page 85
	403-9 a), c), d), e), f), g) Work-related injuries	Our commitment to occupational health and safety	Page 83 Page 84
PROTEZIONE DEI DIRITTI UMANI			
GRI 3 – MATERIAL TOPICS 2021	3-3 Management of material topicsi	Supplier evaluation: a crucial element Human Rights as a pillar of supplier qualification activities	Page 63 Page 65
GRI 407 – FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supplier evaluation: a crucial element Human Rights as a pillar of supplier qualification activities	Page 63 Page 65
GRI 408 - LAVORO MINORILE 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Supplier evaluation: a crucial element Human Rights as a pillar of supplier qualification activities	Page 63 Page 65
GRI 409 - LAVORO FORZATO O OBBLIGATORIO 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier evaluation: a crucial element Human Rights as a pillar of supplier qualification activities	Page 63 Page 65

GRUPPO FLORENCE S.P.A.

Sustainability Report as of December 31, 2023

Independent auditors' report on the "Sustainability Report 2023"

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

Independent auditors' report on the "Sustainability Report 2023" (Translation from the original Italian text)

To the Board of Directors of Gruppo Florence S.p.A.

We have been appointed to perform a limited assurance engagement on the "Sustainability Report 2023" (hereinafter "Sustainability Report") of Gruppo Florence S.p.A. and its subsidiaries (hereinafter "Gruppo Florence" or "the Group") for the year ended on 31st December 2023.

Responsibilities of Directors on the Sustainability Report

The Directors of Gruppo Florence S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" issued by GRI - *Global Reporting Initiative* ("GRI Standards"), as described in the paragraph "*Methodological note"* and with reference to the selection of the GRI Standards indicated in the paragraph "*GRI Content Index*" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of Gruppo Florence regarding the sustainability performance, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Management 1 (ISQM Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the *ISAE 3000 Revised* ("*reasonable assurance engagement*") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.
The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with Company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidence considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the paragraph "*4.1 Creating shared value – The social and collaborative mission*" of the Sustainability Report with those included in the Group's consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

   In particular, we have conducted interviews and discussions with the management of Gruppo Florence S.p.A. and with the personnel of the divisions in Nardò (Barbetta), Corridonia (Novarese) and Peccioli (Giuntini) and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level
  a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the divisions in Nardò (Barbetta), Corridonia (Novarese) and Peccioli (Giuntini), that we have selected based on their activity, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Gruppo Florence for the year ended on 31st December 2023 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as

described in the paragraph *"Methodological note"* and with reference to the selection of the GRI Standards indicated in the paragraph "*GRI Content Index"* of the Sustainability Report.

Other information

The comparative information presented in the Sustainability Report for the year ended on 31st December 2022 and 2021 have not been examined.

Firenze, 1 August 2024

EY S.p.A.
Signed by: Andrea Eronidi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

This Sustainability Report has been created by
the **ESG** Department of **Gruppo Florence**
with the support of all the companies mentioned in the 2023 Report
and the consultancy of PWC.
Design by **we associates**.
Published in July 2024.
Printed in September 2024.

GRUPPO FLORENCE CRAFTED LUXURY GROUP