



**AEEFFE**  
**CONSOLIDATED  
NON-FINANCIAL  
STATEMENT  
FOR 2023**

Prepared pursuant to Decree 254/2016

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## LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

Sustainability and the ESG objectives embedded within corporate governance are discussed intensely at national and international level, with increased recognition of their strategic importance.

At governmental level, the most recent meeting attended by Italy - the United Nations Climate Change Conference (COP28), a global summit held in Dubai in December 2023 - focused principally on the **climate objectives** for the various target dates (2030-2035-2050) in terms of emissions and the commitment to guarantee support for the transition. In this context, it was disappointing to learn that the Presidents of two of the countries most responsible for global emissions, the United States and China, did not attend.

The numerous other initiatives promoted by the European Union in these areas are promptly interpreted for us by the National Chamber for Italian Fashion, which coordinates and promotes sector **best practices** with a view to embedding in governance the regulatory changes that are sweeping the entire fashion industry, from due diligence on sustainability matters to the new European reporting standards, via end-of-life management given the extended responsibilities assigned to producers (EPR).

The commitment of the Aeffe Group to environmental and social matters continued unabated during the year, keeping **sustainability central to the business strategies adopted** with a specific new corporate function responsible for implementing a plan for the identification and achievement of medium/long-term sustainability objectives that reflect predetermined priorities. In this regard, the sustainability strategy of the Group has identified the following three action areas:

- **Planet and Environment**
- **Product and Supply Chain**
- **People and Community**

Major challenges await us from an environmental standpoint, not least the monitoring and reduction of **scrap** and **CO<sub>2</sub>** emissions, as we constantly improve our environmental impact.

With regard to the **Product and Supply Chain** area, our objective is to continue work on the mapping and assessment of the social and environmental impact of all our vendors, with a view to increased transparency and satisfaction of the information needs of our stakeholders.

Lastly, on social matters, the Group is committed to disseminating further an internal and external **culture of sustainability**, so that our values are pursued because shared rather than imposed.

The road ahead will be challenging without doubt while, at the same time, leading us to a brighter future. Of course, the contribution made by each of us will be decisive.

**Massimo Ferretti**

**Executive Chairman**

## METHODOLOGY

Decree 254/2016 transposed into Italian legislation the requirement for public interest entities and large companies or groups to report to their shareholders and, more generally, all stakeholders, on the principal aspects of their social and environmental performance. This **Non-Financial Statement** (“NFS”) for the year ended 31st December 2023 confirms the commitment of the Aeffe Group (hereinafter also Aeffe or the Group) to report on social and environmental impacts, respect for human rights and the diversity policies implemented and, above all, confirms the desire to follow a strategy that delivers long-term sustainability.

This document has been prepared with reference to the recommendations made by the European Securities and Markets Authority (**ESMA**) in October 2023 with reference to the disclosures specified in art. 8 of the **Taxonomy Regulation** and on climate change matters. The ESMA emphasizes the importance of ensuring the transparency of reporting on matters with a direct impact on climate change, such as energy and emissions, which will become even more important with the entry into force of the Corporate Sustainability Reporting Directive (**CSRD**). In particular, the ESMA stresses the importance of setting targets in relation to climate change.

The NFS also includes the information required by art. 8 of Regulation (EU) 2020/852 dated 18th June 2020 (“Taxonomy Regulation”) and the related Delegated Regulations (EU) 2021/2178, 2021/2139, 2023/2485 and 2023/2486.

### Reporting period

This NFS relates to the period from **1st January 2023 to 31st December 2023**. Where possible or considered appropriate, the data for the past year has been compared with the information for previous financial years, so that all stakeholders can compare the performance achieved over time.

### Reporting standards

In order to comply with the reporting criteria envisaged in Decree 254/2016, the Group made technical-methodological reference to the guidelines accompanying the **GRI Sustainability Reporting Standards** (GRI Standards) when preparing this Consolidated Non-Financial Statement. These guidelines, issued in 2016 by the Global Reporting Initiative and amended subsequently, represent the reference model most widely adopted at an international level for reporting on sustainability. In order to comply more closely with the requirements of the reporting standards, the Group has again applied the GRI Universal Standards published on 5th October 2021 by the Global Reporting Initiative (GRI), using the “**with reference**” option.

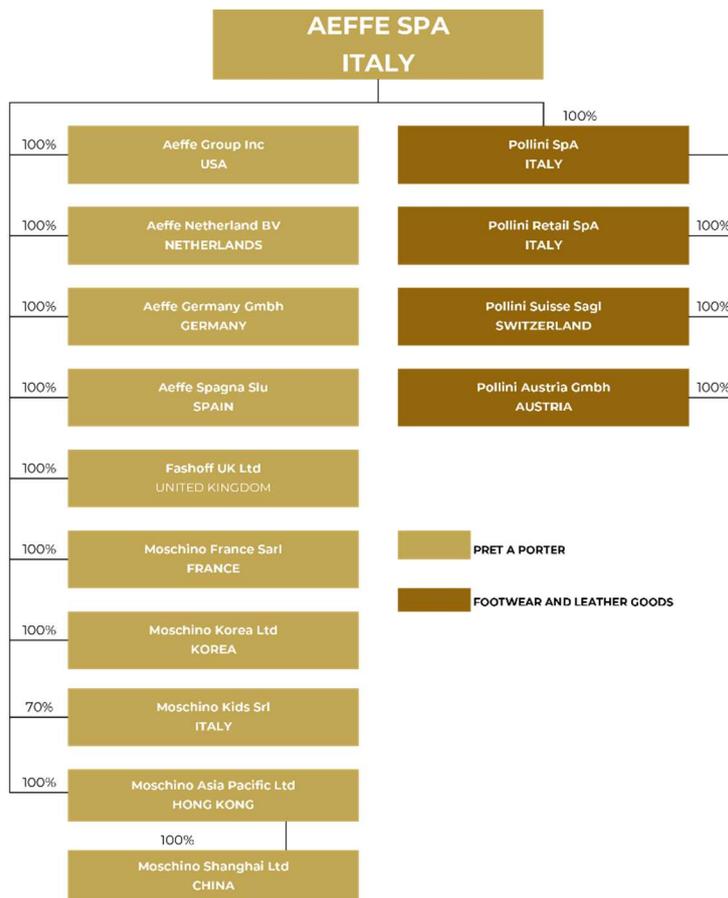
### Scope of the Consolidated Non-Financial Statement

The following Group companies are included within the reporting scope of this Non-Financial Statement: **Aeffe S.p.A., Aeffe Group Inc., Pollini S.p.A., Pollini Retail S.r.l., Moschino Korea Ltd., Moschino Asia Pacific Ltd.** The following companies have been excluded from the reporting scope: Fashoff UK Ltd, Aeffe UK Ltd, Moschino France Sarl, Moschino Kids S.r.l., Aeffe Germany Gmbh, Aeffe Spagna Slu, Aeffe Netherland BV, Pollini Suisse Sagl, Pollini Austria Gmbh.

These exclusions are explained by the fact that the socio-economic and environmental impacts of the above companies are not believed significant, considering their incidence

in terms of consolidated sales and employment. This possibility is envisaged in Art. 4 of Decree 254/2016, pursuant to which the Consolidated Statement may exclude subsidiaries that, despite inclusion in the consolidated financial statements, are not needed in order to understand the activities of the Group, its performance, its results and the impact of its activities. The corporate structure of the Aeffe Group was modified during 2023. Moschino S.p.A. and Aeffe Retail S.p.A. were absorbed by Aeffe S.p.A. on 1st October and 1st December 2023 respectively. On a wider European level, Aeffe France Sarl was absorbed by Moschino France on 31st December 2023. In the United States, Aeffe USA Inc., Moschino USA Inc. and Bloody Mary Inc. were contributed to Aeffe Group Inc. on the same date. Any changes with respect to that scope of reporting and any omissions, identified in this document in order to provide additional details and information to stakeholders, are flagged in the following paragraphs using footnotes or in the “notes/omissions” column of the GRI Content Index.

The diagram presents the corporate structure of the Group<sup>1</sup>, including its controlling interests at 31st December 2023.



## Reporting process

The content of this NFS was checked and approved in the following manner:

1. A small **working party** reporting to the Group Sustainability Manager was identified:
  - HR Business Partners - Aeffe S.p.A.
  - Leather Goods Production Manager - Pollini S.p.A.

<sup>1</sup> Aeffe UK Ltd has been excluded from the chart to reflect better the corporate structure current at the time of publishing this document.

- Operations Director - Aeffe S.p.A.
  - Innovation & Business Analysis Manager - Aeffe S.p.A.
  - Management Accounting Manager - Aeffe Group
  - CFO - Aeffe Group
  - Consolidated Financial Statements Manager - Aeffe Group
  - Administrative Manager - Aeffe S.p.A.
  - HSO - Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.p.A.
  - Head of Legal and General Affairs - Aeffe Group
  - Internal Audit - Aeffe Group
  - Data Protection Officer - Aeffe Group
2. Each company within the reporting scope contributed the information requested, identifying a **data owner** and requiring the content of each data collection form to be validated by the manager of the function concerned. The Sustainability Manager of the Aeffe Group took overall responsibility for data collection and management of the report preparation process.
  3. The consolidated information and data were collected and **aggregated** by the managers of the above functions, each to the extent of their own responsibilities.
  4. Lastly, the final content was approved by **Group General Management and the Board of Directors** of the Parent Company on 14th March 2024.
  5. The content of this Statement was examined and checked by the **designated auditing firm**, applying the methodologies envisaged in ISAE 3000 R (Limited Assurance).

### **Procedure for the “Reporting process”**

In December 2020, Aeffe adopted an internal Procedure entitled “Reporting process for the Consolidated Non-Financial Statement of the Aeffe Group”, which describes operationally the internal process of non-financial reporting.

The purpose of the Procedure is to define the process of collecting and approving the non-financial information disclosed in the Consolidated Non-Financial Statement prepared each year by the Group. In particular, the roles and responsibilities of the various functions involved are described in detail, together with the timing of each phase in the reporting process.

The Procedure was also applied to prepare this NFS.

This Procedure will be updated during 2024 to reflect the requirements of the CSRD, being the new European ESG reporting regulation.

## External assurance

This NFS has been subjected to a **limited assurance engagement**, conducted by Ria Grant Thornton, an auditing firm, in accordance with the criteria specified in **standard ISAE 3000 Revised**. This work was completed with issue of the “Auditors’ Report” presented at the end of this document. This Statement is published, like the Report on the 2023 Financial Statements of the Aeffe Group, in the Investor Relations - Financial Statements and Reports section of the website <http://www.aeffe.com>.

## 1. DOUBLE MATERIALITY ANALYSIS

### MATERIAL TOPICS

### Stakeholder engagement and dialog

The activities of Aeffe involve maintaining relations with **numerous stakeholders** that, more or less directly, influence the work performed and have an interest in ensuring that the activities of the organization are carried out in a responsible and sustainable manner.

For this reason, the Aeffe Group is committed to pursuing **dialog, consultation and engagement** initiatives that deliver an in-depth **understanding of the needs and expectations of all stakeholders**. These interactions address various matters, such as the impact of the Group on the environment and the population, the transparent external communication of Aeffe activities, and continuous improvement.

The **principal categories of stakeholder** identified by the Group, in full awareness of its social role and deep territorial roots, are presented in the diagram on the right.

In the context of ESG reporting, **the analysis of impact materiality** seeks to identify the “**material topics**” of the organization, being those environmental, social and governance matters considered relevant and important for the business and its stakeholders. This analysis is based on the adoption of an **inside-out** view.

In particular, the objective is to identify - for each material topic - the positive or negative impacts, whether real or potential, short or long term, that business activities have on the economy, the environment and persons, including the impacts on their human rights.

For the 2023 reporting year, the Aeffe Group has updated the analysis of impact materiality and taken a further step forward by performing an initial **financial materiality** assessment. This analysis of financial materiality is based on an **outside-in** view, since it



seeks to identify the risks and opportunities that may derive from sustainability issues and that may have positive or negative impacts, whether real or potential, short or long term, on the economic-financial performance of an organization.

Aeffe considers this initial approach to double materiality (the union of impact materiality and financial materiality) to be important ahead of the time when the European Sustainability Reporting Standards (**ESRS**), issued by the European Financial Reporting Advisory Group (EFRAG), become mandatory. These standards are mandatory for the ESG reporting of enterprises subject to the European Corporate Sustainability Reporting Directive (**CSRD**) that came into force on 5th January 2023. In particular, the Aeffe Group will fall within the scope of application of the CSRD from FY 2024, i.e. with the Sustainability Statement published in 2025.

## 1.1 Impact materiality

The materiality analysis carried out by the Group when preparing the 2022 NFS has been updated to identify any new impacts that its activities have, or might have, on the external environment. This involved repeating the **process of defining the reference environment** of the organization, as follows:

- update of the **benchmark analysis** with respect to a sample of 5 peer and comparable competitors, different to those considered in the 2022 NFS;
- **examination of existing internal documentation**, such as the strategic plan, corporate policies and procedures, the management systems adopted, and the sustainability plan;
- analysis of public documents, articles, statistics, observatories, sector studies on the impacts generated by companies in the **luxury fashion sector**;
- assessment of the **principal international standards and frameworks** adopted for sustainability reporting (GRI Standards, SASB, TCFD), including those just published (ESRS and IFRS Sustainability Standards).

Following this preliminary analysis of the Group's internal and external environment, the impacts identified were **clustered** in terms of their affinity with each other, in order to obtain a more limited list of **21 ESG topics** for quantitative assessment by Line Managers and Area Directors, as well as by a representative sample of the principal categories of Group stakeholders, being Vendors and Trade Unions. In turn, these topics were assigned to the following categories: **Governance, Economics, Products & Infrastructure, Environment, Human Resources, Supply Chain & Clients**.

Subsequently, in order to select those ESG topics and impacts that are truly material for the Aeffe Group, a specific "**materiality questionnaire**" was disseminated online, enabling internal stakeholders (employees, managers and senior decision-makers) and external stakeholders (vendors, universities, local communities and public institutions) to express their opinion on the importance of the non-financial impacts that the business activities of Aeffe and its value chain generate, or might generate, in an economic, environmental and social context. When processing the results of this questionnaire, the topics and impacts were prioritized with reference to the scores obtained and the **materiality threshold** was defined, being the value - calculated as the average result of all the impacts assessed - above which the topics are considered material. Accordingly,

the materiality threshold was set at **2.43**, resulting in the identification of 14 material topics.

Next, those topics were revised and amended by Aeffe’s senior decision-makers, who decided to exclude two topics from the final list. This was because, although important, “Occupational health and safety” and “Ethics and integrity in the conduct of business” are already well controlled as a consequence of mandatory regulatory requirements that the Group respects in full. Conversely but in the same way, despite falling below the materiality threshold, the senior decision-makers determined “Technological innovation and digitalization” to be material, given the strategic nature and major importance of that topic for the business model and activities of Aeffe.

Given the above, the final list identified by the Aeffe Group comprises **13** material topics and their respective impacts, as shown in the following table that describes:

- the **areas most impacted** by the activities of the Group;
- the **principal positive and negative impacts, actual and potential**, generated by business activities on the economy, the environment and persons, including the impacts on their human rights;
- the **principal tools** (policies, procedures, management systems, etc.) adopted by Aeffe to monitor each topic and prevent or mitigate the negative impacts associated with them.

MACRO AREA	MATERIAL TOPIC	PRIORITY	TOPIC DESCRIPTION	POSITIVE IMPACT	NEGATIVE IMPACT	MANAGEMENT AND CONTROL
HUMAN RESOURCES	RESPECT FOR HUMAN AND LABOR RIGHTS	1	Guarantee respect for human and labor rights in all Aeffe activities and throughout its value chain	Guarantee respect for human rights throughout the value chain	Dissemination of activities that infringe on human rights throughout the value chain	<ul style="list-style-type: none"> <li>- Constant update of the 231 Model to reflect regulatory changes</li> <li>- Code of Ethics agreed and signed by all companies within the scope of reporting (both Italian and foreign)</li> <li>- Code of Conduct for Vendors that highlights and stresses respect for labor rights and the promotion of their wellbeing</li> </ul>
PRODUCT & INFRASTRUCTURE	PRODUCT QUALITY, SAFETY AND RELIABILITY	2	Constant effort to guarantee and maintain adequate levels of quality, safety and reliability for the products and services provided, as well as their compliance with legal requirements, including with regard to the substances used.	Market dissemination of products with high quality and performance characteristics	Adverse consequences deriving from products with inadequate quality/performance characteristics	<ul style="list-style-type: none"> <li>- Compilation of a technical sheet for each raw material with a view to highlighting their physical-performance characteristics</li> <li>- Compliance with strict protocols, such as GB-18401</li> </ul>

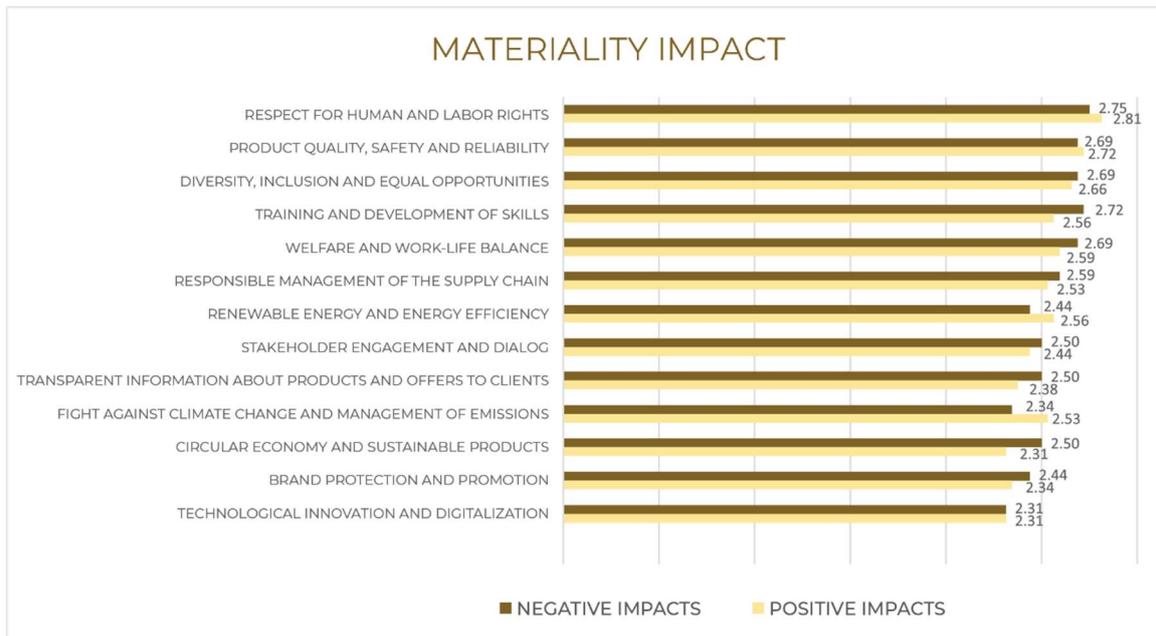
MACRO AREA	MATERIAL TOPIC	PRIORITY	TOPIC DESCRIPTION	POSITIVE IMPACT	NEGATIVE IMPACT	MANAGEMENT AND CONTROL
HUMAN RESOURCES	DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES	3	Development of inclusion policies and management of the diversities expressed by minorities (e.g. disabilities, gender, age, ethnicity, sex, religion), considering the need for equal pay for the same job, in order to create a workforce capable of devising cutting-edge solutions, and of understanding and satisfying the needs of a diversified, global clientele	Celebration of diversity and inclusivity, protection of equal opportunities in the workplace	Loss of the value generated by diversity and inclusivity, failure to ensure equal opportunities	<ul style="list-style-type: none"> <li>- Membership of the Fondazione Libellula Network, being a group of businesses that strive to prevent and tackle violence against women and gender discrimination</li> <li>- Establishment of a working party responsible for leading the Group on a path to equity and inclusion</li> </ul>
HUMAN RESOURCES	TRAINING AND DEVELOPMENT OF SKILLS	4	Offer of personalized programs for the development of potential, professional training and development of workers who contribute to the overall growth of the business	Recognition of persons and development of their skills	Poor personnel development	<ul style="list-style-type: none"> <li>- Periodic training delivered at specific moments in the career of employees and continuous training for operational personnel</li> <li>- Inclusion of two courses on sustainability within the corporate learning management system</li> <li>- Participation by Aeffe S.p.A., as a partner business, in the advanced training course (IFTS) entitled "Clothing product technician combining artisan skills, new technologies and sustainability"</li> <li>- Provision of curricular internships in collaboration with Universities</li> </ul>

MACRO AREA	MATERIAL TOPIC	PRIORITY	TOPIC DESCRIPTION	POSITIVE IMPACT	NEGATIVE IMPACT	MANAGEMENT AND CONTROL
HUMAN RESOURCES	WELFARE AND WORK-LIFE BALANCE	5	Creation of working conditions that facilitate the wellbeing of employees, helping to improve the quality of their lives and promoting their satisfaction on both a professional and a personal level	Psycho-physical wellbeing of employees and positive corporate climate	Inadequate protection of the psycho-physical wellbeing of employees	<ul style="list-style-type: none"> <li>- Renewal of the supplementary, in-house employment contract with innovations in such areas as: intercompany canteen, working hours, parenthood support, positive action, business volunteering, performance bonus, supplementary health insurance for middle managers, remote working, etc.</li> <li>- Corporate Welfare Plan: including welfare credit, flexible working, parenthood benefits. etc.</li> </ul>
SUPPLY CHAIN & CLIENTS	RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	6	Guarantee that the commercial practices adopted by Aeffe and its vendors and partners respect the ESG (Environmental, Social and Governance) criteria throughout the entire value chain	Awareness of the supply chain and the inclusion of ESG factors in its management	Environmental damage and the infringement of human and labor rights throughout the supply chain	<ul style="list-style-type: none"> <li>- Strict quality control over products from the supply chain, carried out by dedicated internal functions</li> <li>- Implementation of a Code of Conduct for Vendors</li> <li>- Vendor assessment using the Group's new ESG qualification procedure</li> </ul>
ENVIRONMENT	RENEWABLE ENERGY AND ENERGY EFFICIENCY	7	Use of renewable energy sources and the improvement of process efficiency in order to reduce energy consumption	Increase in the use of energy from renewable sources and decrease in energy consumption	Increase in the use of fossil energy, over use of such sources and reduction in their availability	<ul style="list-style-type: none"> <li>- Energy efficiency projects at the Aeffe production facilities in San Giovanni in Marignano and Gatteo</li> <li>- Installation of a photovoltaic plant at the Gatteo factory</li> <li>- Launch of a three-year action plan to quantify and reduce emissions, both internally and throughout the value chain</li> <li>- Annual appointment of an energy manager for the conservation and rational use of energy</li> </ul>

MACRO AREA	MATERIAL TOPIC	PRIORITY	TOPIC DESCRIPTION	POSITIVE IMPACT	NEGATIVE IMPACT	MANAGEMENT AND CONTROL
GOVERNANCE	STAKEHOLDER ENGAGEMENT AND DIALOG	8	Commitment to interact, communicate and collaborate with all Aeffe stakeholders, in order to understand and satisfy better their expectations, concerns and interests	Inclusion of the needs of stakeholders in the definition of corporate strategies	Inability to involve stakeholders and understand their needs	<ul style="list-style-type: none"> <li>- Collaboration and partnerships with Universities and sector associations, such as MICS, RE-Waste. Re.crea Consortium</li> <li>- Implementation of new digital marketing strategies</li> </ul>
SUPPLY CHAIN & CLIENTS	TRANSPARENT INFORMATION ABOUT PRODUCTS AND OFFERS TO CLIENTS	9	Commitment to implement clear and transparent communication of information about the products and services offered	Effective and transparent product communications	Adverse effects of inadequate product communications	<ul style="list-style-type: none"> <li>- Label containing information on the textile composition of the product, washing and maintenance instructions, the production location and "Made in" country, and any special characteristics</li> </ul>
ENVIRONMENT	FIGHT AGAINST CLIMATE CHANGE AND MANAGEMENT OF EMISSIONS	10	Contribution to the mitigation and/or prevention of the adverse effects of climate change via the management of emissions in a manner that reduces the concentration of greenhouse gases in the atmosphere	Reduction of greenhouse gas emissions throughout the value chain	Acceleration of climate change due to an increase in greenhouse gas emissions throughout the value chain	<ul style="list-style-type: none"> <li>- Analysis of the financial implications of the risks and opportunities deriving from climate change</li> <li>- Progress on the quantification and reduction of emissions, focused on the definition in 2024 of a long-term Net-Zero strategy</li> </ul>

MACRO AREA	MATERIAL TOPIC	PRIORITY	TOPIC DESCRIPTION	POSITIVE IMPACT	NEGATIVE IMPACT	MANAGEMENT AND CONTROL
ENVIRONMENT	CIRCULAR ECONOMY AND SUSTAINABLE PRODUCTS	11	Adoption of a circular economy model by developing systems for the recovery and reuse of scrap materials generated by the production cycle, thus creating more sustainable products that lower costs for both Aeffe and the environment	Positive contribution to the circular economy and the spread of products with a lower environmental impact	Anchored to a linear business model, increase in adverse external impacts and reduced availability of sustainable products	<ul style="list-style-type: none"> <li>- Selection of sustainable raw materials, including biological cotton and wool, and recycled synthetics</li> <li>- Restyling and resizing of packaging to facilitate recycling and lower its environmental impact</li> <li>- Replacement of new plastic bags with bags made from plastic recycled by the post-industrial circular economy, used for the packaging of hanging garments</li> <li>- Participation in the "Re-Waste" project intended to reduce the scrap generated by the textile and fashion industries</li> <li>- Membership of the Re-crea Consortium</li> </ul>
PRODUCT & INFRASTRUCTURE	BRAND PROTECTION AND PROMOTION	12	Commitment to protect and promote the image and reputation of the Aeffe brand	Promotion of corporate values and know-how	Reduced brand protection	<ul style="list-style-type: none"> <li>- Location of DOS in prestigious and strategic positions from both an image standpoint and a commercial standpoint</li> <li>- Direct management of the retail stores in Mainland China</li> </ul>
PRODUCT & INFRASTRUCTURE	TECHNOLOGICAL INNOVATION AND DIGITALIZATION	13	Ability to devise innovative solutions with an ever greater technological and digital content by investing in R&D	Innovative solutions and improvement of the customer experience	Less innovative products and services	<ul style="list-style-type: none"> <li>- Activation of Ztravel to manage the entire process of requesting and authorizing travel and expense claims</li> <li>- Launch of the HR - Workflow pilot project for the authorization aspect of managing absences, attendance and overtime hours</li> <li>- Technological platform for the management of Scope 1 and 2 emissions</li> </ul>

The following figure presents the **material topics** identified by the Aeffe Group for the 2023 NFS, with the respective values derived from the assessments made by stakeholders.



Compared with the 2022 NFS, the update of the materiality impact has resulted in the **inclusion of new topics**, namely:

- Respect for human and labor rights
- Product quality, safety and reliability
- Diversity, inclusion and equal opportunities
- Training and development of skills
- Renewable energy and energy efficiency
- Stakeholder engagement and dialog
- Technological innovation and digitalization

At the same time, the score obtained by certain topics deemed material for FY 2022 did not exceed the materiality threshold this year and, accordingly, they have been **excluded**. These are:

- Satisfaction and management of client relations
- Territorial presence and markets served
- Anti-corruption and compliance
- Occupational health and safety (topic scoring above the threshold, but excluded by the senior decision-makers)

The chart also identifies other topics with a materiality value of less than 2.43 that, accordingly, are not deemed material. These are:

- Safeguarding biodiversity
- Privacy and security of data and information
- Support for the community and the local territory
- Generation and distribution of economic and financial value, and internationalization
- Technological innovation and digitalization (topic scoring below the threshold, but included by the senior decision-makers)

## 1.2 Financial materiality

As mentioned, the Aeffe Group will fall within the scope of application of the CSRD from FY 2024 with the Sustainability Statement published in 2025 and, therefore, will be required to carry out a **double materiality analysis** that comprises both impact and financial materiality. For this reason, starting from the current fiscal year, Aeffe has made an **assessment of the risks and opportunities linked to sustainability matters** that could influence its economic-financial performance, competitive position and enterprise value. **Dependencies** on natural and social resources could, in fact, be sources of financial risks and opportunities, with two possible effects:

1. **possible influence** on the ability of the business to continue to use or to obtain the resources needed for its activities, as well as on the quality and prices of such resources;
2. **possible impact** on the ability of the business to rely, under acceptable conditions, on the relationships needed for the conduct of its activities.

Given these considerations, financial materiality is a valid tool for **identifying**, and subsequently **controlling**, any **risks deriving from the ESG realm** that might threaten the resilience and continuity of business operations. In the same way, this analysis also makes it possible to identify **opportunities** linked to the various ESG factors that could impact positively on the performance of the organization.

In order to analyze financial materiality, the Aeffe Group started from the results of analyzing impact materiality and, using an **inside-out** approach, associated with the topics identified the risks and opportunities deemed most significant for the business. The materiality of these risks and opportunities was determined by assessing the possible financial effects on revenues and costs (income statement), tangible and intangible assets (total assets), as recommended in the **official EFRAG Guidelines** on double materiality. The validity of the approach adopted found further confirmation in the recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD) that, as shown in the following diagram, suggest evaluating ESG risks and opportunities in the light of their financial impact on the statements of income, cash flows and financial position.



In order to generate a prospective analysis, the Aeffe Group - with specific support from the financial area and the CFO - took a further step: an **incidence rate** was identified in percentage terms on the captions reported in the statements of income and financial position, based on their exposure to the risks and opportunities already identified. This exercise made it possible to assess the possible positive and negative financial effects that the opportunities and risks associated with ESG topics might have on the organization.

The **results obtained** from this analysis of financial materiality are presented below.



As shown in the charts, the results of analyzing financial materiality largely confirm those deriving from the analysis of impact materiality, since most topics are material for both analyses.

### 1.3 Climate risks

Clearly, the **extreme climate events** now being experienced represent a complex, urgent challenge likely to have a major impact on the planet and society. These events generate considerable **costs**, not only on an economic level, but also of an environmental and social nature, with consequent impacts on and repercussions for businesses.

Although **climate change** affects almost all economic sectors, the level and type of exposure and the impact of climate-related risks differs depending on the sector, industry, geographical location and organization. The financial impacts of climate issues are guided by the specific risks and opportunities to which the organization is exposed. Indeed, its strategic decisions must seek to manage those risks (mitigation, acceptance, control) and exploit the related opportunities.



To this end, the **TCFD** has structured disclosure recommendations that concentrate on four fundamental areas of importance for all types of organization. These key elements are all interrelated.

The **four general recommendations** are supported by eleven recommended disclosures to build a framework that will help investors and other parties understand how organizations assess their climate-related risks and opportunities. Recognizing that climate-related financial reporting is still evolving, the recommendations of the Task Force seek to improve the quality of traditional financial disclosures about the potential effects of climate change on organizations, now and in the future, and increase investor interactions with boards and top management on climate-related issues.

On risks, the Task force has divided climate-related risks into two principal categories: (1) risks related to the **transition** to a lower-carbon economy and (2) risks related to the **physical impacts** of climate change.

1. **Transition risks** are business risks that derive from the transition to a lower-carbon economy that is resilient to climate change. These include:
  - **policy-related risks**, for example following the imposition of energy efficiency requirements, carbon-pricing mechanisms that increase the price of fossil fuels, or policies designed to promote more sustainable land-use practices;
  - **legal risks**, for example the risk of disputes following failure to adopt measures designed to avoid or mitigate the adverse impacts of climate change, or failure to adapt to climate change;
  - **technological risks**, for example when a technology that is more harmful to the climate is replaced by another that is less harmful;
  - **market risks**, for example when the choices of consumers and commercial clients shift towards products and services that are less harmful to the climate;
  - **reputation risks**, such as difficulties in attracting and retaining clients, employees, commercial partners and investors if the business has a poor reputation regarding environmental matters.

In general, businesses with a greater adverse climate-related impact will be more exposed to these transition risks.

2. **Physical risks** are business risks that derive from the physical consequences of climate change. These comprise:
- **acute physical risks**, that emerge from exceptional phenomena, mostly of a meteorological nature, such as storms, floods, fires and heat waves, that may damage production plants and interrupt value chains;
  - **chronic physical risks**, that derive from longer-term climate changes, such as higher temperatures, sea level rises, reduced access to water, loss of biodiversity, and changes to the terrain and the productivity of land.

The exposure of a business to these physical risks does not depend directly on the extent of its adverse climate-related impact.

The **efforts made to mitigate** and adapt to climate change generate **opportunities** for organizations, such as by the more efficient use of resources and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets and greater resilience.

In 2023, the risks and opportunities identified by the Aeffe Group were quantified in terms of their financial implications. The **analysis of financial materiality**, together with the **risk mapping of sustainability**, carried out in synergy with the Internal Audit functions, the Chief Executive Officer and the Sustainability Manager, made it possible to perform that analysis within the corporate risk management model in order to **understand and assess the importance of ESG risks in terms of their impacts** on the organization and on the other traditional categories of risks including, in particular, reputation risk. Consistent with the definition of risk contained in ISO 31000:2018, “the threat or possibility that an action or event produces adverse or favorable effects on an organization that prevent or allow the achievement of its objectives”, **25 objectives** have been identified that management would like to achieve with regard to **sustainability**. For each of these, the importance of the related uncertainties (risks, opportunities) was assessed, together with their probability of occurrence, the adverse impact on the business, and any action plans to be implemented.

The **financial impacts of climate-related issues** on organizations are not always clear or direct and, for many organizations, identifying the issues, assessing potential impacts and ensuring that material issues are reflected in financial filings made be challenging. Key reasons for this are likely because of (1) limited knowledge of climate-related issues within organizations; (2) the tendency to focus mainly on near-term risks without paying adequate attention to risks that may arise in the longer term; and (3) the difficulty in quantifying the financial effects of climate-related issues.

Some organizations are affected by risks associated with climate change today. However, for many organizations, the most significant effects of climate change are likely to emerge over the medium to longer term and their timing and magnitude are uncertain. This **uncertainty** presents challenges for individual organizations in understanding the potential effects of climate change on their businesses, strategies, and financial performance. To appropriately incorporate the potential effects in their planning processes, organizations need to consider how their climate-related risks and opportunities may evolve and the potential implications under different conditions. One way to do this is through scenario analysis.

One of the principal disclosures recommended by the Task Force focuses on the resilience of the **organization's strategy**, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. Disclosure by an organization about how its strategies might change to tackle potential climate-related risks and opportunities represents a fundamental step in understanding better the potential implications of climate change on that organization.

In order to help mitigate CO<sub>2</sub> emissions and contain the increase in global temperature to less than 2°C above pre-industrial levels, the Aeffe Group has commenced a **process for the quantification and reduction of emissions**, both internally and throughout the value chain. By the end of 2024, this will result in the definition of a long-term Net-Zero Strategy, with a commitment to disclose its impacts and the progress made towards achieving the global “science-based” targets.

The Task Force recognizes that **the use of scenario analysis** for assessing climate-related issues and their potential financial implications is relatively recent, and that the best practices will evolve over time, but considers such analysis important for improving the disclosure of climate-related financial information needed for decisions. Scenario analysis can be qualitative, relying on descriptive, written narratives, or quantitative, relying on numerical data and models, or some combination of both. Qualitative scenario analysis explores relationships and trends for which little or no numerical data is available, while quantitative scenario analysis can be used to assess measurable trends and relationships using models and other analytical techniques. Both rely on scenarios that are internally consistent, logical, and based on explicit assumptions and constraints that result in plausible future development paths.

The use of scenario analysis for assessing the potential business implications of climate-related risks is still relatively recent. While a handful of the largest organizations and investors use climate-related scenario analysis as part of their **strategic planning and risk management process**, many organizations are only now starting to explore its use. Organizations should start to carry out short-term scenario analyses for the important benefits that derive from the assessment of climate-related risks and opportunities, improving their skills in this area as the related tools and data evolve over time.

#### 1.4 Sustainability for Aeffe

During 2023 Aeffe structured its sustainability strategy and, as a consequence, updated its **sustainability plan** which presents the strategic vision of management in response to several of the global challenges inherent in the UN SDGs, as reflected in the most significant material topics identified by the Group and its stakeholders.

The **fashion & luxury sector has evolved rapidly** in recent years, with the emergence of many virtuous examples of sustainable practices that are becoming standard: in this context, it is important to recognize the progress that the Aeffe Group has made, and intends to make in the coming years, to secure an advantageous position in this area too. Sustainability will increasingly become a prerequisite demanded by clients and a necessity in the competitive environment for those seeking to remain a credible market player.

As such, the Aeffe Group is laying the foundations for a sustainability path consistent with sector practices and the overall goals of the 2030 Agenda. **Aeffe's Sustainability**

**Manifesto** encompasses the fundamentals of this approach, comprising three pillars around which its sustainability strategy is woven:

- **planet & environment;**
- **product & supply chain;**
- **people & community.**

These three pillars are supported by **Governance**, being the organization and procedures that make possible the achievement of Aeffe's objectives since, without an organizational structure with clear rules, concrete actions with a meaningful impact would be impossible. The new approach to the governance of sustainability made it possible, during 2023, to activate a process of continuous improvement that will celebrate past achievements and build them into a sustainability plan that, for each of the three strategic areas, specifies the actions and objectives to be pursued, in order of priority, over the short term.

The **Planet & Environment** pillar pulls together the principal actions in favor of the planet, without sacrificing efficiency. This is an essential condition for the growth of the Aeffe Group. Greater energy efficiency, the calculation, reduction and offset of emissions, waste management, support for biodiversity, and attention to animal welfare are the principal topics to be addressed.

In this area, several **top priority actions** were identified during 2023, such as the launch of a program to measure and reduce scrap, and rejection of the use of fur trimmings on garments from the S/S 2024 collection.

In addition, an **energy manager** was appointed to implement further improvements in energy efficiency, which have always been a priority for the Aeffe Group, with steady investment over time. The principal challenges rest in the calculation of greenhouse gas emissions, followed by the definition of a long-term **Net-Zero Strategy** that will result in the Group making public commitments to emission reduction objectives and the related offsets.

The second pillar, **Product & Supply chain**, sets the challenge to make products sustainable, combining creativity and design with the search for materials and solutions that assure aesthetic and qualitative excellence, but with a lower impact on the environment and on persons. Of course, this commitment does not stop with the Group, but must necessarily involve the entire value chain. Accordingly, a new vendor ESG qualification procedure was defined in 2023 with a view to mapping the supply chain ever more precisely, and keeping the various socio-environmental risks under control in all phases of product production.

With regard to packaging, new plastic is being gradually replaced by recycled materials, and certified products are replacing certain standard packaging materials.

Transformation calls for innovation: so the Group is defining new sustainability parameters within the new Enterprise Resource Planning (ERP) system, which will generate even more information for the traceability of supplies, ready for the new regulations that will soon come into force governing, for example, the Digital Product Passport.

The third pillar, **People & Community**, closely involves all stakeholders and especially Aeffe's employees and collaborators: in fact, a collective effort will be needed to achieve the established objectives, with the involvement of all Group personnel at every level and

in every function. It is necessary to create a veritable culture of sustainability, fueled by technical and theoretic knowledge, as well as by a strong desire for evolutionary change. The principal priorities, already promoted heavily during 2023, include the training of all personnel on sustainability matters, but this area also covers such projects as corporate voluntary work, sustainable mobility and DE&I, since they contribute to the dissemination of a common awareness about socio-environmental matters. The third pillar also contains a commitment to the territory in which the Group operates, with activities that promote local artisan skills and culture, while also supporting the development of the communities that live there.

With reference to the **qualitative and quantitative objectives** to be identified moving forward, management will define specific actions and, in order to monitor and ensure achievement of the established objectives, the Group will identify related targets and timings within the Sustainability Plan. The Plan objectives will be reviewed periodically with reference to the results achieved, adding new objectives responsive to the new needs that emerge over time.



## 2. GOVERNANCE

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### MATERIAL TOPICS

### Stakeholder engagement and dialog

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#### 2.1 Corporate governance and transparency in business operations

In a mature and highly competitive market such as fashion and luxury goods, constant close attention to quality, creativity and distinctiveness underpins the positioning and development strategy of the major Aeffe Group brands, such as **Alberta Ferretti**, **Philosophy** di Lorenzo Serafini, **Moschino** and **Pollini**.

**Aeffe pursues excellence** in serving its customers, with a view to creating value for all stakeholders, in primis the shareholders, maintaining and developing relations based on the principles of integrity, transparency, legality, impartiality and prudence<sup>2</sup>. These principles are embodied and examined in the Code of Ethics, which is an integral part of the Organization, Management and Control Model pursuant to Decree 231/01, available on the website [www.aeffe.com](http://www.aeffe.com). To this end, the negotiations and commercial agreements reached with business customers, and the sales techniques adopted in relation to retail customers, focus exclusively on product quality and the real ability to meet customer expectations. With regard to vendors and other service providers, **the Group strives to act in an upright, transparent, legal and impartial manner**. Objective and documentable criteria are applied when selecting and managing freelance workers, vendors and partners, in order to seek the maximum competitive advantage - based on quality and price, as well as warranties and/or support - without any discrimination among the potential alternatives.

On 17th March 2022 the Board of Directors of Aeffe S.p.A. resolved to assign the **internal audit** function, previously managed internally, to a **specialist external consultancy** that contributes professional skills and expertise to the Group's governance and internal control processes. In this regard, it is notable that this support for the IA function, including by the provision of advice, facilitated the "Mapping of Risks<sup>3</sup>" by the Chief Executive Officer, as presented to and approved at the Board meeting held on 28th July 2023 (see the section on *Climate risks* for further information).

The Parent Company and Pollini S.p.A. have adopted their own **Organization, management and control models**, pursuant to Decree 231/2001 (hereinafter the 231 Model), which are monitored constantly by the Supervisory Body appointed by the Board of Directors, which updates them.

On 27th April 2023 the **Board of Directors** appointed a new **Supervisory Body**, which operates on a collegial basis with autonomous powers of initiative and control to ensure proper application of the 231 Models. The new SB comprises three members: an expert criminal lawyer as chairman, one member of the Board of Statutory Auditors and the Manager of the IA function within Aeffe S.p.A.

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<sup>2</sup> For more information, see the Code of Ethics of Aeffe S.p.A., available at the address [www.Aeffe.com/it/modello-di-organizzazione-gestione-e-controllo/](http://www.Aeffe.com/it/modello-di-organizzazione-gestione-e-controllo/)

<sup>3</sup> Identification of the principal business risks represents a good practice for each issuer, as also envisaged in the Corporate Governance Code – Recommendation 34

During 2023 the Group made a major effort to **strengthen the system of internal control** integral to the organizational structure, formalizing the various operational and administrative-accounting procedures. The last mentioned were already described in the methodological approach adopted by the Aeffe Group for the preparation of the Attestation issued by the Chief Reporting Officer pursuant to art. 154-bis, paras. 2 and 5, of Decree 58/98 as amended.

Aeffe S.p.A. and Pollini S.p.A. also strengthened their supervision of internal control activities by adopting the **Whistleblowing Policy and Procedure**, which take account of the EU Whistleblowing Regulation transposed into Italian legislation by Decree 24 dated 10th March 2023 (see the section on the *Prevention of corruption* for further information).

Aeffe S.p.A. adopts a traditional system of administration and control founded on the Board of Directors (the Board), which guides the strategic direction, and the **Board of Statutory Auditors**, both of which are appointed at the Shareholders' Meeting. In addition, the Board of Directors has appointed two Board committees in accordance with current regulations and the Corporate Governance Code promoted by Borsa Italiana: the Compensation Committee and the Control, Risks and Sustainability Committee.

Consistent with the commitment made by Aeffe to manage and control ESG matters in a proper manner, the Group employed a **Sustainability Manager** with a cross-functional remit in January 2023. This professional is responsible for managing the impact of the organization in the environmental, economic and social areas.

The **system of corporate governance** comprises a set of legal and technical rules designed to safeguard the stakeholders and ensure maximum transparency via proper management of the Company in terms of governance and control. This system consists in a set of codes, constantly checked and updated, that respond effectively to changes in the regulatory environment and in domestic and international best practices. The composition and principal functions of each governance body are described below:

GOVERNANCE BODY	No. MEMBERS	FUNCTION
Board of Directors	10	<p>The Company is managed by a Board of Directors composed of both executive and non-executive directors, with women comprising 4 out of 10 members. The ordinary Shareholders' Meeting is responsible for appointing the members of the Board of Directors, from the lists of candidates presented by the shareholders, in compliance with the current legislation on gender balance. The Board of Directors exercises the widest powers of ordinary and extraordinary administration, without any exceptions, and has the right to perform all deeds deemed appropriate for the pursuit and achievement of the Company's objects, with the sole exclusion of those reserved by law for the Shareholders' Meeting.</p> <p>The directors remain in office for three financial years and their appointments expire on the date of the Meeting called to approve the financial statements for the final year of their mandate; they may be re-elected.</p>

GOVERNANCE BODY	No. MEMBERS	FUNCTION
Board of Statutory Auditors	5	The role of the Board of Statutory Auditors involves checking compliance with the law and the articles of association, with the right challenge any non-compliant resolutions before the courts. The Statutory Auditors also verify the adequacy of the administrative and accounting organization and the proper administration of the Company, reporting any significant facts to the Shareholders' Meeting. They can also report any management irregularities to the courts.
Compensation Committee	3	The role of the Compensation Committee is to make proposals to the Board, in the absence of the Directors involved, concerning the remuneration of the executive Directors and those with specific responsibilities, as well as - at the request of the executive Directors - to establish criteria for the remuneration of the Company's senior managers, including any stock-option plans or allocations of shares, as well as any short and medium/long-term MBO bonuses. The Compensation Committee periodically checks the criteria adopted for the remuneration of executives with strategic responsibilities, monitors their application based on information provided by the executive directors and makes general recommendations to the Board on this subject.
Control, risks and sustainability committee	3	The Control, Risks and Sustainability Committee has been established to support, with recommendations and advice based on appropriate analytical work, the assessments and decisions of the Board of Directors in relation to the system of internal controls and risk management, to the approval of periodic financial reports and to sustainability meaning, in this last case, the various processes and initiatives that address the environmental and social aspects of the Company's activities. The Committee is appointed by the Board of Directors and comprises 3 non-executive directors, 2 of whom are independent, at least one of which must have adequate knowledge and experience of accounting, financial or risk management matters. The Committee remains in office for the period determined each time by the Board of Directors or, if not determined, for the period in which its members remain directors of the Company.

The Aeffe Group also established a **Procedure for the Governance of Sustainability** during 2023, with a view to defining Group-level roles, responsibilities and approval processes for sustainability projects. This procedure involves a number of existing bodies, while also establishing some others:

- the **Sustainability Manager** who, as mentioned, works to embed ESG topics within the business strategies of the Group and implements the Board resolutions adopted on sustainability matters.
- the **Sustainability Committee**, created and operational from 2023, which evaluates, confirms or rejects proposals made by the Sustainability Manager, including proposed expenditure, and helps the Board of Directors to define sustainability strategies and policies and to finalize the initiatives documented in the Sustainability Plan. This Committee comprises:
  - Executive Chairman - Corporate;
  - CEO - Corporate;
  - Executive Committee member - Corporate;
  - CFO - Corporate;
  - General Manager - Pollini S.p.A.;
  - Operations Director - Aeffe S.p.A.;
  - Group HR Director - Corporate;
  - Sustainability Manager - Corporate.
- the **Control, Risks and Sustainability Committee** which assists the Board of Directors with the system of internal control and the management of ESG risks.
- the **Board of Directors** which promotes the sustainability policies of the Group, approves the Sustainability strategies and plans and ensures their implementation, approves the Materiality Matrix, the Consolidated Non-Financial Statement (NFS) and the principal sustainability procedures, and carries out a management review of the entire process.

From FY2022, Aeffe S.p.A. publishes an annual “**Report on remuneration policy and compensation paid**”<sup>4</sup>. The purpose of this document is to show how it contributes to achievement of the Company's strategy, long-term interests and sustainability. The “Remuneration Policy” of Aeffe S.p.A. describes the formalized practices for remunerating the members of the Board of Directors, the members of the Board of Statutory Auditors and the executives with strategic responsibilities, meaning those persons with direct or indirect responsibility for planning, managing and controlling the activities of the Company.

The primary objective of this policy is to **attract, motivate and earn the loyalty** of people with the professional qualities needed to help define the growth strategy of the organization and strengthen the long-term interests and sustainability of Aeffe and the Group. It is based on the principles of equity, equal opportunity, meritocracy and market competitiveness.

The definition of the compensation the workforce takes into consideration specific criteria, such as comparison with the external market or the internal equity of the Company, the characteristics of the role and the responsibilities assigned, and the personal skills of each person, always within a view of maximum objectivity, in order to avoid any form of discrimination.

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<sup>4</sup> The “Report on remuneration policy and compensation paid” is published on the Group website: <https://aeffe.com/it/relazione-sulla-remunerazione-aeffe/>

Achievement of the objectives indicated in the Remuneration Policy is founded on the fundamental principles of sustainability and alignment of the interests of executives with strategic responsibilities with those of the shareholders.

The policy also helps to define the **various components of remuneration** which may be paid and establishes the criteria for determining variable remuneration, such as:

- Fixed component;
- Short-, medium- and long-term variable components (Management by Objectives, MBOs);
- Long-term incentives;
- Non-cash benefits;
- Treatment on termination of mandate or employment relationship;
- Incentive plans based on shares, options or other financial instruments;
- Clawback/malus mechanisms;
- Clauses for retaining financial instruments;
- Insurance cover, assurance and pension schemes supplementing the required cover.

In particular with regard to the **variable component of remuneration**, the Company confirms a variable annual bonus for the entire duration of the supplementary in-house agreement, with payment directly linked to achievement of the established objectives. The performance bonus makes reference to the following parameters:

1. Normalized Group EBITDA;
2. Group per capital sales;
3. Group sustainability.

In addition, in July 2021, the Board of Directors of Aeffe S.p.A. approved the **Long-term incentive plan** for executive directors and strategic executives of the Group, which includes the sustainability objective linked to preparation of the NFS.

Lastly with regard to the Report on remuneration policy and compensation paid, the ratio of the total annual compensation of the highest paid person in the organization to that of the other employees is presented at the end of this chapter, together with the ratio of the respective changes in total annual remuneration<sup>5</sup>:

## 2.2 Resilience and business continuity

There were profound changes within the Group during 2023. The Group was simplified with a **new organizational structure** and **new corporate roles** were introduced, in order to reduce costs, optimize processes and simplify operational flows.

This corporate and administrative progression is assisted, commencing from 2024, by a change of **IT system** that optimizes processes and makes them more efficient, as well as by the introduction of new business intelligence systems for the analysis of data.

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<sup>5</sup> The 2023 calculation is based on the compensation of the directors recorded in the Board minutes. The remuneration data was extracted from the management accounting software.

The **strategic projects** will continue to multiply, with the completion of investment in the Chinese distribution network, the rationalization of retail activities in Europe, and analysis of the feasibility of opening an outlet in the US market.

The Group also believes that growth of the **on-line channel** via its own “.com” sites and **marketplaces** will be fundamental for the development of distribution and, to strengthen these channels, the Group will continue investment in the completion and strengthening of this multi-channel approach with the necessary IT support.

With regard to **communications** and **marketing**, the brand identities and brand guidelines have been defined more clearly, setting long-term brand awareness objectives. As indicated above, communications via the digital channels will become increasingly important.

The Aeffe Group will also adopt a **new Code of Ethics** consistent with the new Vision and Mission identified in the long-term plan, both modernizing it and making it more responsive to the principles that guide the activities of the Group.

Turning to the events of greatest importance for each brand, a new creative director has joined **Moschino** and will present for the first time at the 2024 F/W shows. The objective is to restyle the product range and raise brand awareness.

**Pollini** will focus on strengthening current distribution of the brand, which includes franchising in Italy and abroad.

On the other hand, the **Alberta Ferretti** brand has begun a process that will lead to the rationalization of costs and more efficient production; in parallel, the digital channels will be developed along with a focus on the markets in which the brand has achieved the greatest penetration.

Lastly, the development of **Philosophy di Lorenzo Serafini** will continue with a refocus on clothing and ad hoc collaborations with regard to accessories. The possibility of new licensing agreements (in specific categories) is under examination and assessment, with a view to elevating the brand and improving market awareness.

## 2.3 EU Environmental Taxonomy pursuant to Reg. (EU) 2020/852: the regulatory context

The Aeffe Group provides the following information in compliance with Regulation (EU) 2020/852 since, pursuant to Decree 254 dated 30th December 2016, the business is required to publish a Non-Financial Statement (NFS).

The Taxonomy Regulation identifies uniform criteria at EU level identifying eco-sustainable economic activities, considering six environmental objectives:

1. Mitigation of climate change;
2. Adaptation to climate change;
3. Sustainable use and protection of the waters and marine resources;
4. Transition to a circular economy;
5. Prevention and reduction of pollution;
6. Protection and restoration of biodiversity and eco-systems.

For FY 2023, KPIs must be reported for the **Turnover, CapEx and OpEx**, as defined in Delegated Regulation (EU) 2021/2178, associated with eligible activities with respect to all taxonomy objectives and aligned activities with respect to the mitigation and adaptation climate change objectives<sup>6</sup>.

Eligible activities comprise all activities explicitly included in the lists of economic activities identified in annexes I and II of Delegated Regulation (EU) 2021/2139 and annexes I-IV of Delegated Regulation (EU) 2023/2486, regardless of whether or not they satisfy one or all of the technical screening criteria specified in the delegated regulation that defines the criteria for alignment with the Taxonomy objectives<sup>7</sup>.

Aligned activities comprise those activities that, in addition to being eligible, are also eco-sustainable pursuant to art. 3 of Regulation (EU) 2020/852 and therefore satisfy both of the following criteria:

- **Substantive Contribution** to the achievement of one or more environmental objectives;
- do no significant harm to any of the other environmental objectives (**DNSH**<sup>8</sup> principle);
- comply with the established **Minimum Safeguards**.

## 2.4 European Environmental Taxonomy for the Aeffe Group

The Aeffe Group has **analyzed all of its economic activities**, considering their consistency with both the NACE codes of Group companies and the descriptions provided in Delegated Regulations (EU) 2021/2139 and 2023/2486, in relation to its business and operations.

Analysis of the NACE codes did not identify any correspondence, confirming that the sector in which the Aeffe Group operates is not closely associated with the activities mapped by the Taxonomy delegated regulations. For this reason, in order to perform a more detailed assessment, the **benchmarking analysis** carried out in FY 2022 was updated with respect to the principal competitors of the Group and, more in general, to all companies subject to Decree 254 dated 30th December 2016 with NACE codes similar to those of Aeffe Group companies. This analysis confirmed the list of activities attributable to the Aeffe Group that were identified in the prior year.

Following this assessment, the **Taxonomy-eligible economic activities of the Aeffe Group** were identified. The activities mapped in the following table refer to Aeffe S.p.A. and Pollini S.p.A. and are not directly linked to the core business of the Group, but rather to secondary activities linked to the routine operations of its offices and work to enhance the efficiency of its properties and business assets.

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<sup>6</sup> The economic activities identified in Delegated Regulation (EU) 2021/2139 represent an exception, having been added following the amendment specified in Delegated Regulation (EU) 2023/2485. For these activities, only eligibility information is required in relation to FY 2023.

<sup>7</sup> Ineligible activities include, by difference, all economic activities for which technical screening criteria are not yet available.

<sup>8</sup> Do No Significant Harm.

The following table presents the **KPIs specified in the Taxonomy Regulation** for eligible activities in FY 2023. The numerator and denominator of the ratio, determined in order to identify the percentage eligibility, are calculated in a manner consistent with the accounting criteria defined in para. 1.1 of Annex I to Delegated Regulation (EU) 2021/2178. These percentages are calculated by considering on the numerator the eligible turnover or expenses for the specific activity at Aeffe S.p.A. and Pollini S.p.A. and, on the denominator, the consolidated totals for the Aeffe Group.

Activity per Reg. (EU) 2021/2139	Eligible activities for the Aeffe Group	Turnover	CapEx	OpEx
4.1 - Electricity generation using solar photovoltaic technology	Presence of photovoltaic installations at business premises	0.09%	-	0.02%
6.5 - Transport by motorbikes, passenger cars and light commercial vehicles	Company fleet with leased, rented and owned vehicles	-	4.97%	-
6.6 - Freight transport services by road	Presence of Euro VI goods vehicles	-	0.06%	-
7.3 - Installation, maintenance and repair of energy efficiency equipment	LED relamping for the Palmanova outlet	-	0.06%	-
7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	Presence of a remote temperature control system and updates to the infrastructure for the temperature monitoring and control system	-	-	0.01%
8.1 - Data processing, hosting and related activities	Corporate servers	-	-	0.19%
<b>Total</b>		<b>0.09%</b>	<b>5.09%</b>	<b>0.22%</b>

For each activity considered, a summary of the turnover and costs included in the numerator of the indicators is presented below:

- **4.1 - Electricity generation using solar photovoltaic technology:** the revenues deriving from the installed photovoltaic panels reflect the electricity generated but not consumed, while the operating expenses relate to the periodic maintenance contracts and the costs incurred for the monitoring of GSE (Italian energy agency) data;
- **6.5 - Transport by motorbikes, passenger cars and light commercial vehicles:** the CapEx reflects the increase in the account for right-of-use company cars by the value of the vehicles leased in 2023 by Pollini S.p.A. (8.2% of the total of the caption included on the numerator for the activity concerned) and Aeffe S.p.A. (91.8%)<sup>9</sup>. Note

<sup>9</sup> This expense caption included on the numerator of the CapEx KPI pursuant to the adoption of relevant international accounting standards (IAS), as referenced in Annex I, section 1.1.2.1 of Delegated Regulation (EU) 2021/2178. In FY 2021 and

that the portion attributable to Aeffe S.p.A. includes the costs of Moschino S.p.A. consequent to the absorption of that company in 2023.

- **6.6 - Freight transport services by road:** the CapEx reflects the increase in assets by the value of the vehicles leased in 2023 by Pollini S.p.A.;
- **7.3 - Installation, maintenance and repair of energy efficiency equipment:** the CapEx relates to the purchase of LED lights by Aeffe S.p.A., replacing neon lighting with solutions that are more energy efficient;
- **7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings:** the operating expenses, incurred by Aeffe S.p.A., relate to the routine maintenance of remote temperature monitoring systems;
- **8.1 - Data processing, hosting and related activities:** the operating expenses reflect the maintenance of local and cloud servers for the facilities within scope.

The analysis carried out in compliance with Regulation (EU) 2020/852 was completed by **checking the alignment of the eligible activities identified**. This involved assessment of the technical screening criteria specified in Delegated Regulation (EU) 2021/2139 that, as mentioned, require a **Substantial Contribution** to one of the climate objectives and respect for the **Do No Significant Harm** principle, i.e. that the activity does not negatively impact achievement of the other five environmental objectives specified in the Taxonomy Regulation.

The following made a substantial contribution to the mitigation of climate change:

- **4.1 - Electricity generation using solar photovoltaic technology;**
- **7.3 - Installation, maintenance and repair of energy efficiency equipment;**
- **7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.**

The **Minimum Safeguards** criterion pursuant to art. 18 of Regulation (EU) 2020/852 was assessed by considering compliance with the principal international guidelines on human rights. In particular, the Aeffe Group carries out its activities in compliance with the:

- OECD Guidelines for multinational enterprises;
- UN Guiding Principles on Business and Human Rights, including the principles and rights established in the eight fundamental conventions identified in the ILO Declaration on fundamental principles and rights at work<sup>10</sup>;

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2022 the related activity was included on the numerator of the OpEX KPI as required by Italian accounting standards (Annex I, section 1.1.3.1 of Delegated Regulation (EU) 2021/2178). The corresponding caption for the CapEx KPI, recalculated with reference to FY 2022 for Aeffe S.p.A. is 1.5% of total 2022 CapEx (as defined in Annex I, section 1.1.2.1 of Delegated Regulation (EU) 2021/2178).

The portion attributable to Aeffe S.p.A. also includes Euro VI trucks, since the accounting systems of the Company do not report them in a separate caption. In future, the Company will distinguish between the economic activities identified in caption 6.5 and 6.6 of Annex I to Delegated Regulation (EU) 2021/2139.

<sup>10</sup> Forced labour convention, 1930 - (ratified by L. 274/1934); Freedom of association and protection of the right to organise convention, 1948 - (ratified by L. 367/1958); Right to organise and collective bargaining convention, 1949 - (ratified by L. 367/1958); Equal remuneration convention, 1951 - (ratified by L. 741/1956); Abolition of forced labour convention, 1957 - (ratified by L. 447/1967); Discrimination (employment and occupation) convention, 1958 - (ratified by L. 405/1963); Minimum age convention, 1973 - (ratified by L. 157/1981); Worst forms of child labour convention, 1999 - (ratified by L. 148/2000).

- Principles and rights established in the Universal Declaration of Human Rights<sup>11</sup>.

Lastly, we note that the technical screening criteria specified in Delegated Regulation (EU) 2021/2139, as they relate to the eligible activities identified by the Aeffe Group, require a solid assessment of the climate risk and vulnerabilities in order to examine the importance of the climate and physical risks for the economic activity. For the purpose of this analysis, the Aeffe Group considered the classification of the chronic and acute climate-related risks presented in Appendix A to Annex I of Delegated Regulation (EU) 2021/2139, determining that they are not significant in view to the extent and location of the eligible activities; however, a structured, quantitative analysis of the activities concerned has not yet been carried out, partly in view of their negligible impact in terms of economic significance and relevance to the business of the Group.

Given these considerations and adopting a conservative and prudential approach, the activities selected are not deemed to be aligned with the Taxonomy. The Aeffe Group will consider carrying out a solid analysis of the climate risks affecting activities related to the business of the Group if they are included in future amendments to the delegated regulation that describes the related technical screening criteria.

Given the global importance of and urgency attached to climate risk management, during 2023 the Aeffe Group carried out the initial analysis of sustainability risks, as identified in the EC Guidelines on reporting climate-related information, discussed in the section entitled *Climate Risks*.

See the annexes to this Non-Financial Statement for details about the tables prepared in compliance with Annexes II and XII of Delegated Regulation (EU) 2021/2178.

<b>GOVERNING BODIES AND COMMITTEES OF AEFPE S.P.A. ANALYZED BY GENDER AND AGE BAND AT 31.12.2023</b>												
	MEN		WOMEN		TOTAL	<30		30-50 YEARS		>50		TOTAL
Board	6	60%	4	40%	10	0	0%	1	10%	9	90%	10
Board of Statutory Auditors	3	50%	2	40%	5	0	0%	0	0%	5	100%	5
Compensation Committee	2	67%	1	33%	3	0	0%	0	0%	3	100%	3
Control, risks & sustainability committee	0	0%	3	100%	3	0	0%	0	0%	3	100%	3
Percentage	52%		48%		100%	0%		5%		95%		100%

<sup>11</sup> In implementing procedures relating to the three points presented, the Group complies with the principle specified in art. 2, point 17, of Regulation (EU) 2019/2088.

**GOVERNING BODIES AND COMMITTEES OF AEF FE S.P.A. ANALYZED BY GENDER AND AGE BAND AT 31.12.2022**

	MEN		WOMEN		TOTAL	<30		30-50 YEARS		>50		TOTAL
Board	5	56%	4	44%	<b>9</b>	0	0%	1	11%	8	89%	<b>9</b>
Board of Statutory Auditors	3	50%	2	40%	<b>5</b>	0	0%	0	0%	5	100%	<b>5</b>
Compensation Committee	1	33%	2	67%	<b>3</b>	0	0%	0	0%	3	100%	<b>3</b>
Control, risks & sustainability committee	1	33%	2	67%	<b>3</b>	0	0%	0	0%	3	100%	<b>3</b>
Percentage	50%		50%		100%	0%		5%		95%		100%

**GOVERNING BODIES AND COMMITTEES OF AEFPE S.P.A. ANALYZED BY GENDER AND AGE BAND AT 31.12.2021**

	MEN		WOMEN		TOTAL	<30		30-50 YEARS		>50		TOTAL
Board	5	56%	4	44%	9	0	0%	1	11%	8	89%	9
Board of Statutory Auditors	3	50%	2	40%	5	0	0%	0	0%	5	100%	5
Compensation Committee	2	67%	1	33%	3	0	0%	0	0%	3	100%	3
Control, risks & sustainability committee	2	67%	1	33%	3	0	0%	0	0%	3	100%	3
Percentage	60%		40%		100%	0%		5%		95%		100%

<b>RATIO OF TOTAL ANNUAL COMPENSATION</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total annual compensation of the highest paid person in the organization	1,571,600.00	1,571,600.00	1,298,700.00
Average <sup>12</sup> of the total annual compensation of all employees (excluding the highest paid person)	95,000.00	97,350.00	77,088.00
Ratio of annual totals	16.54	16.14	16.85
<b>RATIO OF TOTAL ANNUAL REMUNERATION INCREASES</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total annual remuneration of the highest paid person in the organization	510,071.00	240,000.00	200,000.00
Percentage change in the total annual remuneration of the highest paid person in the organization	NA	-112.53%	-20.00%
Average <sup>12</sup> of the total annual remuneration of all employees (excluding the highest paid person)	34,700.00	35,200.00	35,600.00
Median percentage increase in the total annual remuneration of all employees (excluding the highest paid person)	NA	1.42%	1.12%
Ratio of annual totals	NA	-79.22%	-17.8%

<sup>12</sup> The gross annual remunerations for 2023 were extracted, the highest was identified and excluded, and the average of the Group totals was calculated. This is not the median value specified in the GRI Standards, since the lowest value contract was not eliminated, but the substance is unchanged.

### 3. HUMAN RESOURCES

<b>MATERIAL TOPICS</b>	<b>Training and development of skills</b>
	<b>Respect for human and labor rights</b>
	<b>Diversity, inclusion and equal opportunities</b>
	<b>Welfare and work-life balance</b>

#### 3.1 Personnel management and development<sup>13</sup>

People represent the true wealth of the Aeffe Group. Passion and creativity are the values that stimulate our people to strive with professionalism, following a development path that enables them to realize their full potential.

The Aeffe Group is committed to guaranteeing **equal opportunities** for all collaborators: indeed, Group decisions are based solely on merit and skill. The Group rejects all forms of direct or indirect discrimination based on age, state of health, gender, religion, race, political and cultural opinions, or personal or social status.

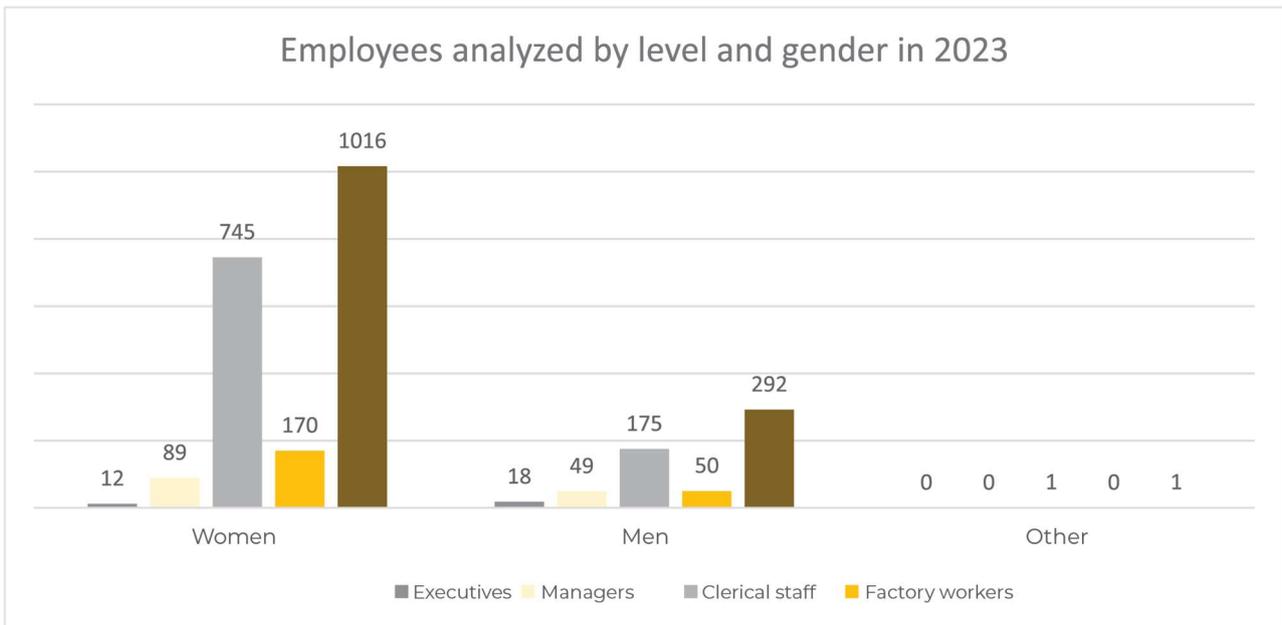
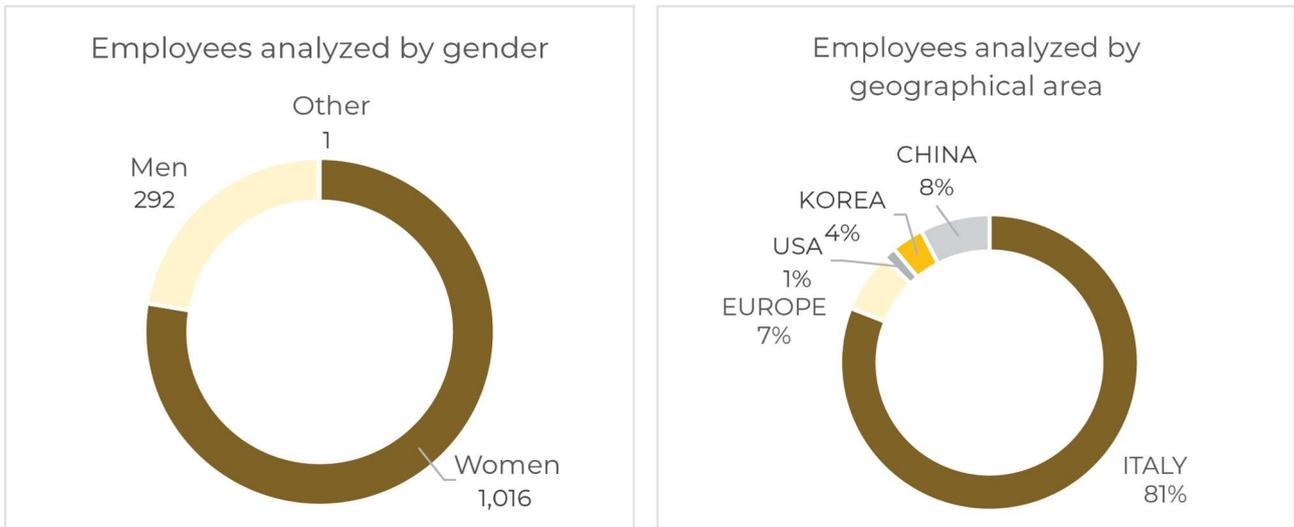
The primary objective of Aeffe's Human Resources Department is to **improve employee performance** and plan possible improvements to the related organizational processes, in order to facilitate the growth of the business. Given this, each individual must be considered in a holistic manner, not only by evaluating the experience accumulated, but also by seeking to understand the person in greater depth, discovering his or her aptitudes, motivations and - above all - potential.

The workforce comprises **1,309 persons**, up slightly compared with 2022, with a strong **female presence** that represents **78%** of the employed population within scope. Permanent contracts accounted for about 92% (1,206 contracts) of the total at the end of 2023. Just 8% of workers have fixed-term contracts. As encouraged in the national collective employment contracts and consequent to the in-house agreement reached with the social partners on the transformation of working hours, 15% of women now have part-time contracts. A total of 1,060 persons are employed in Italy, of whom 980 have permanent contracts and 80 have fixed-term contracts. There were 85 non-employed workers in 2023, comprising interns and apprentices, agency workers, freelance workers and contractors. In addition, consistent with the wish to respect and promote diversity, the organization offers concrete opportunities for stable employment to workers in the

<sup>13</sup> The scope of 2023 data collection was both extended and restricted with respect to the values reported in prior years. This reflects updates to the way in which information is gathered. In particular, the scope of the data collected about the number of employees analyzed by contract, job type and gender, and about the number of employees analyzed by level and gender, was extended to include Fashoff UK Ltd and Moschino France Sarl. The data collected about non-employed workers was extended to include Fashoff UK Ltd and Moschino France Sarl, and restricted to exclude Moschino Asia Pacific Ltd. The information about new hires and turnover excludes data relating to Aeffe Group Inc. The section on the benefits envisaged for employees and non-employed workers only includes data for Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l. The data collected about the training hours of personnel relates solely to Aeffe S.p.A., Pollini S.p.A., Pollini Retail S.r.l. and Moschino Korea Ltd.

Note also that, with a view to the continuous improvement of data collection, the 2023 data now includes non-employed workers, the number of workers in protected categories, the number of new hires and leavers, the turnover rate and the average hours of training per employee.

protected categories identified in the applicable regulations (47 employees), with a view to protecting the most fragile and promoting their professional growth.



### 3.2 Cultivating talent

Drawing on the efforts of management, the Aeffe Group **recognizes the professionalism of its collaborators**, encourages their growth and development, and leaves room for the expression of talent and potential. In this context, the provision of management feedback about the strengths and weaknesses of employees is particularly important, so that the latter can strive to improve their skills, not least via targeted OTJ training.

The Group makes **information and training tools** available to all employees, with a view to developing and growing their specific professional skills. Periodic training is delivered at specific moments in the career of employees and continuous training is provided for operational personnel.

### 3.2.1 Training

In general, the organization implements policies that seek to manage comprehensively the training and **development of personnel**, their **motivation** and the **assessment of performance** at all levels.

The principal **objectives** of this training cover professional updates, deep dives on certain topics, learning and practical skills. The sessions are delivered in a variety of ways:

- external training at private training bodies;
- distance learning using electronic platforms;
- OTJ training, in house with private training bodies;
- OTJ training, in house with internal teachers;
- individual and group training in the dedicated training room.

The principal training activities, the career and skill development plans, and the training on such topics as health and safety, the 231 model, privacy and the on-boarding of new hires and apprentices, cover:

- **Technical skills** - technical-professional updates: specific training courses that target the development of technical skills within the various departments of the business. Courses include project management, CAD training that explores modeling techniques and the design of clothing/knitwear, IT training, individual and group language courses, participation in master classes and training seminars, and training in sewing techniques;
- **Cross-functional skills** - development of managerial skills: development of interpersonal skills for executives using external providers and training in compliance, depending on the positions held within the organization.

In 2020, a learning management system was purchased as part of a three-year program, enabling the Human Resources Department to provide compliance training to collaborators (code of ethics, privacy and GDPR in this phase) on a distance-learning basis. This system makes it possible to track the training delivered and check participation/frequency of attendance. This software is available throughout the entire Aeffe Group.

This platform was expanded during 2023 with the purchase and publication of **two training courses dedicated to sustainability**. In collaboration with the relevant department, it was possible to identify an introductory course for all personnel within the Group and an advance course for first- and second-line senior managers. By 31st December 2023, 27% of the employed population had completed at least one course on sustainability.

Aeffe S.p.A. is also a partner business in the IFTS<sup>14</sup> (advanced training course) entitled “Clothing product technician combining artisan skills, new technologies and sustainability”. The objective of the course is to train clothing product technicians who can participate in the various phases of prototyping, from the graphic representation of the sample garment to manufacture of the finished product, using digital skills that

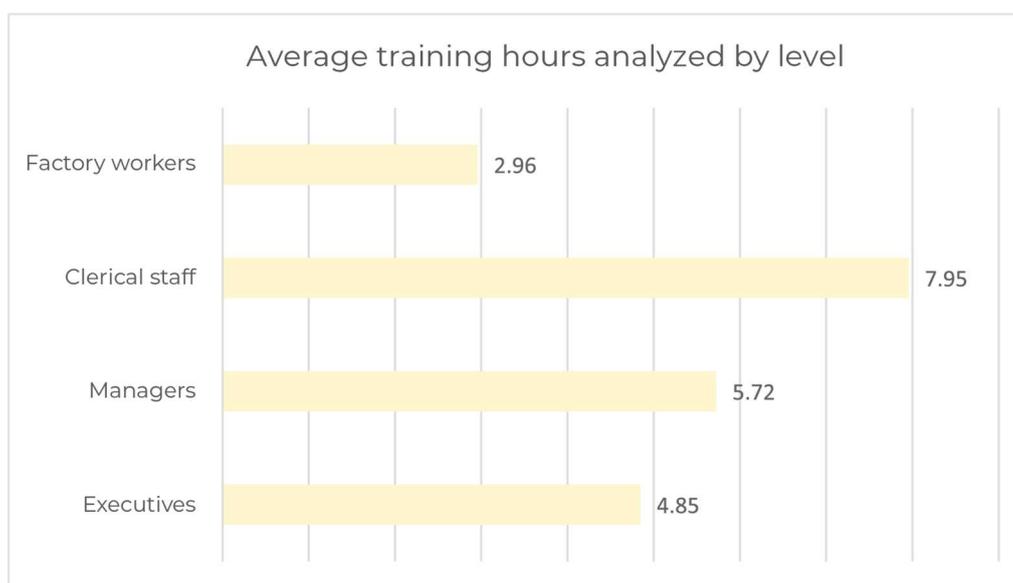
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<sup>14</sup> Training body: CERCAL S.p.A. Consortile

complement traditional processes. Aeffe S.p.A. has made materials available for the production of garments, licenses for the use of specialist modeling software and collaborators who deliver hours of training to course participants.

The retail divisions of Moschino S.p.A. and Aeffe S.p.A. delivered training courses specific to their area, focusing on management of the selling process and the management of personnel by Store Managers/Assistant Store Managers. These courses were supported by cross-functional training, with an emphasis on language skills and the use of MS Office.

A total of **7,383 training hours** were delivered in 2023, **up by 63.25%** compared with 2022. Analyzed by gender in 2023, the training received by women and men averaged, respectively, about 7.79 hours each and 6.36 hours each.



### 3.2.2 Employer branding

The Group considers the **attraction of new talent** to be essential for the success of its brands. Where possible, the Group likes to hire young, talented people. Preference is given to extracurricular, longer-term internships: especially in the R&D, product and styling, and corporate areas.

The hiring process generally begins with an internship that, following a positive appraisal, leads to direct recruitment.

The provision of curricular internships allows the Aeffe Group to maintain strong relations with schools and universities in the catchment territories, especially Italy: depending on need, the Group participates in events - such as recruiting days - promoted by universities and academies with a focus on fashion and luxury goods, in order to attract the best talent. Similarly, except during the Covid emergency, the Group has always actively organized tours of its facilities in order to engage better with students from prestigious Italian and European universities.

For all new hires, the Group runs an **on-boarding program** in order to communicate corporate and brand values and create a strong sense of belonging. The on-boarding day comprises three steps:

- The first **introduces new recruits** to the history of the Group, the composition of the brands and corporate values;
- The second, focused on the **organization**, explains the business, the organizational charts, the flows of activity and corporate policies;
- The third involves a **guided tour** of the various departments, providing an overview of how the business is structured and, at the same time, enabling recruits to see directly how the various elements are organized in order to produce collections.

### 3.2.3 Assessment and performance

The assessment process adopted by the Aeffe Group involves careful appraisals during trial periods and of personnel on fixed-term contracts (8% of the employed population). The process is guided by the **Human Resources Department**, using appraisal questionnaires that consider knowledge, skills, conduct and internalization of corporate values. The feedback provided by each manager is a fundamental element in deciding on the success of trial periods and the extension or conversion of fixed-term contracts. Considering the number of persons hired by Group companies in 2023, a very high percentage completed their trial periods successfully or converted from fixed-term contracts. This demonstrates the effectiveness of the search and selection processes and the efficacy of the OTJ training provided.

Acting in support of both individual and organizational development, managers are required to encourage and motivate their collaborators, identifying their strengths and the reasons for any weaknesses, so that action can be taken to resolve critical situations, while also highlighting any organizational problems to be addressed by management. This process seeks to involve collaborators in Group actions and strategies, making the contribution expected from each person more explicit, as well as to identify their development paths and any training needs. The approach adopted makes it possible to identify the current strengths of each person, guiding optimal future placement decisions and improving the merit-based compensation system. At this time, the Group **does not use a formal, structured assessment process**. Accordingly, the activities described above are not managed as part of a structured process and are not supported by system that records that assessments made during the career of each employee. The Human Resources Department is most involved in the collection of appraisals in the early stage of each career, while encouraging managers to develop a **healthy culture of feedback** that is constructive and motivating.

For this reason, the HR Department has worked together with top management on a project to build a system for assessing the performance of each collaborator, which will be implemented by the Italian companies in the Aeffe Group over the three-year period 2024-2026. This project was **included in the corporate business plan of the Group** in October 2023. The first year will be fundamental, laying the groundwork for the process, devising the format for appraisals, training the managers and documenting the related policy.

## 3.3 Inclusion, equity and diversity

The Group strives to **protect the moral integrity** of employees and collaborators,

guaranteeing their right to **working conditions that respect their dignity**. For this reason, the Group protects workers from psychological violence and combat all attitudes or conduct that is discriminatory or damaging to persons, their convictions and their preferences. Sexual harassment is forbidden in any form, even verbal, as is any other conduct that might upset individuals. In addition, the Company strives to facilitate the integration of foreign workers with proper residence permits, avoiding all forms of “hidden” labor and unlawful immigration.

Collaborators who believe they have been harassed or discriminated against for reasons linked to their age, gender, race, state of health, nationality, political opinions or religious beliefs must report the event to their direct superior, who will notify the Supervisory Body. Such reports are managed via the **whistleblowing channel**.

One of the most delicate topics for the management and development of personnel involves disseminating, promoting and defending a **culture of gender diversity** and guaranteed equal opportunities for all employees. On the topic of inclusivity, the Company joined the Fondazione Libellula Network, a group of businesses active in preventing and combating violence against women and gender discrimination, on 25th November 2022. Sharing the spirit of the Foundation, the Company is convinced that offices are not just workplaces, but also places for the creation of culture via values and messages that are transmitted even beyond the walls of the business: this is why Aeffe has decided to tackle the issue of violence against women and gender discrimination. Aeffe strives to provide a virtuous workplace that generates sensitivity and courage and, to achieve this, has chosen to draw on the skills and expertise of Fondazione Libellula. The objective on the Foundation and the Aeffe Group is to develop an inclusive working environment that contributes to building a culture founded on respect, that deconstructs stereotypes and empowers women.

Since January 2023, with precious assistance from a Fondazione Libellula advisor, the Human Resources Department has worked with the Sustainability Manager on **new proposals and initiatives** within the various Group companies. In particular, a working party was formed in September 2023 to guide the Group along a path that promotes inclusion and equity. The objective is to disseminate awareness and knowledge about such an important topic, so that everyone can play a part in making change happen and build together a new inclusive culture. In November 2023, on the National Day for the Elimination of Violence Against Women, the Group notified its membership of the Fondazione Libellula Network in an official communication to all collaborators, which was also disseminated in a press release and on social media.

For many years, the supplementary in-house agreement has included a section dedicated to **harassment and violence in the workplace** and outside of the organization. In fact, adopting the framework agreement signed by the European social partner organizations on 26th April 2007, information and training activities have been identified to increase awareness about harassment and gender violence in the workplace, together with internal victim support procedures and more favorable provisions for the victims of gender violence. Each year, the Company grants one hour of paid leave to attend meetings, in addition to the contractual total for awareness campaigns, and also

provides funds for training initiatives.

If cases arise in which employees have to be protected following harassment or gender violence, the supplementary in-house agreement recognizes three additional months' salary, in addition to that specified at national level<sup>15</sup>, and facilitates any changes needed to their working hours. Up to September 2023 two additional months were recognized but, following negotiations to renew the above agreement, the number of months has been increased.

### 3.4 Welfare and Well-being

The manufacturing companies within the Aeffe Group have adopted a welfare plan intended to create a better working environment, ever more careful to achieve a good **work-life balance**, the development of human capital and an increased sense of belonging, via a series of initiatives designed to increase the well-being of workers and their families.

The management of Aeffe S.p.A. and Pollini S.p.A. has set aside additional economic resources with respect to those already dedicated to **productivity bonuses**, deciding in concert with union representatives to suspend the variable wage regime. In addition, in July 2023, those companies granted to all collaborators active for at least four months a bonus comprising Edenred "Ticket Compliments Top Premium" shopping vouchers, ENI fuel cards and an amount added to the pay slip.

The supplementary in-house agreement for Aeffe S.p.A. was renewed on 27th September 2023 for three years, i.e. until 2026. During these second-level negotiations, the topics of welfare and organizational wellbeing received priority. The most significant innovations covered the following topics: intercompany canteen, working hours, parenthood support, positive action<sup>16</sup>, business volunteering, performance bonus, corporate welfare, supplementary health insurance for middle managers, remote working.

#### 3.4.1 Corporate welfare

Consistent with the efforts made to ensure continuous improvement in a highly competitive market, Aeffe<sup>17</sup> has arranged to adopt a **new corporate welfare plan** with deliverables that differ from those used in the past.

In particular, working with the social partners, management has implemented a Welfare Plan for all employees who accept a "WELFARE CREDIT" by registering with a platform that enables them to choose freely from a number of goods and services.

This welfare credit, recognized from 01/01/2024 until the month of November each year, will be available to workers on permanent and fixed-term contracts, as well as agency workers, on condition that they have worked for at least 6 months, are still active in the month of use, and have completed successfully their contractual trial periods.

The principal welfare initiatives intended to enhance the well-being of employees include:

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<sup>15</sup> Art. 24 of Decree 80 dated 15th June 2015 introduced paid leave for the exclusive use of female workers included in certified protection programs following gender violence. This leave is available for a maximum period of 3 months (equivalent to 90 days of work), usable over a period of three years.

<sup>16</sup> Additional paid hours of leave for cancer prevention examinations and for chronic illnesses.

<sup>17</sup> The information provided in this section relates solely to Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l.

### 3.4.2 Working hours

#### Flexible start and finish times

The commercial, administrative and corporate departments of Aeffe S.p.A. and its services will trial the use of flexitime, within a thirty minute range, for start and finish times at San Giovanni in Marignano and the two offices in Milan, with the possibility of extending this benefit to the Operations department later.

#### Remote working

The Company intends to continue improving the context in which collaborators to perform their working activities, facilitating their wellbeing and, in particular, their work-life balance. In this regard, the Company signed a remote working agreement with the trade unions on 17th March 2023. This marked the start of an experimental phase for all employees whose roles and, therefore, activities can be carried out remotely. This period will end on 31st March 2024. During the intervening period, the parties will meet to examine an analysis of how this tool is used, including its frequency of use. Work can be performed remotely for a maximum of 4 days each month, strictly in blocks of one full day, with a maximum of 2 days each week, having regard to the inevitable organizational needs of the Company and, in particular, the cases in which physical attendance in the workplace is essential.

At this time, over 200 collaborators are involved in this experimental phase.

#### Overtime management

The Company seeks to minimize overtime by improving the organization of work wherever possible, or by increasing employment with recourse, for example, to fixed-term contracts. As agreed with the unions some time ago, the supplementary in-house contract has improved on the Time Bank and Flexibility mechanisms envisaged by law.

#### Part-time quotas

The Company has agreed with the unions to consider a temporary increase in the percentage of part-time working, beyond that envisaged in the national contract, for the benefit of employees who may need to change their work-life balance for a while.

### 3.4.3 Vacation and additional leave

#### Increase in leave hours

Each year, upon request, each full- and part-time collaborator will be granted additional paid hours of leave for cancer prevention examinations and for chronic illnesses. The new supplementary agreement has raised the maximum ceiling from six to eight hours.

#### Parenthood

Given the high proportion of women in the sector workforce, in May 2019 the Company introduced a system that facilitates the return to work after childbirth. This benefit and opportunity will be extended to all cases of parenthood, including same-sex parenting, thus facilitating the return to work of new natural or adoptive mothers/fathers and guardians, enhance their work-life balance and, at the same time, enable the organization to plan for a reduction in personnel turnover. Workers who, at the end of the mandatory

leave period, decide to take advantage of all 6 months of consecutive parental leave, can benefit from a return to work on a part-time basis (either 56.25% or 75%), with the distribution of their working hours in accordance with corporate rules.

This option is available to all employees of Italian companies and will allow them to recommence full-time work when their child reaches 36 months of age. Until September, this benefit envisaged part-time work until the child reached 20 months of age.

#### Volunteering day

Starting in 2024 for an experimental period of twelve months, a new plan will promote and enhance social solidarity initiatives. The main point is that workers who perform voluntary work (in particular, for bodies certified by the non-profit register) will be recognized one paid day every year. In this way, socially-useful projects can be supported, with the possibility of future involvement - even by the business - in initiatives/partnerships via organizations that implement environmental and social projects and activities (e.g. poverty alleviation, diversity and inclusion, health, food waste, civil protection, animal welfare), with a focus on local communities where possible.

#### Vacation calendar

The Company vacation calendar is decided by March every year. This set frequency enables the entire organization and all employees to plan precisely the total vacation time due.

#### Time bank and Flexibility mechanisms

The national collective employment contract allocates 32 hours to the time bank. The Company has increased this to 40 hours.

The Flexibility mechanism is designed to tackle fluctuations in the intensity of work. Working together, the Company and the unions establish different attendance hours at certain times of the year. These may exceed the contractual hours up to the annual limit of 70 hours. Once the contractual hours have been exceeded, working hours may be reduced by the same number at other times of the year, when the workload is less intense.

#### Solidarity hours

Pursuant to art. 24 of Decree 151/2015, colleagues may assign “solidarity hours” to persons faced with extremely serious events involving their children and/or immediate family.

#### Sick pay

Blue-collar workers are entitled to a sick-pay supplement, assuring them of up to 75% of the normal remuneration from the first to the third day of absence; while white-collar workers are entitled to a sick-pay supplement, assuring them of up to 75% of their normal remuneration for the fifth and sixth months away from work.

### 3.4.4 Healthcare support

#### Sanimoda extension

The supplementary healthcare fund for workers - compulsory for permanent employees and apprentices - has been extended to fixed-term contracts after completion of the trial period, accordingly, it covers all Italian employees (1,060 persons). The healthcare support

delivered by UniSalute is envisaged in the national collective employment contract (CCNL) for the industrial sector and covers all the Italian industrial companies within the Aeffe Group. In addition, from 2023 the CCNL for the industrial and clothing sector provides new invalidity and disability cover for 845 employees.

#### Supplementary insurance cover

From 1st January 2024, the parties to the new supplementary in-house agreement, signed in 2023, have agreed to recognize and sign insurance policies covering injuries, whether work related or not, and supplementary healthcare insurance in addition to the SANIMODA plan already envisaged in the CCNL for the Clothing Industry - SMI (Italian Fashion System). In addition, all executives benefit from life insurance cover, as envisaged in the relevant CCNL.

### 3.4.5 Services

#### Employee Recreation Committee (CRAL)

Aeffe makes funds available to employees for cultural, recreation, training, information and sporting activities, which is managed by a committee of designated employees. Every year, the CRAL organizes dinners, receptions and events of various kinds that bring employees together. In addition, each year, the committee signs agreements for member-only discounts with businesses of various types.

#### Purchase of Company products

Aeffe allows all personnel to purchase Company products at advantageous prices (footwear and leather goods at Pollini, underwear and summer clothes, clothing and accessories) from the related stores. This opportunity is made available twice each year, at specific times notified by the Company, and has also been extended to close family members.

#### Accounting and tax services

Each year, in May, all employees are given an opportunity to obtain tax advice and support (for their Form 730 tax declaration), under an agreement with Confindustria. The declaration is completed on Company premises, during working hours, with a dual benefit: the first is to free-up personal time, while the second is to obtain reduced rates.

#### Termination indemnities, advances and transfers

Persons employed prior to 2007 who have joined supplementary pension schemes are able to request an annual advance against their termination indemnities, for allocation to their pension fund in order to increase the related benefits.

#### Agreements

Aeffe has signed agreements that offer discounts reserved solely for Group employees, including agreements with banks, gyms and private schools active in Italy.

#### Study leave and grants

Upon request and consistent with the hours envisaged in the current CCNL, workers enrolled in university courses and masters, including those run privately (relevant to the job description/role assigned), are allowed unpaid leave prior to the exams - in blocks of two days - in addition to the paid time envisaged in the CCNL.

Drawing on the fund established by the Company, each year study grants are made available to deserving children of employees engaged in first- and second-level secondary and university education.

### Sustainable mobility

Aeffe S.p.A. has decided to provide concrete support for sustainable mobility: a trend that is growing steadily in the business world. Starting in July 2023, 10 e-bikes have been made available to all employees working in San Giovanni in Marignano to enhance the sustainability of home-work travel, lunch breaks or even recreational activities outside of working hours.

The rental/use of these e-bikes is completely free of charge for employees, with a decidedly positive reaction in the initial months. In particular, over 1,700 km have been traveled, with an estimated total saving of 183 Kg of CO<sub>2</sub>.

### 3.5 Innovation and digitalization

The Human Resources Department has always believed in the importance of **innovation** and **digitalization**, with a view to improving both the efficiency of processes and sustainability.

The Infinity Zucchetti **HR portal** is a complete software suite for managing all Personnel, Payroll, Travel and Safety processes. All modules and solutions are designed and developed for the Cloud and, accordingly, can be reached by desktop or mobile device from any location.

The collaborators of the Group's Italian companies have access to a dashboard where they can read corporate communications, organizational documents and useful work-related information.

In addition, each function manager has a workspace available for the management of subordinates, with the ability to access certain information and dedicated reports.

With a view to **simplifying and optimizing processes**, Ztravel was activated in 2023 for certain employees of Aeffe S.p.A., in order to manage the entire process of requesting and authorizing travel and expense claims.

In addition, the HR-Workflow pilot project was launched in July 2023, covering the authorization aspect of managing absences, attendance and overtime hours.

The portal has been supported over the past five years or so by a dedicated **app**, ZConnect: in this way, communications and all corporate and administrative documents can easily be consulted on a smartphone, even by those whose roles do not assign them a business account.

### 3.6 Collective bargaining agreements

The policies and procedures followed by the Group for the management of working relationships are consistent with the various **National Collective Employment Contracts** (CCNL) applied by the companies concerned. All employees of the Italian companies within the Aeffe Group are covered by CCNLs, as follows:

- Clothing - Aeffe S.p.A.
- Leather and shoes - Pollini S.p.A.
- Commerce - Pollini Retail S.r.l. and the Retail Division of Aeffe S.p.A.
- Industrial executives - Managers at all companies

Even though local employment rules differ from those applicable in Italy, the employees of foreign companies are also covered by equivalent contracts within those legislations.

### 3.7 Occupational Health and Safety<sup>18</sup>

Via the **Safety Office** and in addition to ensuring compliance with the requirements of Decree 81/08, as amended, for the health and safety of employees and collaborators, the Aeffe Group strives within the logic of those regulations to improve continuously the standards achieved in order to keep under control and reduce the risk parameters identified.

Maintaining focus on the requirements of the applicable regulations and the instructions contained in the **Code of Ethics** of Aeffe S.p.A. - point 3.12 “Safeguarding occupational health and safety and the environment”, the activities of the Safety Office ensure proper monitoring of those aspects of health and safety addressed by ISO 45001, even though certification has not been obtained.

Considering the requirements of Decree 81/08 as amended, the organizational roles identified manage properly the matters under their responsibility covering, in fact, all the aspects identified in the risk assessments carried out by the Company.

In particular, following on from the past, further initiatives are being planned with regard to the plant and equipment installed in the factories of the Aeffe Group.

With regard to the training provided on health and safety matters, as required by the State-Regions Agreements, internal and external courses and **e-learning modules** are delivered to ensure regulatory compliance for the various roles identified in the applicable current regulations.

Specifically in this regard, a total of **1,055** training hours were delivered during the year to **186** participants. The numbers are detailed in the schedule at the end of the chapter, which also analyses the training hours delivered on health and safety matters and the number of participants.

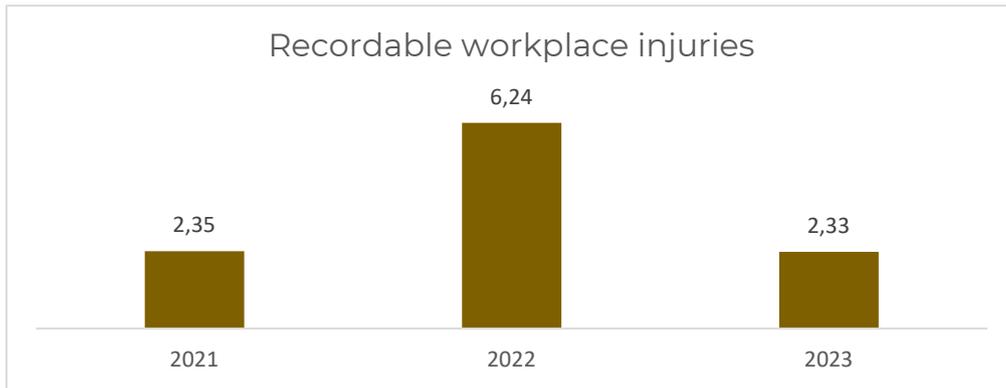
During the year, **5 injuries were recorded during a total of 2,145,622 hours worked**. As in prior years, there were no fatal accidents or deaths (consequent to injuries and/or work-related ill health), or any work-related illnesses attributable to the business activities carried out. See the attached schedule for further details.

In addition to the absence of work-related illnesses, there has also been a marked reduction in the injury indices. This evidences appropriately the quality of the system applied.

Considering the current three-year period, the **recordable workplace injuries** of the Aeffe Group in 2023 were significantly different to those recorded in the prior year, but nevertheless aligned once again with the statistics for 2021.

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<sup>18</sup> The information provided relates to Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l.



Based on the above and the data reported in the attached schedules, it is possible to conclude that the work performed and carried forward at Group level is contributing positively to the protection of occupational health and safety, for the benefit of all employees and collaborators.

### 3.8 Relations with the community

During 2023, Aeffe decided to allocate most of its **charitable donations** to support for **research, infancy and social causes**.

In particular, to celebrate its 40th anniversary, Maison Moschino decided to remember its founder, Franco Moschino, by supporting **The Elton John Aids Foundation**, a non-profit organization established in 1992 by the English pop star. During the "40 years of love" parade held on 21st September 2023 as part of Milan Fashion Week, a limited edition t-shirt was launched with all proceeds going to the Foundation, thus honoring Franco Moschino and his commitment to the fight against Aids.

Additionally, in order to support economically the **flood-hit areas of Emilia-Romagna**, the "Io ci sono" t-shirt was launched at Alberta Ferretti's Resort 2024 parade held in Rimini on 26th May 2023. All proceeds went to the Agency for territory safety and regional civil protection, with the addition of a symbolic contribution from all Group employees.

As always, Aeffe has maintained its membership of the **principal trade associations in the fashion sector**, contributing in particular to CONFINDUSTRIA ROMAGNA, CONFCOMMERCIO, CAMERA NAZIONALE DELLA MODA, ALTAGAMMA, AMICI DI VIA DELLA SPIGA, ASSOCIAZIONE VIA CONDOTTI, MONTENAPOLEONE DISTRICT, NUOVA ASSOCIAZIONE DEL BABUINO.

In addition, 2023 saw the start of a three-year program involving a commitment by Aeffe to **MADE IN ITALY CIRCULAR AND SUSTAINABLE (MICS)**, being an extended partnership of Universities, Research Centers and Businesses financed by MUR – Ministry for the Universities and Research, drawing on funds made available by the European Union in the context of the NextGenerationEU (PNRR) program. MICS comprises 25 partners, 12 from the public sector and 13 from the private sector, active in three key sectors of Italian industry: Fashion, Furnishings and Factory Automation. Dividing the research into eight topics (*Spokes*), MICS is at the forefront of tackling the challenges that face traditional design, production and consumption models, including end-of-life solutions for materials, products, production technologies and processes, so that greener models respectful of the circular economy can be introduced.

Lastly, once again Aeffe has supplemented its charitable donations with gifts in kind (garments and accessories) to **voluntary associations, foundations and charities for**

**the collection of funds and charity auctions**, while also providing raw materials and fabrics to schools in order to support the teaching, spread and practice of traditional fashion-related skills. Remnants of cloth weighting over 100 kg were donated during 2023, as well as about 280 meters of lining.

	<b>2023</b>				<b>2022</b>				<b>2021</b>		
	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	TOTAL
Permanent	275	930	1	1,206	251	845	1	1,097	262	872	1,134
Fixed term	17	86	0	103	19	96	0	115	21	69	90
<b>TOTAL</b>	<b>292</b>	<b>1,016</b>	<b>1</b>	<b>1,309</b>	<b>270</b>	<b>941</b>	<b>1</b>	<b>1,212</b>	<b>283</b>	<b>941</b>	<b>1,224</b>
Full-time	272	854	1	1,127	253	791	1	1045	262	803	1065
Part-time	20	161	0	181	17	150	0	167	14	145	159
<b>TOTAL</b>	<b>292</b>	<b>1,016</b>	<b>1</b>	<b>1,309</b>	<b>270</b>	<b>941</b>	<b>1</b>	<b>1,212</b>	<b>276</b>	<b>948</b>	<b>1,224</b>

EMPLOYEES, ANALYZED BY LEVEL AND GENDER								
2023	MEN		WOMEN		OTHER		TOTAL	
Executives	18	1%	12	1%	0	0%	30	2%
Managers	49	4%	89	7%	0	0%	138	11%
Clerical staff	175	13%	745	57%	1	0%	921	70%
Factory workers	50	4%	170	13%	0	0%	220	17%
<b>TOTAL</b>	<b>292</b>		<b>1,016</b>		<b>1</b>		<b>1,309</b>	
<b>Percentage</b>	<b>22%</b>		<b>78%</b>		<b>0%</b>		<b>100%</b>	

EMPLOYEES, ANALYZED BY LEVEL AND GENDER							
	2022				2021		
	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	TOTAL
Executives	20	9	0	29	20	10	30
Managers	32	57	0	89	27	36	63
Clerical staff	164	687	1	852	147	668	815
Factory workers	54	188	0	242	82	234	316
<b>TOTAL</b>	<b>270</b>	<b>941</b>	<b>1</b>	<b>1,212</b>	<b>276</b>	<b>948</b>	<b>1,224</b>
<b>Percentage</b>	<b>22%</b>	<b>78%</b>	<b>0%</b>	<b>100%</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>

EMPLOYEES, ANALYZED BY LEVEL AND AGE BAND								
2023	<30		30-50 YEARS		>50		TOTAL	
Executives	0	0%	12	1%	18	1%	30	2%
Managers	1	0%	83	4%	54	4%	138	11%
Clerical staff	128	10%	545	19%	248	19%	921	70%
Factory workers	18	1%	89	7%	113	9%	220	17%
<b>TOTAL</b>	<b>147</b>		<b>729</b>		<b>433</b>		<b>1,309</b>	
<b>Percentage</b>	<b>11%</b>		<b>56%</b>		<b>33%</b>		<b>100%</b>	

EMPLOYEES, ANALYZED BY LEVEL AND AGE BAND								
	2022				2021			
	<30	30-50 YEARS	>50	TOTAL	<30	30-50 YEARS	>50	TOTAL
Executives	0	11	18	29	0	11	19	30
Managers	1	56	32	89	0	36	27	63
Clerical staff	99	528	225	852	104	515	196	815
Factory workers	16	100	126	242	20	144	152	316
<b>Total</b>	<b>116</b>	<b>695</b>	<b>401</b>	<b>1,212</b>	<b>124</b>	<b>706</b>	<b>394</b>	<b>1,224</b>

Percentage	10%	57%	33%	100%	10%	58%	32%	100%
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<b>NON-EMPLOYED WORKERS ANALYZED BY TYPE OF CONTRACT AND GENDER</b>				
<b>2023</b>	<b>MEN</b>		<b>WOMEN</b>	<b>TOTAL</b>
Interns and apprentices	2		16	18
Agency workers	6		5	11
Freelance workers	15		14	29
Contractors	22		5	27
<b>TOTAL</b>	<b>1,924.5</b>		<b>5,458.5</b>	<b>7,383</b>

<b>NO. OF EMPLOYEES IN PROTECTED CATEGORIES, ANALYZED BY ROLE AND GENDER</b>						
<b>2023</b>	<b>MEN</b>		<b>WOMEN</b>		<b>TOTAL</b>	
Executives	0	0%	0	0%	0	0%
Managers	1	0%	1	0%	2	0%
Clerical staff	8	2%	23	1%	31	3%
Factory workers	4	1%	10	0%	14	1%
<b>TOTAL</b>	<b>13</b>		<b>34</b>		<b>47</b>	
<b>Percentage</b>	<b>3%</b>		<b>1%</b>		<b>4%</b>	

<b>TOTAL TRAINING HOURS ANALYZED BY LEVEL</b>				
<b>2023</b>	<b>MEN</b>	<b>WOMEN</b>	<b>OTHER</b>	<b>TOTAL</b>
Executives	75	51	0	126
Managers	296	305	0	601
Clerical staff	1,422.5	4,583	0	6,005.5
Factory workers	131	519.5	0	650.5
<b>TOTAL</b>	<b>1,924.5</b>	<b>5,458.5</b>	<b>0.00</b>	<b>7,383</b>

<b>AVERAGE TRAINING HOURS ANALYZED BY LEVEL</b>				
<b>2023</b>	<b>MEN</b>	<b>WOMEN</b>	<b>OTHER</b>	<b>TOTAL</b>
Executives	5.00	4.64	0.00	4.85
Managers	7.22	4.77	0.00	5.72
Clerical staff	10.09	7.48	0.00	7.95
Factory workers	2.62	3.06	0.00	2.96
<b>TOTAL</b>	<b>6.36</b>	<b>7.79</b>	<b>0.00</b>	<b>6.68</b>

TOTAL TRAINING HOURS DELIVERED	
2022	2021
4,512	3,711

TURNOVER 2023 <sup>19</sup>	Men				Women				Total
	under 30	30-50 years	over 50	Total	under 30	30-50 years	over 50	Total	
No. employees	21	136	98	254	90	551	309	950	1205
New hires	9	20	3	32	37	108	57	202	235
Leavers	25	99	26	150	93	283	125	501	651
Inbound turnover	42.9%	14.7%	3.1%	12.6%	41.1%	19.6%	18.4%	21.3%	19.9%
Outbound turnover	119.0%	72.8%	26.5%	59.1%	103.3%	51.4%	40.5%	52.7%	54.0%

TYPE OF TRAINING	31.07.2023	
	Hours	Participants
General training	84	21
Specific training	92	23
Executive training	16	1
Refresher training - workers	546	91
Refresher training - leaders	6	1
Refresher training - WSR	48	6
Leaders course	62	8
HSO courses	24	2
Fire prevention course	8	1
Fire prevention refresher	40	8
First-aid course	36	3
First-aid refresher	48	12
BLSD course for lay rescuers	25	5
Fork-lift refresher	20	4
Total	1,055	186

INJURIES	31.12.2023 TOTAL	31.12.2022 TOTAL	31.12.2021 TOTAL
Incidents			
<i>Injuries</i> <sup>20</sup>	10	20	13
<i>Workplace fatalities</i>	0	0	0
<i>Fatalities following workplace injuries</i>	0	0	0
Types of injury (no.)			
<i>Injuries</i>	5	11	4
<i>Workplace injuries with serious consequences</i>	0	0	0
<i>Injuries during home/work travel</i> <sup>21</sup>	5	9	9

<sup>19</sup> The data reported in the table includes a scope exception for Aeffe Group Inc.

<sup>20</sup> The 2021 injury data has been adjusted after a recalculation.

<sup>21</sup> Incidents during home/work travel are not included in the injury rate, as envisaged in the UNI standard on injury statistics.

INJURY INDICES	31.12.2023 TOTAL	31.12.2022 TOTAL	31.12.2021 TOTAL
Total hours worked	2,145,622	1,763,395	1,703,267
Recordable workplace injuries <sup>22</sup> (frequency rate)	2.33	6.24	2.35
Workplace injuries with serious consequences <sup>23</sup> (frequency rate)	0	0	0
Days lost (severity rate) <i>no. of days lost due to injury and work-related ill health/total workable hours</i> )*1,000	NA <sup>24</sup>	0.25	0.12

<sup>22</sup> The recordable workplace injuries rate is calculated as the ratio of the number of recordable workplace injuries to the total number of hours worked, multiplied by 1,000,000.

<sup>23</sup> The rate of workplace injuries with serious consequences, excluding deaths, is calculated as the ratio of the number of injuries with serious consequences to the total number of hours worked, multiplied by 1,000,000.

<sup>24</sup> The rate of days lost in 2023 is not provided, since it was not possible to obtain the data due to mergers and changes in the way data is collected.

## 4. ENVIRONMENT

<b>MATERIAL TOPICS</b>	<b>Renewable energy and energy efficiency</b>
	<b>Fight against climate change and management of emissions</b>
	<b>Circular economy and sustainable products</b>

In recent years, management has implemented a practical program designed to enhance the sustainability environment of the Aeffe Group. This program directly involves employees and collaborators in various initiatives that build common awareness of the need to **reduce the environmental impact** of productive activities, thus normalizing the adoption of good practices by all personnel.

The Group has adopted various measures to monitor its climate impact. In particular, in recent years, an **energy efficiency project** has been carried out at the production facilities of the Aeffe Group at San Giovanni in Marignano and Gatteo, with a view to reducing consumption via the remote monitoring and management of air conditioning installations, as well as via the partial replacement of traditional lighting with LEDs in order to reduce consumption significantly and avoid the release of significant quantities of CO<sub>2</sub> into the atmosphere. In addition, a new-generation photovoltaic system has been installed at the Gatteo facility. Given the good results obtained, this is very likely to be expanded in the near future.

As another virtuous example, the continued use of bio-degradable water bottles in vending machines and the water fountains installed at the headquarters in San Giovanni in Marignano together reduce the quantity of plastic that is indirectly attributable to the productive activities of Aeffe S.p.A.

With regard to the improvements in progress and actions to be taken, further initiatives to safeguard the environment will be planned in the near future that address more completely the expectations of future generations.

In particular, the **new strategic plan for sustainability** adopted by the Aeffe Group in 2023 defined and, consequently, launched a three-year plan to quantify and reduce emissions, both internally and throughout the value chain, in order to build a path towards long-term sustainability. Planned activities range from measurement of the corporate carbon footprint in conformity with the reference international frameworks, to the definition of a long-term commitment to achieve Net-Zero emissions.

As a first step, a **new way to collect data** about Scope 1 and 2 emissions has been defined. This involves support from and the use of a technological platform provided by a specialist **greentech**, which allows the business to monitor its annual emissions independently, calculate their impacts and measure progress along the decarbonization trail. The application of this new methodology has produced an initial analysis that takes stock of the situation and identifies the principal action areas, defining the strategic priorities on which to focus the Group's carbon mitigation and offset strategy in the coming years.

Aeffe will continue along this path in 2024 and 2025 by analyzing the Scope 3 emissions throughout the value chain, so that a Net-Zero strategy can be defined that enables the business to communicate its commitments and objectives by joining the SBTi.

With regard to awareness about these topics, during 2023 the Aeffe Group continued efforts to involve all collaborators in activities designed to reduced its environmental footprint. Via the launch of an internal newsletter dedicated to sustainability matters, the business begun to communicate information, data and objectives intended to make collaborators even more aware about the increasing importance of, and need for, their contributions.

In particular, the consumption of paper used for printing was recorded and analyzed at the Group's 4 principal locations, resulting in the establishment of a challenging objective for the end of 2025: halve the number of printed pages. This objective, agreed and communicated in August 2023, generated significant engagement with very encouraging results by the end of 2023; indeed, after just 4 months of effort, the annual consumption of paper was 14% lower than in 2022.

In addition, the topic of waste management and responsible disposal has been addressed in several targeted communications, resulting in a major improvement in separated collection at Group locations. The proportion of unseparated waste there is now much lower. The objective is reduce this proportion even further, seeking to eliminate all unseparated waste by the end of 2025.

Aeffe also adopted specific new measures to improve **energy efficiency** during 2023. In particular, a person responsible for the conservation and rational use of energy (**energy manager**) was appointed with an annual mandate. The functions of this manager comprise:

- identification of actions, changes, procedures and all else needed to promote the rational use of energy;
- preparation of energy reports that also take into account economic parameters and the end uses of energy;
- collection of energy data to check on the action taken with the use of government grants.

The energy manager has updated the **energy diagnosis** of the Aeffe Group pursuant to Decree 102/2014. The sites analyzed correspond to the 4 locations of the Group with the greatest impact, namely:

- Via delle Querce 51, 47842 San Giovanni in Marignano (RN)
- Via Gaetano Donizetti 48, 20122 Milan
- Via San Gregorio 28, Milan
- Pollini S.p.A. - Via Erbosa 3, 47043 Gatteo (RN)

Lastly with regard to environmental matters, application of the organizational model of the Aeffe Group ensures full compliance with the relevant laws and regulations, while also working over the years to improve employee awareness and energy efficiency in order to reduce their personal environmental footprint.

In application of Decree 231/01 with reference to point 3.12 "In safeguarding occupational health and safety and the environment" of the Code of Ethics of Aeffe S.p.A., the organizational model requires activities similar to those envisaged for ISO 14001

certification, even though the system implemented has not yet been subjected to the certification process.

## 4.1 Energy Consumption and Emissions

### 4.1.1 Energy consumption<sup>25</sup>

In 2023, the companies considered, Aeffe S.p.A, Pollini S.p.A. and Pollini Retail S.r.l., together consumed **21,573.42 GJ of fossil fuels**, of which 47% reflected the consumption of natural gas for heating purposes. In order to improve and expand continuously the scope of data collection, data was collected over the past year on the 200,000 km traveled by company cars with diesel engines, as well on the direct consumption of 200 liters of fuel by the emergency generator. As in 2022, this analysis of consumption included the cars used by sales representatives, as well as commercial vehicles.

During the same period, **31,154.32 GJ of electricity were consumed, of which 6.17% was self-generated by the photovoltaic installations** located at the premises of Aeffe S.p.A. in San Giovanni in Marignano and, from 2022, at the Gatteo facility of Pollini S.p.A.

### 4.1.2 Greenhouse gas emissions<sup>26</sup>

In 2023, the Scope 1 emissions generated by the Aeffe Group amounted to **1,274.32 tCO<sub>2</sub>eq**, up by 10.09% compared with 2022 due to expansion of the scope of data collection about consumption.

For full compliance with the GRI Standards, the Scope 2 emissions - linked to the purchase and consumption of electricity - were calculated using both the location-based and the market-based methods. While the **location-based** method considers the average intensity of the GHG emissions of the grids supplying the electricity consumed, principally determined using their average emission factors, the **market-based** method considers the emissions from the electricity that the organization has intentionally contracted to use<sup>27</sup>. Over the past year, these values totaled respectively **2,557.92 tCO<sub>2</sub>eq and 3,712.23 tCO<sub>2</sub>eq**, with increases over the prior year attributable to expansion of the scope of data collection.

## 4.2 Management of water resources

The water consumption reported for the Aeffe Group comprises that of the production facilities at **San Giovanni in Marignano** and **Gatteo**, which are considered those most meaningful in relation to the scope of reporting.

During the period examined, about **6.68 megaliters of water** were drawn, entirely from municipal water service providers. This represents a reduction of 72% compared with

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<sup>25</sup> The 2023 data relates to Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l. The data included for 2022 and 2021 has been aggregated for Aeffe S.p.A, Pollini S.p.A. and Velmar S.p.A. (still a separate entity in prior years), with a view to improvement and better alignment with reporting methodologies adopted.

<sup>26</sup> The 2023 data relates to Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l. The data included for 2022 and 2021 has been aggregated for Aeffe S.p.A, Pollini S.p.A. and Velmar S.p.A. (still a separate entity in prior years), with a view to improvement and better alignment with reporting methodologies adopted.

<sup>27</sup> The location-based emission factors are calculated using the conversion factors issued by Terna, International comparisons 2020. The market-based Scope 2 emissions are calculated using the most recent (2021) European Residual Mixes "AIB" emission factors.

2022. In fact, the prior year was affected by massive pipe losses that generated high consumption levels.

Water discharges are considered urban in nature, given the absence of processing that might involve the release of products or dissolved substances that could be hazardous.

### 4.3 Waste disposal

Waste is generated by Group companies in full compliance with sector laws and regulations; however, constant efforts are made to reduce the incidence and quantity of the waste produced.

As required by the relevant laws and regulations, applying good technical rules, the Group not only separates waste properly, but also motivates personnel to reduce the impact of the waste generated.

The providers of waste management services have been qualified to work with the companies in the Aeffe Group, in accordance with current waste disposal regulations. For the purposes of this consolidated Non-Financial Statement, the most significant waste is produced at the facilities of Aeffe S.p.A. in San Giovanni in Marignano and those of Pollini S.p.A. in Gatteo.

Aeffe S.p.A. does not generate any hazardous waste, while Pollini S.p.A. does generate some.

The waste generated by both facilities totaled **326.90 tonnes**.

FOSSIL FUEL CONSUMPTION <sup>28</sup>	2023		2022		2021	
	TOTAL	TOTAL GJ	TOTAL	TOTAL GJ	TOTAL	TOTAL GJ
Natural gas for heating (Sm <sup>3</sup> )	279,779	10,038	329,945	11,840	355,014	14,201
Fuel for the company fleet (l)	234,805 (l) 200,000 (km)	11,529	180,110	6,424	161,397	6,456
<i>Diesel (l)</i>	221,185	7947	160,344	5,782	155,564	6,222
<i>Diesel (km)</i>	200,000	3,140 <sup>29</sup>	NA	NA	NA	NA
<i>Gasoline (l)</i>	13,620	442	19,766	642	5,833	233
Other direct consumption (l)	200	7	NA	NA	NA	NA

ELECTRICITY CONSUMPTION <sup>29</sup>	2023		2022		2021	
	TOTAL	TOTAL GJ	TOTAL	TOTAL GJ	TOTAL	TOTAL GJ
Electricity purchased (Kwh)						
from renewable sources <sup>30</sup>	-	-	-	-	4,446,064	16,006
from non-renewable sources	8,120,367	29233	4,049,458	14,579	-	-
Total self-produced electricity consumed (Kwh)	533,610	1921	570,254	2,053	479,155	1,725

DIRECT EMISSIONS SCOPE 1 <sup>31</sup>	2023		2022		2021	
	TOTAL GJ	TOTAL tCO <sub>2</sub> eq	TOTAL GJ	TOTAL tCO <sub>2</sub> eq	TOTAL GJ	TOTAL tCO <sub>2</sub> eq
Natural gas for heating	10,037.61	564	11,840	665	14,201	855
Fuel for the company fleet	11,529	629	6,424	479	6,456	457
<i>Diesel</i>	11086	600	5,782	433	6,222	441
<i>Gasoline</i>	442	34	642	46	233	16

<sup>28</sup> The conversion factors used to transform the different types of energy into GJ are taken from the 2022 DEFRA (UK Department for Environment, Food and Rural Affairs) database.

<sup>29</sup> The conversion from Km to GJ is based on an estimate made by converting between the 2022 DEFRA emission factors tCO<sub>2</sub>eq/km and tCO<sub>2</sub>eq/l.

<sup>30</sup> The estimated 2021 data is based on GSE recognition, pursuant to Ministry of Economic Development Decree dated 31st July 2009, of the fuel mix of electricity input to the national grid in 2020: renewables 45.04%.

<sup>31</sup> The 2023 emission factors used to calculate the tCO<sub>2</sub>e for 2023 are taken from the 2022 DEFRA (UK Department for Environment, Food and Rural Affairs) database.

Refrigerant gases <sup>32</sup>		80	NA	NA	NA	NA
Other direct consumption	7	1	NA	NA	NA	NA
<b>TOTAL SCOPE 1</b>	21,573.42	1274.32	18,264	1,144	20,656	1,312

<b>2023</b>	<b>TOTAL Kwh</b>	<b>TOTAL tCO2eq</b>
Electricity purchased (Location-based method)	8,120,367	2,557.92
Electricity purchased (Market-based method)	8,120,367	3,712.23
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (LB method)</b>		3,832.23
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (MB method)</b>		4986.55

<b>2022</b>	<b>TOTAL Kwh</b>	<b>TOTAL tCO2eq</b>
Electricity purchased (Location-based method)	4,049,658	995
Electricity purchased (Market-based method)	4,049,658	1,849
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (LB method)</b>		1,845
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (MB method)</b>		2,699

<b>2021</b>	<b>TOTAL Kwh</b>	<b>TOTAL tCO2eq</b>
Electricity purchased (Location-based method)	4,446,064	2,299
Electricity purchased (Market-based method)	4,446,064	2,041
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (LB method)</b>		3,611
<b>Total direct emissions Scope 1 + indirect emissions Scope 2 (MB method)</b>		3,353

<sup>32</sup> The value is reported solely in tCO2eq as, in accordance with the GHG Protocol guidelines, it is derived from an estimated based on the annual quantity of refrigerant gases lost from a conditioner of average energy efficiency.

### WATER DRAWN FROM THE MAINS (MEGALITERS)

2023	2022	2021
6.68	23.48	30.21

WASTE GENERATED (t) <sup>33</sup>	2023	2022	2021
<b>Non-hazardous waste</b>	<b>326.22</b>	<b>308.71</b>	<b>132.89</b>
<b>Sent for disposal</b>	<b>25.83</b>	<b>179.09</b>	
<i>of which: incineration with energy recovery</i>			
<i>of which: incineration without energy recovery</i>			
<i>of which: sent to landfills</i>	25.83	169.35	
<i>of which: other types of disposal</i>		9.74	
<b>Not sent for disposal</b>	<b>300.38</b>	<b>133.78</b>	
<i>of which: preparation for reuse</i>			
<i>of which: recycled</i>			
<i>of which: other types of recovery</i>	300.38	133.78	
<b>WASTE GENERATED (t)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Hazardous waste</b>	<b>0.69</b>	<b>0.78</b>	<b>0.97</b>
<b>Sent for disposal</b>	<b>0.58</b>	<b>0.73</b>	
<i>of which: incineration with energy recovery</i>			
<i>of which: incineration without energy recovery</i>			
<i>of which: sent to landfills</i>			
<i>of which: other types of disposal</i>	0.58	0.73	
<b>Not sent for disposal</b>	<b>0.10</b>	<b>0.052</b>	
<i>of which: preparation for reuse</i>			
<i>of which: recycled</i>			
<i>of which: other types of recovery</i>	0.10	0.052	

<sup>33</sup> The data in the tables relates to Aeffe S.p.A. and Pollini S.p.A.

## 5. HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION

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### MATERIAL TOPICS

### Respect for human and labor rights

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#### 5.1 Prevention of corruption

One of the key factors supporting the reputation of Aeffe is the ability of the Group to conduct business with integrity, transparency, legality, impartiality and prudence, in compliance with the law.

**Aeffe is committed to tackling, combating and condemning corruption in all its forms**, including extortion, bribery and racketeering: pursuit of the interests of or advantages for the Group cannot, under any circumstances, justify unethical, dishonest or illegal conduct. For this reason, the fight against corruption in all its forms, active or passive, is considered to be an unforsakable commitment.

In order to manage the risks linked to human rights and the fight against corruption, Aeffe<sup>34</sup> and Pollini S.p.A. have adopted an **organization, management and control model** pursuant to Decree 231/2001 (hereinafter, the “231 Model”); all other companies (Italian and foreign) within the reporting scope operate in compliance with the guidelines and **Code of Ethics** of the Parent Company, including those covering the fight against corruption and the safeguarding of human rights.

The **231 Model** of Aeffe S.p.A. was updated during the last quarter of 2023, with support from an expert law firm, following the internal reorganization of the Group consequent to the mergers<sup>35</sup> and the regulatory changes made since the last approved update. Indeed, the 231 Model is updated constantly to reflect regulatory changes and tested to check that the established operational procedures reduce the risk that management and subordinates might commit offenses for the benefit of or in the interests of the Company.

Adoption of the 231 Model represents a virtuous corporate practice. The Organizational Model adopted, which can be consulted on the corporate intranet, comprises:

- **General Part**, that analyzes the structure of the document, describes the Company and its internal organization, governs the activities of the Supervisory Body, explains the disciplinary system needed to ensure compliance with the Model, and describes the information flows and whistleblowing system implemented by the Company;
- **Special Parts**, each covering a group of offenses deemed significant for Aeffe and identifying both the corporate activities considered “sensitive” and the controls implemented to contain the related risks;
- **Internal Protocols**, that establish specific controls for the sensitive activities identified in each of the Special Parts;
- **Code of Ethics**, that summarizes the ethical principles that guide the daily conduct of business and, in general, corporate activities, by everyone in the Company.

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<sup>34</sup> The other companies in the Group that fall within the reporting scope are subject to management and coordination by the Parent Company.

<sup>35</sup> Moschino and Aeffe Retail.

The Model and the Code of Ethics have a dual purpose as, on the one hand, they describe the system of procedures and controls required by the Board of Directors in order to reduce the risk of committing the identified offenses and, on the other, they provide a series of instructions for conduct, including prohibitions, intended to ensure the ethical management of the business, compliance with all the regulations that govern its functioning and, not least, the effectiveness and efficiency of all activities, in the interests of the stakeholders.

In order to communicate the contents of the 231 Model and its application, **Aeffe has prepared e-learning courses** for a broad range of participants, distinguishing the different roles within the organization.

No cases of corruption were identified within the reporting scope during the year. All members of the Board of Directors of the Parent Company and all employees have been informed about the policies and protocols in force regarding the fight against corruption; in addition, all new hires are given a folder on the 231 Model, which includes the Code of Ethics issued by the Parent Company. In addition, no legal actions were brought for anti-competitive conduct in 2023 and there were no infringements of the antitrust rules.

## **Whistleblowing**

Whistleblowing is the act of reporting a suspicion or something potentially unlawful. Studies and experience demonstrate that a good number of unlawful deeds are drawn to the attention of the organizations concerned by reports received from persons within or close to them.

Accordingly, ever more organizations consider introducing or improving their internal whistleblowing policies and processes, whether in response to regulations or on a voluntary basis.

Directive (EU) 2019/1937 of the European Parliament and of the Council was issued on 23rd October 2019 to align the various Whistleblowing regulations and strengthen certain supervisory requirements. This Directive was adopted in Italy by Decree 24 dated 10th March 2023 (the «regulation»), which repealed the pre-existing domestic legislation (including the Whistleblowing rules previously governed by Decree 231/01) and consolidated in a single text the protections afforded to persons who, with good reason, report conduct in breach of domestic and European legislation that is detrimental to the public interest or damaging to their organization.

The regulation contains instructions for the protection of persons who report offenses or improper deeds that come to their attention in the context of a public or private working relationship.

Aeffe S.p.A. has complied with the regulation by adopting the Policy on Whistleblowing reports (the «Policy») and has also adopted a Procedure for Whistleblowing reports (the «Procedure»), which implements the guidelines envisaged in the Policy and governs operationally the reporting process followed by reporting persons and the subsequent management of reports by the manager.

Internal reports may be presented:

- in written form, electronically, via the application with access restricted to the manager;
- in person, via a meeting with the manager;

In order to present an internal report via the application, it is necessary to visit the website <https://aeffe.integrity.complylog.com/> managed by IntegrityLog, click on the “Submit a case” button and complete the fields (or select the items) in the form displayed.

In order to submit an internal report at a meeting with the manager, it is necessary to send a request in this regard to the certified e-mail address of the manager of the company in relation to which the internal report will be submitted – respectively [whistleblowing.aeffe@aeffe.com](mailto:whistleblowing.aeffe@aeffe.com) and [whistleblowing.pollini@pollini.com](mailto:whistleblowing.pollini@pollini.com) – to which solely the external members of the whistleblowing committee have access.

## 5.2 Privacy

Aeffe strives constantly to align and harmonize corporate processes with the **personal data protection regulations** (Regulation (EU) 2016/679 and Decree 196 dated 30th June 2003), as well as with the guidelines issued by domestic and European authorities, and best practices, by adopting specific policies and internal procedures.

In 2022, the Aeffe Group decided to obtain help with managing the various accountability requirements by entrusting the provision of technical-legal advice on personal data protection matters to Studio Paci, which has accumulated many years of experience in this sector. Subsequent to this appointment, the preliminary work of Studio Pace was to survey and update the infragroup data processing and qualify the principal roles via specific meetings with the managers of the various business sectors. These were documented in reports made available to the HR contact person. This work paved the way for the design of the compliance activities that Group companies started to implement during 2023.

In particular, a **Privacy Management System** was created with a view to:

- establishing a Privacy Team with members drawn from all sectors of the business;
- preparing and formalizing corporate policies for the processing of personal data and the management of data breaches;
- preparing forms for the designation of authorized persons pursuant to art. 29 of Regulation (EU) 2016/679;
- preparing information (privacy policies) pursuant to arts. 13 and 14 of Regulation (EU) 2016/679;
- preparing the register of processing pursuant to art. 30 of Regulation (EU) 2016/679 and the related risk assessment, using the ENISA (European Union Agency for Cybersecurity) method;
- preparing for the appointment as processors pursuant to art. 28 of Regulation (EU) 2016/679 of parties known to carry out processing activities, and requesting the members of the Privacy Team to map all parties that process data on behalf of Aeffe;
- managing privacy procedures in the context of whistleblowing, as envisaged in Decree 24/2023;
- preparing privacy procedures applicable to the installation of video surveillance equipment, especially at retail outlets;
- providing specific advice in strategic business sectors regarding the promotion and marketing of brands, as well as management of the privacy requirements associated with the corporate mergers carried out;

- issuing opinions, upon request, consistent with the assigned duties of the Data Protection Manager (“DPM”).

An **initial impact assessment** was also carried out pursuant to art. 35 of Regulation (EU) 2016/679 (using the method devised by the CNIL - Commission Nationale de l'Informatique et des Libertés) in relation to the processing of personal data in the context of direct marketing activities. In addition, specific advice was provided for the management of data following the corporate mergers carried out.

All activities were carried out and coordinated constantly by the DPM and all the documentation for the above work was posted on the on-line portal of Studio Pace.

In addition, at the end of 2023, Aeffe formalized a **data protection training plan** for all members of the Privacy Team and contacts identified by them with a view to increasing personnel awareness and executing the compliance procedures required by law.

Given the types of data processed and the various purposes of processing, the principal Group companies have already appointed an external **Data Protection Officer** pursuant to arts. 37, 38 and 39 of Regulation (EU) 2016/679, in order to guarantee the independence of that role in carrying out the relevant duties.

Aeffe has also sought to identify the technical and organizational measures deemed suitable for guaranteeing a level of security appropriate to the risks deriving from its processing activities, as required by art. 32 of Regulation (EU) 2016/679. This activity took account of the state of the art and related implementation costs, the nature, object, context and purposes of processing, the probability of each risk and its severity in terms of the rights and freedoms of natural persons. With particular reference to the state of the art, the adequacy of the security measures was assessed with reference to the progress made by the technology available on the market and the most significant threats that might affect business processes.

During 2023, the companies within the scope of reporting did not receive any substantiated complaints concerning breaches of client privacy and losses of client data.

### **Data protection procedures**

**Data Protection Impact Assessment (DPIA):** A specific procedure must be followed whenever a project or initiative is planned that might have an impact on the processing of personal data, in order to assess the data protection impact of the project.

**Data Breach Notification:** this procedure followed by Group personnel establishes the conduct required when it becomes known, or suspected, that the Company has suffered the theft or loss of personal data. In particular, a specific process must be followed to report infringements of personal data to the Supervisory Authority, as required by the GDPR, the new European Privacy Regulation.

## 6. ECONOMIC PERFORMANCE AND PROCUREMENT

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### MATERIAL TOPICS

### Responsible management of the supply chain

### Brand protection and promotion

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#### 6.1 Economic value generated and distributed

##### 6.1.1 Territorial presence

The Aeffe Group operates in the fashion and luxury sector, producing and distributing a wide range of products that include prêt-à-porter, footwear and leather goods, lingerie and beachwear.

Group activities include: design, prototyping, sampling, sales campaigns, internal/external production, quality control, logistics, communications, e-commerce and direct retail.

There are **3 main distribution channels** for Group products:

1. **Bricks&Mortar**, including stores managed directly by Group companies;
2. **Direct On-line**, which comprises the sale of goods via on-line stores and the best marketplaces active on the web;
3. **Wholesale**, represented by major multi-brand stores operated by franchisees, department stores, direct showrooms and those of agents and importers.

Retail sales are made by the Group via directly-operated stores (DOS) in prestigious and strategic locations, in terms of both image and commercial significance, mainly in Europe, the USA, China and Korea.

Via the Wholesale channel, the Aeffe Group maintains long-term commercial relations with international clients, all with vast experience of the fashion and luxury sector and substantial shares of their reference markets in China, the Far East, the Middle East, Western and Eastern Europe and the USA.

The Group strives constantly to strengthen its presence in the markets already served and to expand further geographically by consolidating the positions already attained in the reference markets, not least by developing relations with major distributors and importers, as well as by penetrating further and developing markets with high growth potential in the Far East, the Middle East and Eastern Europe. Indeed, the Group consolidated its presence in mature markets during 2023 and implemented an agreement signed in 2022 for the direct management of stores in Mainland China. Via this agreement, the Group now has full control over the entire value chain of the brand, from product to quality, and from distribution to communications. Given this importance of this market, the direct management of distribution in China will allow precise control of the brand image, attentive customer service and, above all, accelerated commercial penetration, based on an expansion plan that envisages new store openings and the strengthening of travel retail.

## **PRODUCTION AND DISTRIBUTION CHANNELS**

Aeffe S.p.A. is engaged in the production and distribution of various lines of clothing (Alberta Ferretti, Moschino, Philosophy di Lorenzo Serafini), underwear and beachwear. The Company owns a 55,264 sq.m. factory in San Giovanni in Marignano (Rimini) where the following manufacturing-related activities are carried out:

- Design
- Prototyping
- Samples
- Quality control
- Logistics

Actual production and other manufacturing-related activities are outsourced to third parties.

The principal licensees of Aeffe are:

- POLLINI S.p.A. (footwear and accessories)
- ANDREA MONTELPARE S.p.A. (children's shoes)
- SAFILO S.p.A. (eyewear)
- EUROITALIA S.r.l. (fragrances)
- DROPS S.p.A. (umbrellas)
- LARIOSETA S.p.A. (foulards, gloves, ties and scarves)

Pollini S.p.A. manufactures and distributes lines of footwear and leather accessories. While logistics is outsourced, the company owns a 39,214 sq.m. factory in Gatteo (Forlì) where the following manufacturing-related activities are carried out:

- Design
- Prototyping
- Leather cutting
- Assembly
- Finishing

The distribution channels of the Aeffe Group reach 69 countries throughout the world, distinguishing between wholesale and retail. The retail commercial structure of the Aeffe Group is structured as follows:

- GROUP RETAIL MONOBRAND comprising 75 boutiques:
  - 47 Moschino brand
  - 4 Alberta Ferretti brand
  - 2 Philosophy brand
  - 20 Pollini brand
  - 2 Multi-brand
- GROUP FRANCHISING MONOBRAND comprising 92 boutiques:
  - 70 Moschino brand
  - 6 Alberta Ferretti brand
  - 16 Pollini brand

### **6.1.2 Economic performance**

The mission of the Group is to achieve international growth in the prêt-à-porter, footwear and luxury leather sectors. This growth is guided by the development of a complementary

multi-brand strategy, differentiated in terms of positioning and reasons for use. The objective is to keep intact the exclusive nature of the Group's product lines.

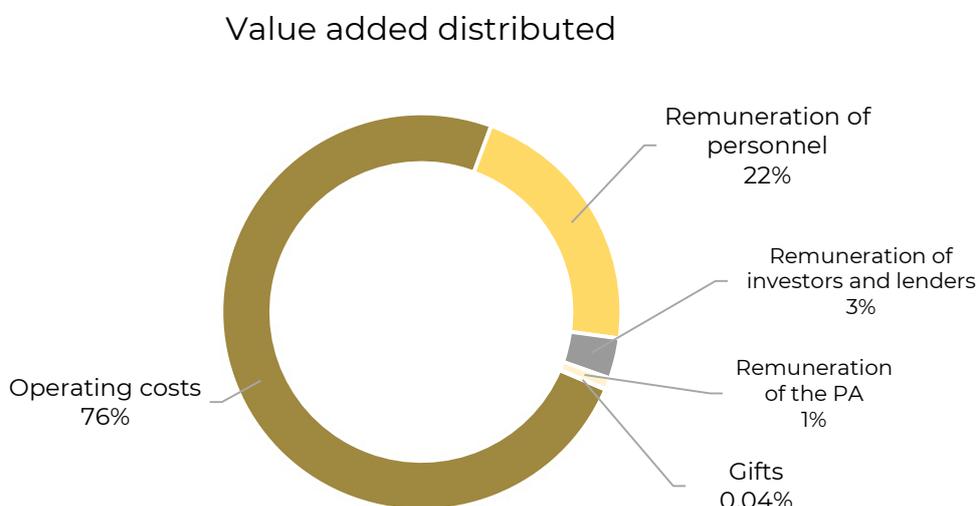
The strategy strives for the constant improvement of operational efficiency, increasing profitability by growing revenues and optimizing the leverage afforded by the efficiency and flexibility of the organizational model adopted. This model, characterized by careful control of the value chain, can be subdivided into the following phases, each corresponding to specific functions:



Although the market did not see much expansion in 2023, especially in certain geographical areas, the year was marked by heavy investment that has enabled the Group to consolidate its presence in certain areas where a direct presence has been established (China and Korea), as well as to enhance its image by modernizing the retail space in certain boutiques located in cities of strategic importance.

The **Consolidated Income Statement, reclassified in terms of value added**, is presented at the end of the chapter. See the information presented elsewhere in the financial statements for further details.

The value added absorbed by **operating costs**, which represent 76.32% of the economic value



distributed, eased from 254.2 million euro in 2022 to 248.4 million euro in 2023, down by 2.28%; the portion allocated to **employees**, in the form of wages, salaries and social security charges, increased from 69.9 million euro to 71.8 million euro, an increase of 2.8%<sup>36</sup> and, as shown in the chart below, about 22% of the total value added was absorbed by them; the **providers of own capital and loans** were remunerated with 11 million euro, reflecting a marked increase with respect to the prior year due, in particular, to the rise in interest rates.

### 6.1.3 Transparent fiscal approach

Taxes are the principal source of revenue for public bodies and governments, enabling them to offer priority services such as education, security and health care for their citizens. The payment of taxes is a key element of the corporate social responsibility recognized by Aeffe, which is aware of the social role played by the Group, not only in employment terms, but also with regard to the taxes paid on the wealth generated.

Aeffe strives to apply the fiscal legislation of the countries in which it operates, as well as all other tax rules and regulations, ensuring respect for the related underlying objectives of such legislation and regulations. Should the tax rules give rise to doubts about their interpretation or difficulties in their application, reasonable approaches are adopted after discussions with the tax authorities and professional advisors.

The **tax risk management procedure** was approved in 2023 to:

- a) ensure uniform and transparent conduct within the entire Group;
- b) prevent potential errors and unlawful and fraudulent conduct;
- c) safeguard the assets of the business;
- d) guarantee compliance with the relevant regulations;
- e) ensure the proper presentation of the economic and financial position of the Group;
- f) manage compliance and all the other tax-related matters of Group companies including, in particular:
  1. selecting and managing tax advisors;
  2. monitoring for regulatory changes and corporate events with tax implications;

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<sup>36</sup> This increase takes into account the costs of all personnel in China for the entire year, and not just for 6 months as in the prior year, following the takeover in July 2022.

3. managing tax matters (calculation, recording, preparation and presentation of filings, payments);
4. managing tax inspections and disputes;
5. managing the tax aspects of intercompany transactions;
6. managing the tax aspects of special transactions.

The task of applying the policy at Parent Company level is assigned to the Group **Tax Manager**, whose activities are coordinated by the Group CFO. In addition to taking responsibility for tax compliance by Aeffe and the Italian subsidiaries that are members of the domestic tax group, the Tax Manager also plays a coordination and supervision role that covers all tax matters of relevance to Group companies.

At local level, the individual administrative managers at foreign companies are responsible for applying the policy, with support from the Tax Manager where necessary.

Each company must **maintain transparent and collaborative relations** with the tax authorities and all other authorities involved in compliance activities or tax inspections. An annual **assessment of tax contingencies** must be carried out (regarding, for example, tax disputes) so that related provisions for tax risks can be recognized, released or updated. Changes in the above provisions must be documented in a summary schedule evidencing the analyses carried out (even with the support of tax advisors) and the numeric impacts to be reflected in the related accounting entries. This schedule must be held on file together with the schedule that analyses the income tax calculation.

In particular, the **income tax calculation** must be formalized on a specific schedule and agreed with both the tax advisors (check on consistency with the applicable tax regulations and on the accuracy of the calculations made) and the auditing firm (during the related interim and final audit work). Filings and periodic tax communications must be prepared in a true, correct and complete manner, and reviewed by tax advisors to check both formal propriety and the accuracy of the amounts; where applicable, copies of the filing must also be sent to the auditing firm for related checks and countersignature.

Before submitting **special transactions** for approval by the competent corporate bodies, the CFO works with the Tax Manager and the relevant administrative managers of foreign subsidiaries, assisted by external advisors, to check that the tax aspects of the transaction comply with the relevant tax regulations. Any significant tax matters must be drawn to the attention of the approving body, in advance. The tax aspects of intercompany transactions are supervised by the CFO and the Tax Manager, always on condition that assessments regarding the adoption of proper transfer pricing policies are made with the support of tax advisors. The Tax Manager and the administrative managers of foreign subsidiaries tell the CFO if it is mandatory or merely appropriate to prepare suitable related documentation.

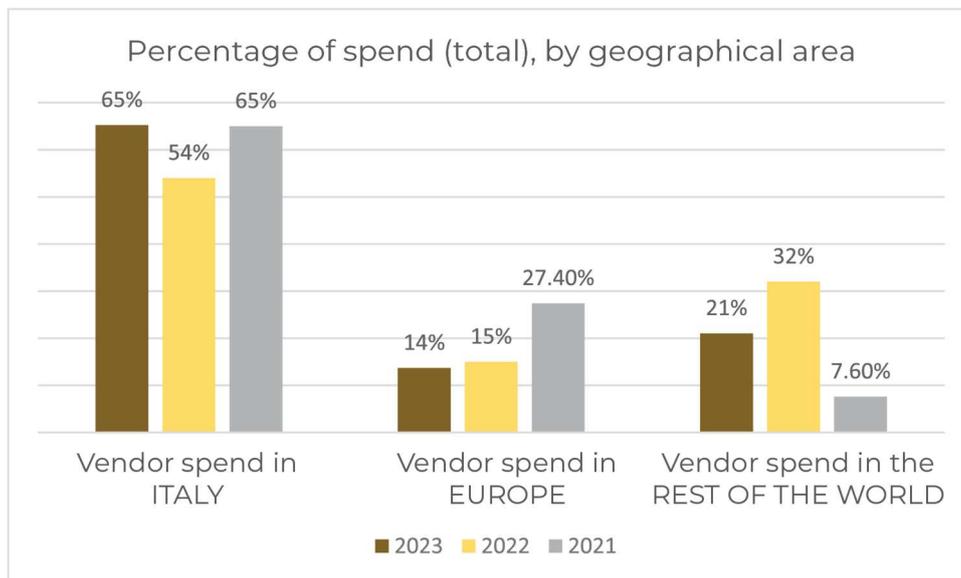
## 6.2 Responsible management of the supply chain

### 6.2.1 Production supply chain

As always, Aeffe collaborates with long-standing vendors, maintaining relations marked by mutual trust, common values and a shared vision of the future.

The Aeffe Group worked with **1,137 vendors** over the past year. In particular, the production chain mainly comprises Italian vendors located in the main textile districts, including Como, Prato and Biella. A very small amount of production is located abroad,

enabling Aeffe to procure such elements as polyester and lace, which are not commonly produced in Italy. Of the 1,137 vendors recorded in 2023, **83.6% are Italian**. The high percentage of domestic vendors enables the Group to reduce transportation costs considerably and, therefore, to mitigate the environmental impact generated by its operations.



In general, Group companies mainly purchase raw materials (fabrics), accessories (custom or to be customized), semi-finished items and finished garments from certified vendors, over which the organization exercises direct control over all the components and processing cycles employed to make clothing, footwear and/or accessories. **Textile workshops** comprise a key category of strategic vendors, making garments that satisfy the requirements and styling guidelines of each collection.

Consistent with the previous two years and the above data, more than half of the spending on vendors was directed to those resident in Italy.

## 6.2.2 Procurement process and vendor selection

Vendors are an extremely important part of the business model adopted by the Aeffe Group, since their abilities and skills are capable of extracting maximum value from the ideas and designs by the creative departments of each Group brand.

The sustainability of the supply chain and technological innovations introduced to it, via impact assessment and product traceability systems, underpin the sustainability strategy of the Aeffe Group, which is fully integrated with the Business Plan for 2024-2027.

The application of ever more sustainable production models is, therefore, an essential aspect to be considered when scouting for, qualifying and monitoring vendors, as well as a prerequisite for building and maintaining long-term partnerships.

One of the key characteristics of the procurement of raw materials is **strict quality control**: raw materials and/or semi-finished goods are always delivered to Group companies by their vendors and checked by dedicated internal functions, before being sent to the external workshops responsible for the different phases of the production process.

Purchases are made on the basis of projections that take account of the progress made by the sales campaigns, the data for which is updated every week. Selection depends on identifying the most suitable vendors for each type of raw material, with constant monitoring of their performance in terms of meeting delivery and quality specifications.

As always, vendor selection privileges **quality, flexibility and the highest level of professionalism**, focusing above all on the type of product offered: as a secondary selection criterion, vendors that perform best are rewarded. This approach has made it possible to identify key vendors with which the supply chain can be managed responsibly, not only in terms of the specific raw material supplied, but also - and more generally - with regard to the adoption of ethical behavior consistent with the vision of the Group. In this regard the Vendor Code of Conduct<sup>37</sup> was finalized in 2023. The contractual clauses presented by Aeffe make reference to the conduct and principles embedded in its Code of Ethics, requiring all vendors to comply with those rules. Respect for these ethical standards is essential in order to establish and maintain a sound collaboration, founded on shared values.

In particular, **vendors are selected with reference to the following criteria:**

- quality and performance of the materials;
- specific technical requirements;
- possession of quality certification;
- financial strength;
- transparency and legality;
- efficiency and thrifty use of resources;
- no use of hazardous substances.

The Group defined two important guidelines for vendors in 2023, both of which are included in the general conditions of purchasing that all Group vendors agree to respect and cause their respective sub-vendors to respect:

- The **Vendor Code of Conduct**, which stresses and emphasizes the importance of the social and environmental aspects, respect for workers' rights and the promotion of their wellbeing, the environment and biodiversity, with the shared objective of tackling current and future changes and challenges in order to guarantee sustainable development over the long term.
- **The Product Restricted Substances List** (PRSL), which lists the eco-toxicological safety requirements that are mandatory for products or, in any case, highly recommended having regard for the principal destination markets.

The value chain of the Aeffe Group comprises a broad range of vendors, which can be subdivided into four principal categories:

- **Vendors of Finished Products** (Commercialized), being those that produce garments, accessories or footwear from technical drawings developed by the creative offices of the Aeffe Group, procuring the related raw materials independently following authorization from Aeffe.
- **Workshops** (Industrialized), being those to which the Group entrusts manufacture of the finished product, supplying them with all necessary technical information and raw materials.

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<sup>37</sup> The Vendor Code of Conduct is available at this link: <https://aeffe.com/it/codice-di-condotta-fornitori/>

- **Vendors of Raw Materials**
- **Vendors of Services**, such as analysis laboratories, firms of advisors and providers of general services, logistics and transport services.

With regard to the geographical distribution of supplies, the Group relies on the skills of vendors throughout the world, albeit mostly in Europe and especially in Italy.

This choice is highly strategic for the Aeffe Group, privileging the proximity of the supply chain, which represents a fundamental advantage when it comes to qualifying and consolidating the selected partners that, therefore, are considered to be much more than simple producers.

A **new ESG qualifying procedure** was introduced for vendors during 2023, in order to promote and embed aspects of sustainability in all scouting and procurement processes. The objective is avoid or, in any case, mitigate potentially adverse environmental and social impacts associated with the purchase of goods and services, while ensuring at the same time the generation of value and benefits not only for Aeffe, but also for society, the economy and the environment.

Accordingly, all new vendors are subjected to a **specific assessment**, currently of a documentary nature, to ensure from the start their alignment with the sustainability criteria adopted by Aeffe. In particular, Aeffe measures the ESG performance of vendors via a rating that is included as an integral part of the process for making procurement decisions.

The initial assessment is later analyzed and monitored, having regard for any specific risks associated with, for example, the country, sector, activities and volumes managed by each vendor.

Starting in 2024, **monitoring will be intensified** with the possibility of annual audits and/or specific training workshops to stimulate the continuous improvement of vendors, identifying opportunities for betterment and related action plans.

In 2023, all new vendors of finished products, pret-a-porter and underwear/beachwear (commercialized) were assessed using the new ESG qualification procedure adopted by the Group. In the coming years, this procedure will be adopted for all categories of vendor.

The number of new vendors assessed using social and environmental criteria (respectively 18 and 18 out of a total of 168 new vendors) is presented at the end of the chapter.

<b>ECONOMIC VALUE GENERATED AND DISTRIBUTED<sup>38</sup></b>	<b>2023<sup>39</sup></b>	<b>2022</b>	<b>2021</b>
Revenues	318,622,270	352,005,965	324,592,143
Other income	10,739,468	8,260,512	7,495,937
Financial income	342,201	381,032	218,005

<sup>38</sup> The scope for the collection of economic data corresponds to that of the Consolidated Financial Statements.

<sup>39</sup> With respect to prior years, the FY2023 amounts reported in this document reflect a change in calculation methodology for greater alignment with the GRI standard.

Total economic value generated by the Group	329,703,939	360,647,509	332,306,084
Operating costs	(250,398,398)	(254,256,193)	(231,858,943)
Remuneration of personnel	(71,819,173)	(69,862,250)	(63,136,252)
Remuneration of investors and lenders	(11,123,109)	(4,969,575)	(3,235,134)
Remuneration of the Public Administration <sup>40</sup>	(4,290,978)	(5,256,767)	4,800,940
Gifts	(126,314)	(42,543)	(179,350)
<b>Total economic value distributed by the Group</b>	<b>(337,757,972)</b>	<b>(334,387,329)</b>	<b>(293,608,739)</b>
<b>Economic value retained by the Group</b>	<b>(8,054,033)</b>	<b>26,260,180</b>	<b>38,697,346</b>

<b>NUMBER OF VENDORS BY GEOGRAPHICAL AREA<sup>41</sup></b>	<b>2023</b>
Number of vendors located in ITALY	950
Number of vendors located in EUROPE	87
Number of vendors located in the REST OF THE WORLD	100
<b>TOTAL VENDORS</b>	<b>1,137</b>

<b>NUMBER OF VENDORS BY GEOGRAPHICAL AREA</b>		
<b>2022</b>	<b>VENDORS OF RM, SF-FP, ACCESSORIES</b>	<b>WORKSHOPS (for Aeffe S.p.A.)</b>
Number of vendors located in ITALY	1,030	422
Number of vendors located in EUROPE	111	103
Number of vendors located in ASIA	26	0
Number of vendors located in the REST OF THE WORLD	30	18
<b>TOTAL VENDORS</b>	<b>1,197</b>	<b>543</b>

### **NUMBER OF VENDORS BY GEOGRAPHICAL AREA**

<sup>40</sup> For 2022 and 2021, the remuneration of the Public Administration includes both current and deferred taxes. The 2023 value only includes current taxes, since deferred taxes are now included in the calculation of economic value retained.

<sup>41</sup> The reported number refers to the vendors of raw materials, semi-finished products, finished products and accessories, as well as to the workshops used by Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l.

2021	VENDORS OF RM, SF-FP, ACCESSORIES	WORKSHOPS (for Aeffe S.p.A.)
Number of vendors located in ITALY	719	203
Number of vendors located in EUROPE	38	24
Number of vendors located in the REST OF THE WORLD	54	19
<b>TOTAL VENDORS</b>	<b>811</b>	<b>240</b>

PROPORTION OF VENDOR SPEND BY GEOGRAPHICAL AREA <sup>42</sup>	2023
Vendor spend in ITALY	65%
Vendor spend in EUROPE	14%
Vendor spend in the REST OF THE WORLD	21%

PROPORTION OF VENDOR SPEND BY GEOGRAPHICAL AREA	VENDORS OF RM, SF-FP, ACCESSORIES	WORKSHOPS (for Aeffe S.p.A.)
<b>2022</b>		
Vendor spend in ITALY	54%	53%
Vendor spend in EUROPE	3%	38%
Vendor spend in ASIA	42%	0%
Vendor spend in the REST OF THE WORLD	1%	9%
<b>2021</b>		
Vendor spend in ITALY	68.7%	61.6%
Vendor spend in EUROPE	22.6%	31.8%
Vendor spend in the REST OF THE WORLD	8.7%	6.6%

NUMBER OF VENDORS <sup>43</sup>	FY 2023	
<b>TOTAL VENDORS (No.)</b>	<b>1,137</b>	
of which TOTAL NEW VENDORS (No.)	168	
Number of vendors assessed using ENVIRONMENTAL CRITERIA	32	3%
of which Number of <b>new</b> vendors assessed using ENVIRONMENTAL CRITERIA	18	11%

<sup>42</sup> The reported number refers to the spend on vendors of raw materials, semi-finished products, finished products and accessories, as well as on the workshops used by Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l.

<sup>43</sup> The number reported relates to the vendors of Aeffe S.p.A., Pollini S.p.A. and Pollini Retail S.r.l.

Number of vendors assessed using SOCIAL CRITERIA	18	2%
of which Number of <b>new</b> vendors assessed using SOCIAL CRITERIA	18	11%

## 7. PRODUCTS

<b>MATERIAL TOPICS</b>	<b>Product quality, safety and reliability</b>
	<b>Technological innovation and digitalization</b>
	<b>Circular economy and sustainable products</b>
	<b>Transparent information about products and offers to clients</b>

The organizational model of the Group is characterized by the creative and stylistic independence of each maison. **Research** and **experimentation** are in fact essential elements in the thought processes of each stylist, while recognizing the possibility of managing several brands centrally within a single organizational structure, from production to the distribution of their product lines. This makes it possible to organize seamlessly the management of procurement, production and distribution, to control costs and to adopt uniform policies within the organization.

The objective of respecting the individuality of each fashion house is pursued via an **"island"** model of organization. Using this organizational model, each stylist has a style office dedicated to creation of the design and an R&D department that supports the style office throughout the creative process, through to the in-house production of samples.

As always, qualitative elements are central to the selection of materials and production processes, in full compliance with current regulations and, more recently, environmental and social sustainability considerations.

### 7.1 Research and development

The **creative development of products** is entrusted to the stylists in the respective style offices, who create collections based on their personal intuitions and experience, supported by the market trends identified by teams within the Group.

Internally, the R&D department plays a fundamental role in determining the **direction** and the **strategy** of the business, working closely with the entire production department for the concrete achievement of the established objectives.

The Group invests constantly in new products with a view to **adapting to market demand** and making improvements that strive for absolute perfection, ensuring that the **high levels of quality and competitiveness** are maintained.

### 7.2 Packaging

The approaches taken towards procurement and the **management of packaging** have steadily improved over time in relation to the environmental impact of the materials used; certain packaging has been renewed to optimize saturation and conformity with its contents, as well as to reduce costs and the quantity of materials used. In fact, in order to avoid waste, the use of over-sized packaging for small quantities of goods has been replaced over time by the use of boxes designed to be more responsive to the volume of products and their actual content.

Previously, the use of over-sized packaging of various types failed to optimize transportation, with a resulting lack of efficiency and the generation of significant excess CO<sub>2</sub> emissions. Identification of the optimal combination of primary, secondary and tertiary packaging has made it possible to take a systematic approach to the minimization of packaging, while also respecting the needs of clients.

A number of major **projects** were launched during 2023 that, over the coming years, will involve all Group brands and categories of goods. In particular:

- All new plastic bags for the packaging of hanging garments have been replaced (about 200,000 meters annually) by recycled plastic bags that better reflect the post-industrial circular economy.
- Commencing from the 2024 Spring/Summer collections of underwear and beachwear, produced and delivered during 2023, 38% of new plastic polybags have been replaced by recycled plastic. The objective for these categories of product is to replace at least 80% of the plastic used with recycled alternatives by the end of 2024.
- With regard to the e-commerce sales of the Moschino, Alberta Ferretti and Philosophy di Lorenzo Serafini brands, a major project was launched in 2023 to restyle and resize the packaging used to ship their products to end consumers. In particular, all single-use new plastic previously used as fillers (air bubbles and protective film) has been eliminated and replaced, where possible, with 100% recyclable paper. In addition, a gradual shift has commenced away from traditional card to FSC-certified card for boxes, with a view to total replacement by the end of 2025; at this time, 58% of boxes are made from FSC-certified card. All the “Thank you” cards included in the boxes have also been replaced with smaller cards using, in this case too, FSC-certified card instead of the plastified card used previously. Lastly, 90% of the tissue paper used to wrap the garments placed in boxes sent to end consumers is now FSC certified, rather than the traditional variety.

### 7.3 Quality of raw materials

As always, the Aeffe Group is committed to using raw materials that comply with environmental standards and guarantee constantly the quality and safety of the products that are commercialized.

The Group **places product quality firmly at the center of its business strategy**, ensuring respect for the highest standards thanks to the ability and skills of all the personnel involved, who are capable of satisfying the differing expectations of stakeholders. **Safety, reliability and guaranteed high quality of the products offered** are fundamental and derive from continuous product development and innovation to ensure maximum customer satisfaction.

The **careful selection of raw materials** is supported by specific solutions, such as the compilation of a technical sheet for each raw material, with a view to highlighting their physical-performance characteristics and their respect for strict protocols, including GB-18401. This standard has been introduced to control the safety and quality of the textile products imported into China, which undergo a mandatory process involving checks, by

accredited third parties, on the satisfaction of labeling requirements and on the composition of the fabric. They are also subject to customs checks and random inspections after they have been put on display. Accordingly, the raw materials are subjected to specific tests to guarantee their conformity with those protocols and, therefore, allow commercialization of the products in the markets served by the Group.

For a number of seasons, the **style and research offices** of the Group's brands have sought to select raw materials with sustainable characteristics, for example organic cotton and silk, wool from responsible sheep farms, recycled synthetics. This approach was intensified during 2023, consistent with the sustainability plan adopted by the Group, which spotlights the commitment of Aeffe to create unique garments with a lower environmental impact that are designed to last as long as possible.

In 2023, both Moschino and Philosophy di Lorenzo Serafini worked on their **product lines with increased awareness**, giving preference to organic cottons and, in some cases, mixing them with blends of recycled cottons. For the past several seasons, the collections of Alberta Ferretti have used and continue to use organic chiffon. In addition, the "Save the Glacier" project, organized in 2023 together with Skyway Monte Bianco, involved the production of a limited edition, unisex pullover using black and white recycled cashmere, with part of the proceeds contributed towards the clean-up of the Monte Bianco glaciers.

With regard to Aeffe S.p.A., a total of **217,509 kg** of renewable and non-renewable materials were used in 2023 (plus **206,811€** spent on cardboard). Cotton, synthetic fibers and artificial fibers represent **76%** of the materials used in the production (and packaging) of products<sup>44</sup>.

#### The "Re-Waste. Circular Ecosystems in Textile Chain" Project

Aeffe S.p.A. partnered with "**Re-Waste. Circular Ecosystems in Textile Chain**" in January 2023. This project is coordinated by the University of Florence in the context of the "Made in Italy Circular and Sustainable" extended partnership which is financed by the Ministry for the Universities and Research, drawing on funds made available by the European Union in the context of the NextGenerationEU program.

The "Re-Waste" project seeks to **reduce the scrap generated by the textile and fashion industries**, investigating current methods of management and identifying new strategies and methodologies that enable the materials to be valued more highly and returned to the supply chain. Adopting a design-driven approach, the objective of the project is to identify and strengthen the fashion production systems used in Italy, supporting the dialog between small and large producers in a type of industrial symbiosis. Taking an eco-system view, businesses, professionals, research and training institutions collaborate in efforts to adapt the Italian production system to the environmental and social needs of society, both now and in the future.

After an initial phase involving analysis of the scientific literature by the **universities** involved (University of Florence, Milan Politecnico, University of Bologna, University of

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<sup>44</sup> The 2023 data on the renewable and non-renewable materials used, including the recycled materials used, is stated in weight terms (kg) solely for Aeffe S.p.A. The same data for Aeffe S.p.A. in 2022 and 2021 and for Pollini S.p.A. in 2023, 2022 and 2021 is expressed in €, since the data in kg is unobtainable.

Palermo), the project moved onto field studies with the participation of Aeffe S.p.A.: via a series of on-line meetings and a visit by researchers to San Giovanni in Marignano, the current work flows of the various production departments were mapped, highlighting the crucial role played by the cutting room in the generation of textile waste. Next, between July and September 2023, a campaign was run over fifteen days to collect the waste produced in the cutting room. This waste was weighed, distinguishing between the scrap generated by automated cutting, which does not always manage a clear separation of materials, and that generated by manual cutting, which always separates fabrics from paper. The results will be analyzed in early 2024, involving a number of Aeffe vendors most active in the prototyping and production phases, thus extending the research to the Company's supply chain. The analysis will make it possible to define guidelines for the reduction and greater appreciation of waste, which will be tested and adopted by the Company and its vendors.

### Re.Crea consortium

With regard to the management of textile waste, at the start of 2023 Aeffe joined the Re.Crea consortium organized by CNMI (National Chamber for Italian Fashion) in synergy with the principal players in the sector: the project seeks to **manage the entire life cycle of textile sector products** and promote the research and development of innovative recycling solutions. Re.Crea was launched in the wake of European directives governing the extended responsibility of manufacturers for textile waste and the related domestic enabling regulations.

The topic of fashion industry waste must be addressed with urgency, considering that, in total - as stated in the report entitled "Recycling in Italy 2021", published by Mite and by Ispra at the end of 2022 - about 480 thousand tonnes of textile waste was officially documented and disposed of in 2020. Of this amount, 284,000 tonnes of industrial waste were generated by the textile supply chain, cutting rooms and unsold clothing; on the other hand, post-consumption waste weighed 146,000 tonnes.

### Fur-Free

The Aeffe Group pays close attention to the delicate problems associated with the animal kingdom. For this reason, a public decision was made in 2023 to **abolish for ever the use of animal fur** and all its products, starting from the 2024 Spring/Summer season - a policy that had already been implemented unofficially for quite some time. In order to avoid unnecessary waste, stocks will of course continue to be sold until they run out.

Accordingly, from 2024, the Group will not use, sell, publicize or promote any garments, accessories, footwear or other articles that contain real animal fur. Aeffe is also committed to eliminating angora wool from all its collections.

To strengthen this commitment, Aeffe has - via the Italian anti-vivisection league (LAV) - adopted the Fur-Free Retailer Standard, which defines specific guidelines that will be followed strictly by all Group brands.

## 7.4 Product safety

The health and well-being of clients is a top-of-mind topic for the Group, which has always paid **special attention** to the safety of the chemical substances used in the production of

its products and in the production processes, requiring vendors to comply with strict qualitative protocols.

During 2023, there were no non-conformities with the regulations and/or codes of self-regulation governing the health and safety impact on clients of the products and services sold.

Aeffe S.p.A.	2023			
	MATERIALS USED		OF WHICH RECYCLED MATERIALS	
	Non-renewable WEIGHT (kg)	Renewable WEIGHT (kg)	Non-renewable and Renewable WEIGHT (kg)	%
Cotton	-	43,340	1,805	4.17%
Wool	-	18,878	-	-
Synthetic fibers (polyester, polyamide, modacrylic, PVC, polyethylene)	83,132	-	1,653	1.99%
Acrylic	-	-	-	-
Silk	-	4,979	-	-
Linen	-	1,721	-	-
Leather	-	38	-	-
Rubber	122	-	-	-
Metal	4,793	-	-	-
Plastic	7,686	-	-	-
Cardboard <sup>45</sup>	-	-	-	-
Artificial fibers (viscose, acetate, triacetate and cupro)	39,736	-	-	-
Other (mother of pearl, corozo, abaca, wood, glass, horn, textile paper, other fibers)	13,085	-	-	-
<b>SUB-TOTAL</b>	<b>148,554</b>	<b>69,162</b>	<b>3,459</b>	<b>6.16%</b>
<b>TOTAL</b>		<b>217,509</b>	<b>3,459</b>	<b>6.16%</b>

Aeffe S.p.A.	2022		2021	
	MATERIALS USED		MATERIALS USED	
	VOLUME (€)	VOLUME (€)	VOLUME (€)	VOLUME (€)
Cotton	4,207,491	3,476,287.63		
Wool	3,202,989	3,111,162.80		
Synthetic fibers (polyester, polyamide, modacrylic, PVC, polyethylene)	5,737,726	4,001,296.20		
Acrylic	0	1,855,659.49		
Silk	2,756,462	159,570.85		
Linen	160,632	1,609,215.95		
Leather	4,287,956	1,798,562.60		
Rubber	5,093	486,769.00		
Metal	4,195,966	3,005,878.30		
Plastic	1,848,743	2,570,189.05		
Cardboard	1,428,330	63,950.23		
Artificial fibers (viscose, acetate, triacetate and cupro)	3,909,054	2,577,488.34		

<sup>45</sup> The information about the volume of cardboard used was collected in €. The amount spent was 206,811€.

Other (mother of pearl, corozo, abaca, wood, glass, horn, textile paper, other fibers)	115,091	63,950.23
<b>SUB-TOTAL</b>	<b>31,855,533</b>	<b>24,779,980.64</b>
<b>TOTAL</b>		

POLLINI S.p.A.	2023			2022	2021
	MATERIALS USED	OF WHICH RECYCLED MATERIALS		MATERIALS USED	MATERIALS USED
		VOLUME (€)	VOLUME (€)	% OF TOTAL	VOLUME (€)
Cotton	19,849.16	-	-	4,207,491	3,476,287.63
Wool	9,968.42	-	-	3,202,989	3,111,162.80
Synthetic fibers (polyester, polyamide, modacrylic, PVC, polyethylene)	485,001.09	-	-	5,737,726	4,001,296.20
Acrylic	10,576.49	-	-	0	1,855,659.49
Silk	0	-	-	2,756,462	159,570.85
Linen	0	-	-	160,632	1,609,215.95
Leather	5,249,571.37	-	-	4,287,956	1,798,562.60
Rubber	0	-	-	5,093	486,769.00
Metal	2,844,815.36	-	-	4,195,966	3,005,878.30
Plastic	118,566.90	-	-	1,848,743	2,570,189.05
Cardboard	256,889.35	25,689	10%	1,428,330	63,950.23
Artificial fibers (viscose, acetate, triacetate and cupro)	530,420.71	-	-	3,909,054	2,577,488.34
Other (mother of pearl, corozo, abaca, wood, glass, horn, textile paper, other fibers)	-	-	-	115,091	63,950.23
<b>TOTAL</b>				<b>31,855,533</b>	<b>24,779,980.64</b>

## 8. CLIENTS AND RESPONSIBLE COMMUNICATIONS

### 8.1 Clients

These days, fashion sector businesses operate in an increasingly volatile and complex environment, characterized by market turmoil and an expanding number of product/client/market combinations. Against this background, the Aeffe Group - via the multi-channel management of all points of business-client contact - addresses the interests of a loyal clientele while, at the same time, seeking to serve those of the new generations, not least by dedicating particular attention to new market scenarios as they emerge.

The main clients of the Aeffe Group can be subdivided into two macro-families:

- **End Customers (B2C):** not only consumers of products, but also persons who enjoy luxury experiences. These persons are demanding, attentive, digital, sociable and seekers of quality products.
- **B2B Clients:** for example, selected resellers that are typically among the most important clients of the fashion & luxury sector.

Via ever more innovative proposals, the Aeffe Group is able to satisfy varying market requirements via products that reflect client demand more closely, special treatments for materials, aesthetic details and creative choices.

In order to communicate with existing and potential clients, the Aeffe Group continues to invest in and implement digital and social activities.

### 8.2 Responsible marketing and communications

In the context of **responsible communication** with customers, **product labels** are highly important for the delivery of clear, transparent and accurate information. Aeffe guarantees compliance with all applicable domestic and international regulations that govern product information.

Consistent with this commitment, the Group **works actively with vendors** to obtain information about the materials and processes used in the various phases of production. All products carry a label containing information about the textile composition of the various components, as well as instructions for their washing and maintenance and, where applicable, how to look after them properly over time. In addition, the country of production and other **"Made in"** information is provided, together with any special product characteristics.

In the case of leather products, a tag is added to identify the distributor of the product, contact details in case of need and general indications about proper use of the product.

A **pictogram** is attached to footwear showing the materials used for the uppers, lining and bottom stock. The box contains a booklet describing the artisan nature of the product, its maintenance and the name of the distributor. Only when necessary, a second document provides details about the use of materials with specific, non-standard characteristics. An external label describing the product is applied to the box.

Lastly, all **packaging** includes a set of symbols that present instructions for its proper end-of-life disposal, consistent with the principal regulations governing the environmental labeling of packaging.

There were no cases during 2023 of non-conformities regarding the information about and labeling of products that resulted in a fine or a warning; similarly, there were no complaints about alleged non-conformities in relation to the marketing activities carried out, including advertising, promotions and sponsorships.

## 8.3 Social Media Networks

### **MOSCHINO**

Moschino made a decisive move in 2023, adopting a new brand strategy for digital marketing and storytelling activities, with a strong push to increase the native “home grown” content delivered via the principal social media channels. Moschino Jeans was launched on the social networks among the other Moschino brands, adopting a distinctive approach and narrative to present this new line to a younger public.

In fact, with a view to broadening the customer base and welcoming followers into the Moschino world, the brand warmly intends to intercept and involve a younger public.

In particular:

- TikTok has found reasonable success with content designed to capture the interest of a public in the 18-25 age group.
- The Twitter account was closed in favor of Pinterest, a platform that is more positive and fun, demonstrating great potential.
- In APAC, Moschino has launched a collaboration with two brand ambassadors: Esther Yu (in China) and Tiffany Young (in Korea). The first has increased interest in the brand in China, enabling Moschino to obtain a significant number of accounts on Sina Weibo<sup>46</sup>, while Tiffany Young has enabled Moschino to reach both Korea and a wider global public.
- The channels developed in 2023 include Redbook and WeChat Video, with currently minimal but growing public interest.

As a result of this strategy, Moschino has increased the number of followers at all levels on the various social media channels, despite having lost the fanbase of its previous Creative Director.

The key points include:

- +89K new followers on IG
- +83K new followers on TT
- +38K new followers on FB
- +11.5K new followers on Weibo
- +32K followers on Weibo
- +219% reads on WeChat

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<sup>46</sup> Sina Weibo is a Chinese social media network. As a hybrid between Twitter and Facebook, this is one of the sites most visited in China.

- +39.167% interactions on Weibo

In terms of digital advertising, the attention has shifted from quantity to quality. To ensure that the right message is addressed to the right public at the right time, a full-funnel approach has been adopted with a special focus on traffic to the Moschino website, the involvement of visitors and web purchases. The content strategy has developed organically, concentrating on “entertaining, not advertising” to create involvement. Certain key points on the results of social media advertising:

- +32% impressions over the year
- +47% traffic over the year
- +12% sales deriving from conversion campaigns

## **ALBERTA FERRETTI**

Alberta Ferretti established a solid digital presence on the various on-line platforms during 2023, in order to improve brand awareness, customer involvement and market positioning.

Throughout the year, Alberta Ferretti collaborated with Skyway Monte Bianco to launch a project in support of the Monte Bianco glaciers. This collaboration, communicated via a digital project, sought to encourage individuals and organization to protect our natural wonders.

The key points include:

- Facebook +0.47%
- Instagram +4.53%
- TikTok +87.3%

## **PHILOSOPHY DI LORENZO SERAFINI**

During 2023, Philosophy di Lorenzo Serafini implemented a strategic approach towards digital growth, placing special emphasis on initiatives designed to promote inclusivity and sustainability in the world of luxury fashion. The key points include:

- Facebook +0.76%
- Instagram +2.32%
- TikTok +86.6%

## **POLLINI**

Pollini celebrated its 70th anniversary in 2023 by launching a cross-media digital project. This initiative sought to honor the rich history and accumulated wealth of the brand, while also embracing innovation and the future. The key points include:

- Facebook +1.82%
- Instagram +6.1%

# ANNEXES

## FORMS FROM ANNEX II TO DELEGATED REGULATION (EU) 2021/2178 TURNOVER

2023				Criteria for the substantial contribution						DNSH (Do No Significant Harm) criteria						Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2022 (18)	Category qualifying activity (19)	Category transitional activity (20)
Economic activity (1)	Code (2)	Turnover (3)	Portion of turnover, 2023 (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Eco-sustainable activities (taxonomy aligned)</b>																		
Turnover of eco-sustainable activities (taxonomy aligned) (A.1)		-	0.00 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %							0.00%	
Of which qualifying		- €	%	%	%	%	%	%	%	%							%	Q
Of which transitional		- €	%	%													%	T
<b>A.2 Taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities)</b>																		
Electricity generation using solar photovoltaic technology	CCM 4.1	286,953.46 €	0.09%	EA	N/E A	N/E A	N/E A	N/E A	N/E A	N/E A								
Turnover of taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities) (A.2)		286,953.46 €	0.09%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %							0.08%	
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		286,953.46 €	0.09%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %							0.08%	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
Turnover of taxonomy non-eligible activities		318,335,316.54 €	99.91 %															
Total		318,622,270.00 €	100%															

## CAPEX

2023				Criteria for the substantial contribution						DNSH (Do No Significant Harm) criteria						Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2022 (18)	Category qualifying activity (19)	Category transitional activity (20)
Economic activity (1)	Code (2)	CapEx (3)	Portion of CapEx, 2023 (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Eco-sustainable activities (taxonomy aligned)</b>																		
CapEx of eco-sustainable activities (taxonomy aligned) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								%	
Of which qualifying			%	%	%	%	%	%	%								%	Q
Of which transitional			%	%													%	T
<b>A.2 Taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities)</b>																		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,089,089.00 €	4.97%	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.09%	
Freight transport services by road	CCM 6.6	14,078.00 €	0.06%	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.00%	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	12,920.41 €	0.06%	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.01%	
CapEx of taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities) (A.2)		1,116,087.41 €	5.09%	5.09%	0.00%	0.00%	0.00%	0.00%	0.00%								8.81%	
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		1,116,087.41 €	5.09%	5.09%	0.00%	0.00%	0.00%	0.00%	0.00%								8.81%	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
CapEx of taxonomy non-eligible activities		20,798,119.59 €	94.91%															
Total		21,914,207.00 €	100%															

# OPEX

2023				Criteria for the substantial contribution						DNSH (Do No Significant Harm) criteria						Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022 (18)	Category qualifying activity (19)	Category transitional activity (20)
Economic activity (1)	Code (2)	OpEx (3)	Portion of OpEx, 2023 (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Eco-sustainable activities (taxonomy aligned)</b>																		
Operating expenditure on eco-sustainable activities (taxonomy aligned) (A.1)	- €	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %								%	
Of which qualifying		%	%	%	%	%	%	%	%								%	Q
Of which transitional		%	%														%	T
<b>A.2 Taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities)</b>																		
Electricity generation using solar photovoltaic technology	CCM 4.1	8,453.83 €	0.02 %	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.02%	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2,378.00 €	0.01 %	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.01%	
Data processing, hosting and related activities	CCM 8.1	72,883.00 €	0.19%	EA	N/E A	N/E A	N/E A	N/E A	N/E A								0.05%	
Operating expenditure on taxonomy-eligible activities that are not eco-sustainable (taxonomy non-aligned activities) (A.2)		83,714.83 €	0.22 %	0.22 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %								1.77%	
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		83,714.83 €	0.22 %	0.22 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %								1.77%	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
Operating expenditure on taxonomy non-eligible activities		37,843,399.17 €	99.78 %															
Total		37,927,114.00 €	100.0 %															

## FORMS FROM ANNEX XII TO DELEGATED REGULATION (EU) 2021/2178

<b>Nuclear energy related activities</b>		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
<b>Fossil gas related activities</b>		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Since the Aeffe Group does not carry out the economic activities identified in Annexes I and II, sections 4.26, 4.27, 4.28, 4.29, 4.30 and 4.31 of Delegated Regulation (EU) 2021/2139 (namely nuclear energy and fossil gas related activities), templates 2, 3, 4 and 5 in Annex XII to Delegated Regulation (EU) 2021/2187 are not presented.

# GRI CONTENT INDEX

<b>STATEMENT OF USE</b>	The Aeffe Group has used the “with reference to GRI Standards” option to report in this Non-Financial Statement the information contained in the GRI Content Index for the period 1.01.2023 - 31.12.2023
<b>GRI 1</b>	GRI 1: Foundation 2021

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER	NOTES	
<b>GENERAL DISCLOSURE</b>				
GRI 2: General Disclosures 2021	<b>THE ORGANIZATION AND ITS REPORTING PRACTICES</b>			
	2-1	Organizational details	2. GOVERNANCE	
	2-2	Entities included in the organization's sustainability reporting	METHODOLOGY	
	2-3	Reporting period, frequency and contact point	METHODOLOGY	
	2-4	Restatements of information	METHODOLOGY	
	2-5	External assurance	METHODOLOGY	
	<b>ACTIVITIES AND WORKERS</b>			
	2-6	Activities, value chain and other business relationships	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
	2-7	Employees	3.1 PERSONNEL MANAGEMENT AND DEVELOPMENT	
	2-8	Workers who are not employees	3.1 PERSONNEL MANAGEMENT AND DEVELOPMENT	
	<b>GOVERNANCE</b>			
	2-9	Governance structure and composition	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
	2-10	Nomination and selection of the highest governance body	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	Despite the absence of a formalized procedure for the management of impacts, roles and responsibilities are identified in the Procedure for the Governance of Sustainability.
2-14	Role of the highest governance body in sustainability reporting	2. GOVERNANCE		

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER	NOTES
2-15	Conflicts of interest		The Company did not record any conflicts of interest during the reference period.
2-16	Communication of critical concerns		Despite the absence of a formalized procedure, Group Committees work together with Internal Audit to supervise the management and communication of critical concerns, reporting directly to the governance bodies.
2-17	Collective knowledge of the highest governance body		Board members are informed regularly by the Sustainability Committee
2-19	Remuneration policies	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
2-20	Process to determine remuneration	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
2-21	Annual total compensation ratio	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
<b>STRATEGY, POLICIES AND PRACTICES</b>			
2-22	Statement on sustainable development strategy	LETTER TO THE STAKEHOLDERS	
2-23	Policy commitments	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	
2-26	Mechanisms for seeking advice and raising concerns	2.1 CORPORATE GOVERNANCE AND TRANSPARENCY IN BUSINESS OPERATIONS	The company has adopted a whistleblowing procedure.
2-27	Compliance with laws and regulations		The company did not identify any significant non-compliance with laws and regulations during the reporting period.
2-28	Associations	3.8 RELATIONS WITH THE COMMUNITY	
<b>STAKEHOLDER ENGAGEMENT AND DIALOG</b>			
2-29	Approach to stakeholder engagement	1. DOUBLE MATERIALITY ANALYSIS	The stakeholders involved in the business of the Company are identified based on their significance and interest in its activities
2-30	Collective bargaining agreements		

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER	NOTES
<b>MATERIAL TOPICS</b>				
GRI 3: Material topics 2021	3-1	Process to determine material topics	1. DOUBLE MATERIALITY ANALYSIS	
	3-2	List of material topics	1. DOUBLE MATERIALITY ANALYSIS	
<b>ECONOMIC PERFORMANCE</b>				
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	6.1 ECONOMIC VALUE GENERATED AND DISTRIBUTED	
	201-2	Financial implications and other risks and opportunities due to climate change	1.2 FINANCIAL MATERIALITY	
<b>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
<b>ANTI-CORRUPTION</b>				
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	5.1 PREVENTION OF CORRUPTION	
	205-2	Communication and training about anti-corruption policies and procedures	5.1 PREVENTION OF CORRUPTION	During FY23 the anti-corruption policies and procedures were communicated to all governance bodies and employees. They can also be consulted by third parties on the corporate website.
	205-3	Confirmed incidents of corruption and actions taken	5.1 PREVENTION OF CORRUPTION	No episodes of corruption have been identified
<b>ANTI-COMPETITIVE BEHAVIOR</b>				
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.1 PREVENTION OF CORRUPTION	No penalties were levied during the three-year period for infringements of the requirements governing anti-competitive behavior, trust activities and monopolistic practices.
<b>INCOME TAXES</b>				
GRI 207: Tax 2019	207-1	Approach to tax	6.1.3 TRANSPARENT FISCAL APPROACH	
	207-2	Tax governance, control and risk management	6.1.3 TRANSPARENT FISCAL APPROACH	
<b>CIRCULAR ECONOMY AND SUSTAINABLE PRODUCTS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	7.2 PACKAGING	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	7.2 PACKAGING	

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER	NOTES
	301-2	Recycled input materials used	7.2 PACKAGING	
<b>RENEWABLE ENERGY AND ENERGY EFFICIENCY</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	4.1 ENERGY CONSUMPTION AND EMISSIONS	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.1 ENERGY CONSUMPTION AND EMISSIONS	
<b>WATER AND EFFLUENTS</b>				
GRI 303: Water and effluents 2018	303-3	Water withdrawal	4.2 MANAGEMENT OF WATER RESOURCES	
<b>FIGHT AGAINST CLIMATE CHANGE AND MANAGEMENT OF EMISSIONS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	4.1 ENERGY CONSUMPTION AND EMISSIONS	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1 ENERGY CONSUMPTION AND EMISSIONS	
	305-2	Energy indirect (Scope 2) GHG emissions	4.1 ENERGY CONSUMPTION AND EMISSIONS	
<b>CIRCULAR ECONOMY AND SUSTAINABLE PRODUCTS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	4.3 WASTE DISPOSAL	
GRI 306: Waste 2020	306-3	Waste generated	4.3 WASTE DISPOSAL	
	306-4	Waste diverted from disposal	4.3 WASTE DISPOSAL	
	306-5	Waste directed to disposal	4.3 WASTE DISPOSAL	
<b>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
<b>WELFARE AND WORK-LIFE BALANCE</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	3. HUMAN RESOURCES	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	3. HUMAN RESOURCES	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.4 WELFARE AND WELL-BEING	
<b>RESPECT FOR HUMAN AND LABOR RIGHTS</b>				
GRI 403: Occupational health and safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	3.7 OCCUPATIONAL HEALTH AND SAFETY	
	403-5	Worker training on occupational health and safety	3.7 OCCUPATIONAL HEALTH AND SAFETY	

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER	NOTES
	403-9	Work-related injuries	3.7 OCCUPATIONAL HEALTH AND SAFETY	
	403-10	Work-related ill health	3.7 OCCUPATIONAL HEALTH AND SAFETY	
<b>TRAINING AND DEVELOPMENT OF SKILLS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	3.2.1 TRAINING	
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	3.2.1 TRAINING	
<b>DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	3. HUMAN RESOURCES	
GRI 405: Diversity and equal Opportunities 2016	405-1	Diversity of governance bodies and employees	3. HUMAN RESOURCES	
<b>RESPECT FOR HUMAN AND LABOR RIGHTS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	3. HUMAN RESOURCES	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	3. HUMAN RESOURCES	
<b>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	6.2 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	
<b>PRODUCT QUALITY, SAFETY AND RELIABILITY</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	
GRI 416: Customer health and safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	During FY23, the Group did not record any non-compliance concerning the health and safety impacts of products and services.
<b>TRANSPARENT INFORMATION ABOUT PRODUCTS AND OFFERS TO CLIENTS</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	
417: Marketing and labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	No penalties were recorded during the three-year period for infringements of the requirements concerning product and service information and labeling.
	417-3	Incidents of non-compliance concerning marketing communications	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	No penalties were recorded during the three-year period for infringements of the requirements concerning marketing communications.

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER		NOTES
<b>CUSTOMER PRIVACY</b>				
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	8. CLIENTS AND RESPONSIBLE COMMUNICATIONS	No complaints were recorded during the three-year period concerning breaches of customer privacy and losses of customer data.
<b>BRAND PROTECTION AND PROMOTION</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	6.1.1 TERRITORIAL PRESENCE	
		Territorial presence	6.1.1 TERRITORIAL PRESENCE	
<b>TECHNOLOGICAL INNOVATION AND DIGITALIZATION</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	3.5 INNOVATION AND DIGITALIZATION	
		R&D projects	3.5 INNOVATION AND DIGITALIZATION	

**Independent auditors' report  
on the consolidated non-financial statement  
pursuant to art. 3, paragraph 10, legislative decree 254/2016  
and art. 5 CONSOB regulation adopted  
by resolution no. 20267 of January 2018**

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**Ria Grant Thornton S.p.A.**  
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To the Board of Directors of  
Aeffe S.p.A.

Pursuant to Article 3, paragraph 10, of Legislative Decree No. 254 of December 30, 2016 (hereinafter the "Decree") and Article 5 of CONSOB Regulation No. 20267/2018, we have been engaged to perform the limited examination ("limited assurance engagement") of the consolidated non-financial statement of Aeffe S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended December 31, 2023 prepared pursuant to Article 4 of the Decree, and approved by the Board of Directors on March 14, 2024 (hereinafter "NFS").

The limited assurance engagement performed by us does not extend to the data contained in paragraph "Aeffe Group EU Taxonomy disclosure" of the NFS, required by article 8 of the European Regulation 2020/852.

#### **Responsibilities of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for drafting the DNF in accordance with the requirements of Articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting Initiative (hereinafter "GRI Standards") identified by them as the reference standard for reporting.

The Directors are also responsible, within the terms of the law, for that part of the internal control they deem necessary to enable the preparation of a NFS that does not contain significant errors due to fraud or unintentional conduct or events.

Moreover, the Directors are responsible for identifying the content of the NFS, within the scope of the topics mentioned in Article 3, paragraph 1, of the Decree, taking into account the Group's taking into account the Group's business and characteristics, to the extent necessary to ensure an understanding of the Group's business, performance, results and the related impacts.

Finally, the Directors are responsible for the definition of the corporate management model and organization of the Group's activities, as well as, with reference to the issues identified and reported in the NFS, for the policies practiced by the Group and for the identification and management of risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms provided by the law, the Company's financial reporting process.

### **Audit firm 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, which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality, and professional behavior. Our auditing firm applies International Standard on Quality Management (ISQM) 1 and, as a result, maintains a quality control system that includes documented guidelines and procedures on compliance with ethical principles, professional standards, and applicable laws and regulations.

### **Responsibility of the auditing firm**

It is our responsibility to express, based on the procedures performed, a conclusion about the NFS's compliance with the requirements of the Decree and GRI Standards. We carried out our work in accordance with the criteria established the "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 standard requires that procedures be planned and carried out in order to gain a limited level of assurance that the NFS does not contain significant errors. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised ("reasonable assurance engagement"), and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgment and included interviews, primarily with company personnel responsible for preparing the information presented in the NFS, as well as document reviews, recalculations, and other procedures designed to obtain evidence deemed useful.

In particular, we carried out the following procedures:

1. analysis of the relevant issues in relation to the activities and characteristics of the Group reported in the NFS, in order to assess the reasonableness of the selection process followed in light of the provisions of Article 3 Decree and bearing in mind the reporting standard used;
2. analysis and evaluation of the criteria for identifying the scope of consolidation, in order to find that it complies with the provisions of the Decree;
3. comparison between the economic and financial data and information included in the NFS and the data and information included in the Group's Consolidated Financial Statements
4. understanding of the following aspects:
  - corporate model of management and organization of the Group's activities, with reference to the management of the issues indicated in Article 3 of the Decree;
  - policies practiced by the company related to the issues indicated in Article 3 of the Decree, results achieved and related key performance indicators;
  - main risks, generated or suffered related to the issues indicated in art. 3 of the Decree.

With regard to these aspects, the information contained in the DNF was also verified and the verifications described in paragraph 5, lett. a).

5. understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the NFS.

Specifically, we held interviews and discussions with Aeffe S.p.A. management personnel and conducted limited document reviews in order to gather information about the processes and procedures that support the collection, aggregation, processing, and transmission of non-financial data and information to the function responsible for preparing the NFS.

In addition, for significant information, taking into account the Group's activities and characteristics:

- at parent company's level:

- a) with reference to the qualitative information contained in the NFS, and in particular the business model, policies practiced, and major risks, we conducted interviews and acquired supporting documentation to verify its consistency with available evidence;
- b) with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain on a sample basis that the data were correctly aggregated.

### **Conclusions**

Based on the work performed, nothing has come to our attention that would lead us to believe that the Aeffe Group's NFS for the year ended December 31, 2023 has not been prepared, in all significant aspects, in compliance with the requirements of Articles 3 and 4 of the Decree and selected GRI Standards.

Our conclusions above do not extend to the information contained in the section "The European Environmental Taxonomy for the Aeffe Group" of the Group's NFS required by Article 8 of European Regulation 2020/852.

Bologna, March 29, 2024

Ria Grant Thornton S.p.A.

Signed by  
Marco Bassi  
Socio

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