Monnalisa S.p.A.

Independent Auditors' Report
on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of article 5 of CONSOB Regulation n. 20267 of January 18, 2018

December 31, 2023

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

AMN/AFR/git - RC092372023BD1413

Tel: + 39 025 820 10
www.bdo.it

Viale Abruzzi, 94
20131 Milano

Independent Auditors' Report

on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of article 5 of CONSOB Regulation n. 20267 of January 18, 2018

To the Board of Directors of Monnalisa S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267 of January 18, 2018, we have been engaged to perform a limited assurance engagement on the Consolidated Non-Financial Statement of Monnalisa S.p.A. and its subsidiaries (the "Group") as at December 31, 2023 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on March 29, 2024 (hereinafter the "NFS").

The limited assurance engagement performed by us does not extend to the information set out in paragraph "The European Taxonomy" 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 the preparation of a NFS in accordance with articles 3 and 4 of the Decree and "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI - Global Reporting Initiative, "core" option (hereinafter "GRI Standards"), identified as a reporting standard.
The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for the identification of the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the Group' 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 defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies for the identification and management of the risks generated or undertaken by the Group.
The Board of Statutory Auditors is responsible for overseeing, within the terms prescribed by law, compliance with the Decree.

Auditors' independence and quality control

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

During the period to which the current engagement refers, our firm applied the International Standard on Quality Control 1 (ISQC Italia 1), and as a result, maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

BDO Italia S.p.A. – Sede Legale: Viale Abruzzi, 94 – 20131 Milano – Capitale Sociale Euro 1.000.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Auditor’s responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the requirements of the Decree and the GRI Standards. We carried out our work in accordance with the criteria established in the Internation*al Standard on Assurance Engagements 3000 (Revised) ~ Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised")*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, 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 are based on our professional judgement and include inquiries, primarily of the company’s personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Specifically, we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.

2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.

3. Comparison of data and financial economic disclosures presented in the NFS with those included in the Group’s consolidated financial statements.

4. Understanding of the following matters:

   - Business management model of the Group's activity, with reference to the management of the topics set out in article 3 of the Decree;
   - Policies adopted by the entity in connection with the topics set out in article 3 of the Decree, achieved results and related key performance indicators;
   - Main risks generated and/or undertaken, in connection with the topics set out in article 3 of the Decree.

   With reference to these matters, we compared them with the disclosures presented in the NFS and carried out the procedures described in point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we carried out interviews and discussions with the management of Monnalisa S.p.A. and we also performed limited documentary verifications, in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

   In addition, with respect to significant information, taking into consideration the Group's business and characteristics:

   - at parent company's level:

     a) with regards to qualitative information included in the NFS, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and gathered supporting documentation to check for consistency with available evidence.

     b) with regards to quantitative information, we carried out both analytical and limited procedures to ensure, on a sample basis, the correct aggregation of data.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Monnalisa Group as of December 31, 2023 is not prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the Decree and selected GRI Standards.

Our conclusions on the NFS of Monnalisa Group do not extend to the information set out in paragraph "*The European Taxonomy*" thereof, required by article 8 of the European Regulation 2020/852.

Milano, April 11th, 2024

BDO Italia S.p.A.
Signed by

Andrea Meneghel
Partner

MONNALISA

CONSOLIDATED NON-FINANCIAL STATEMENT

(prepared pursuant to Legislative Decree 254 of 2016)

INDEX

LETTER TO STAKEHOLDER

President

The publication of this annual report was preceded by a significant recognition from the Standard Ethics agency: an EE- rating that positions the Monnalisa group at the top compared to other companies in the sector. The medium-term objectives that the company is determinedly pursuing are consistent with the main challenges of sustainable development, particularly those related to human capital. As the founding father of a company with 56 years of history, born with the vocation to put people at the center, I am proud of the positive impact on the organization and territory, the strong identity, and the strongly shared purpose among collaborators and the company. In this annual report, which I consider a tool of exceptional transparency, I see strong and clear strategies and good practices that respect a broader sense of fairness, tell a 360° commitment to sustainability, and underline a rigorous organizational commitment. My thanks go to the first stakeholders, the collaborators, whose talents are Monnalisa's most important asset. Their dedication and tenacity have been supported even in a complex year like 2023 with pathways for developing relational and team management skills on diversity and inclusion and various coaching projects to learn to manage conflict and communicate effectively between different departments to improve the performance of various workgroups. Social sustainability with development plans that do not erode the possibilities of future generations to access growth and well-being opportunities of a community.

Piero Iacomoni, Founder and Chairman of the Board

METHODOLOGICAL NOTE

Year 2023 ((January 1, 2023 – December 31, 2023*)*

With the preparation of the Annual Report drafted as an integrated report, the Monnalisa Group annually reports to its stakeholders - internal and external - what added value it has created, what resources it has used to generate it, and how the Group's strategic initiatives are aimed at maximizing value for all stakeholders. The Integrated Report represents not a simple union between the financial statements and the sustainability report, but a reporting model that integrates the "traditional" variables of business evaluation with the social, environmental, and economic context in which the company operates, with the aim of communicating the real value created by the entire organization and the impact for all stakeholders. The reporting path, progressively more focused on "Integrated Thinking," started in 2018 and continued in subsequent years, aims to strengthen the social, environmental, and governance sensitivity of the Monnalisa Group. The Consolidated and Separate Financial Statements have been prepared starting from the previous financial year 2022 based on International Financial Reporting Standards adopted by the European Union (IFRS) and issued by the International Accounting Standards Board ("IASB").

The Consolidated Non-Financial Statement, drafted annually on a voluntary basis according to Article 7 of Legislative Decree 254 of 2016, is prepared in compliance with the decree and therefore in accordance with Legislative Decree 254. The non-financial information is prepared in compliance with the GRI Standards of the Global Reporting Initiative (GRI) and the guiding principles and content elements of the International <IR> Framework defined by the International Integrated Reporting Council (IIRC). Adherence to the principles of the Integrated Report requires illustrating the process by which an organization creates value over time.

The structure of the consolidated non-financial statement therefore follows the logic of capitals, i.e., the variables that determine value creation:

- **Financial Capital:** the set of economic resources used in production processes;
- **Manufactured Capital:** buildings, infrastructure, and physical means (plants, machinery, etc.) used for the production of the company's products;
- **Natural Capital:** all processes and environmental resources that contribute to the production of the services offered by the company;
- **Human Capital**: the set of skills, abilities, and experiences of the people working in the company**;**
- **Intellectual Capital:** intangible resources represented by organizational knowledge and intellectual property of the Group;
- **Relational Capital:** the company's ability to create relationships with external stakeholders and share values to increase organizational and collective well-being.

The Integrated Report thus represented confirms the continuous search for innovation that distinguishes the Group and the desire to offer answers not only regarding economic and financial aspects but also with reference to social and environmental issues that integrally guide the company's decision-making processes, strategy definition, governance, and business model.

In the initial chapters of the document, the **business model** through which the different "capitals" are organized to create value over time is described. The financial capital data are aligned and consistent with the Separate and Consolidated Financial Statements, while those of manufactured capital and relational capital derive from the Monnalisa management control systems; the human capital data have been collected and organized with the contribution of the human resources function, and finally, the natural capital data have been prepared by the dedicated team that manages environmental issues.

The reporting perimeter is extended at a consolidated level to include - in addition to the parent company Monnalisa S.p.A. - the subsidiaries: Monnalisa Hong Kong LTD, ML Retail USA INC, Monnalisa China LTD, Monnalisa Rus OOO, Monnalisa Korea LTD (inactive), Monnalisa Bebek Giyim San ve Tic A.S. (Turkey), Monnalisa International LTD (Taiwan), Monnalisa UK LTD, Monnalisa Japan Co LTD (inactive), Monnalisa Singapore Ltd, and Monnalisa San Marino S.r.l. The parent company also includes branches in Spain, France, and Belgium, as well as the representative office in Germany.

On October 5, 2021, the new GRI standards (hereinafter "GRI 2021") were published. With the new 2021 standards, the GRI has launched new universal standards and renewed the entire framework. The changes mainly strengthen the concepts of impact in sustainability reporting, in line with the latest European directive on sustainability reporting.

The application of the most recent version of the GRI Standards has become mandatory starting from the 2022 financial year. The Group has therefore prepared the Consolidated Non-Financial Statement based on GRI 2021.

Where reporting for specific indicators is not possible, it is specified in the body of the text any exclusion, explaining the reasons in compliance with the "comply or explain" principle. Regarding the extent and depth of reporting (for which the 2021 standard provides two different options "in accordance" and "with reference to"), the Monnalisa Group meets the 9 requirements presented in GRI 1 and therefore carries out reporting "in accordance."

It is noted that the 2022 values related to the composition of the employees have been corrected in this 2023 financial statement (the consistency of the 2022 financial statement is 316 employees compared to the figure of 312 employees included in the 2022 financial statement). The 2023 data are therefore counted based on the revised and corrected figure for 2022.

GROUP PROFILE AND ACTIVITIES

Description of Group Activities

Monnalisa S.p.A. is the operational holding company of the Monnalisa Group and hosts its headquarters in the city of Arezzo.

Active in the luxury sector through the "Monnalisa" brand, the Group is one of the leading international operators in the design, production, and distribution of high-end children's clothing and accessories. The Group combines Italian heritage and high-quality craftsmanship with creativity and the ability to innovate and stay contemporary.

The Monnalisa Group's activity has always been primarily aimed at enhancing its proprietary brands with complete strategic autonomy and careful investment concentration. Recently, the Group has integrated its business model with the implementation of a selective licensing strategy for production and distribution. The Group operates through a synergistic combination of innovation and avant-garde by internalizing the entire phase of design and definition of collections, prototyping, and creation of models. These circumstances are among the main distinctive features of the Monnalisa Group and drivers of its success.

Constant attention to the uniqueness, quality, and innovation of its products, as well as the ability to intercept new trends, has allowed the Monnalisa Group to become a reference point in the children's fashion sector.

The Group has adopted over the years a clear and coherent strategy of international expansion capable of increasing and consolidating brand identity, market positioning, growing direct control of distribution channels, as well as the innovation that has always characterized it. The Group's success is rooted in the history and heritage of great craftsmanship as well as the contemporaneity of design: a value strategy based on the combination of innovation and craftsmanship. Among the distinctive features of Monnalisa products are:

- the high quality resulting from skills and knowledge refined over time in the constant pursuit of high levels of excellence, also thanks to the attention given to the selection of materials;
- the tailored craftsmanship of the creations, capable of guaranteeing a high fit of the garments produced;
- the contemporary character of the collections, which is an expression of a balance between innovation and identity of taste.

The Group offers a wide range of products articulated in themes that are suitable for different moments of daily life, from play to school, to leisure time, special occasions, and ceremonies. L'unicità dell'offerta Monnalisa risiede principalmente nella forte identità di prodotto.

Monnalisa

The main line of Monnalisa's offerings, from 0 to 16 years. Creativity and continuous innovation characterize the collections of the core line, featuring a strong personality, high creative content, and maximum attention to detail. A complete and versatile range, with specific proposals for various age segments; from the tender outfits of the Layette line, to the cheerful comfort of the proposals for babies aged 3 to 36 months, to the ironic and fashionable looks for pre-teens and teenagers, including a specific proposal for boys, inspired by a vintage sophistication. Each theme is proposed with specific accessories - shoes, bags, headbands, hats, belts, tights - that echo the colors, fabrics, and inspiration. The size development is extended to XS, S, M, L dedicated to mothers, to allow complementary matching with their daughters, in the spirit of "Maxi you".

Monnalisa Chic

A line dedicated to occasion and ceremony clothing, revisiting tradition and offering refined garments with a romantic-contemporary style. Joyful prints or soft solid colors, refined and natural fabrics for exciting dresses, complete outfits that interpret the latest trends, and outfits dedicated to festive days characterize the Chic line, complemented by a wide range of accessories.

Monnalisa Couture

A line designed to accompany the girl in the most exclusive occasions, a top-of-the-range offering, featuring a few very refined garments that express the best Italian tailoring tradition. Refined fabrics, sophisticated applications, and jewel-effect details characterize the Couture line garments, completed with refined complements – such as hair accessories, tiaras, handbags, illuminated by gem settings and brooches full of light or flower clusters.

In September 2023, Monnalisa signed a new licensing agreement with La Martina, an iconic international brand associated with the world of Argentine and British polo, marking another important step in Monnalisa's strategic business model transformation. The international agreement aims to launch and grow a range of clothing, footwear, and accessories for the 0-16 years target of the brand founded in 1985, through Monnalisa's structure and expertise.
The first collection resulting from the brand's new licensing course will be for FALL-WINTER 2024/2025. The La Martina Kids collection will be distributed in selected monobrand stores, via e-commerce, and in a

selection of Monnalisa multibrand stores. The style office, directed by Barbara Bertocci and Diletta Iacomoni, will interpret La Martina's style guides with the quality and attention to detail that distinguish the historic brand.

The contract with La Martina adds to the multi-year licensing agreement signed at the end of November 2020 with Fenice S.r.l. (the company that owns the "Chiara Ferragni" brand).

Obtaining the ESG Rating

In January 2024, confirming Monnalisa Group's growth in the ESG (Environmental, Social, and Governance) area, the rating agency Standard Ethics[1] confirmed the EE- (Adequate) rating, which is investment grade, for Monnalisa, placing it at the top in comparison with other companies in the sector. The obtaining of the rating, first assigned in 2022, meets the Group's need for a non-self-referential and ethic-neutral evaluation by an independent agency, as well as understanding the perception of its policies and activities in the ESG area.

Additionally, Standard Ethics updated the medium to long-term expectation, raising it to EE+ over a 3-4 year time frame. This confirms the growth and development path the Group is pursuing regarding sustainability issues, in line with the voluntary guidelines promoted by the United Nations, the OECD, and the European Union. With the adoption of the Sustainability Plan, which becomes an integral part of the industrial plan, the Company has set medium-term goals consistent with the main challenges of sustainable development, with a particular focus on human resources and environmental impact.

The update of the medium to long-term Outlook rewards the Group's strategic approach to sustainability, which has always been one of its founding values.

[1] Standard Ethics Ltd is an independent sustainability rating agency based in London. It qualifies as a "self-regulated sustainability rating agency" for having voluntarily adopted the model and constraints of credit rating agencies, in the absence of regulations on ESG Ratings. The agency issues the Standard Ethics Rating, a sustainability and governance assessment based on compliance with the voluntary principles and guidelines of the United Nations, the Organisation for Economic Co-operation and Development (OECD), and the European Union. By measuring adherence solely to international guidelines, Standard Ethics applies an ethic-neutral principle in its assessments

MISSION, VISION E VALUES

Monnalisa's Mission is to create value and values over time, with the goal of accomplishing the following Vision:

"Excel in innovation, creativity, and practicality to conquer new markets;

Foster widespread managerial skills internally to successfully face the challenges of today's markets;

Expand globally at both production and commercial levels, always upholding the company's values and identity to promote a culture of social and environmental responsibility".

A Community founded on Creativity, Commitment and Care

BUSINESS MODEL

The parent company Monnalisa S.p.A operates through a centralized business structure where almost all activities related to its organizational model are carried out, except for distribution activities and the management of retail stores in different geographical areas, which are directly handled by the individual commercial entities of the Group in their respective reference markets.

Monnalisa S.p.A. is therefore an operational holding company that – in addition to holding stakes in foreign commercial companies – manages all phases of the production process, from the design and creation of the product to its marketing, outsourcing only some production phases.

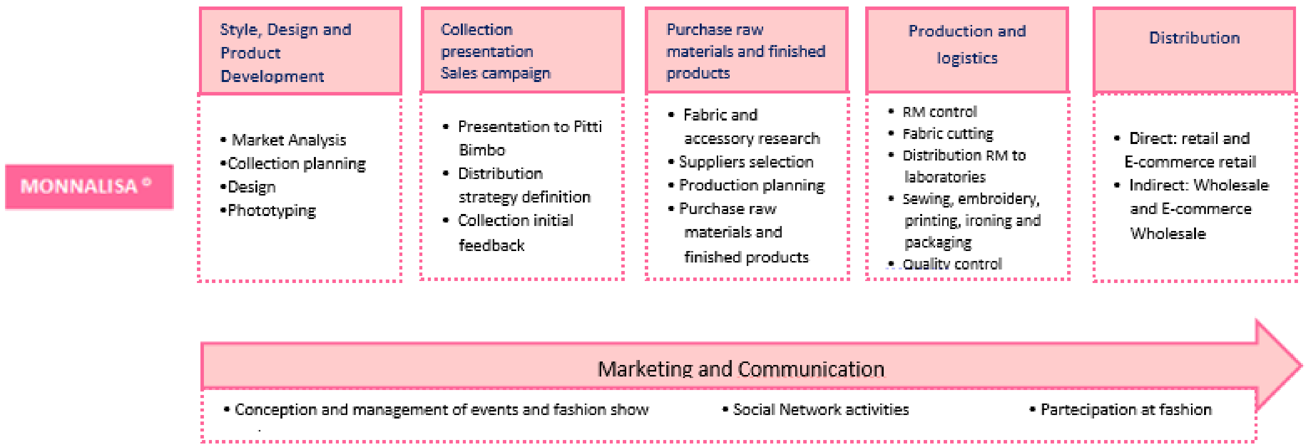
The internalization of the creative and production process of the products – besides being a distinctive element of the Monnalisa Group – aims primarily at a strong industrialization of the same. The Group is indeed able to internally oversee all strategic processes.

The Group is organized according to a model where product strategies and communication activities are closely connected, ensuring consistency with the brand image and Monnalisa style. It is characterized by constant and careful control of the value chain by the Company.

The organizational model of the Group can be divided into the following phases:

- Style, design, and product development;
- Collection presentation and sales campaign;
- Production planning, procurement of raw materials and finished products;
- Production and logistics;
- Marketing and communication;
- Distribution.

The main phases of the Group's organizational model can be graphically described as follows:



Style, design and product development

Creativity is the core of the production process. It is entrusted to a team of about 30 people, led by Barbara Bertocci and Diletta Iacomoni, in tandem with the Creative Direction. This successful combination of creativity and flair manages to propose a complete, innovative collection each season, rich in experimentation in terms of design and materials used, full of proposals and fashion content. Ideas, their exchange, and their nourishment through travels, readings, art, and culture are the basis of all creative activities, which then unfold throughout the design process, consisting of constant research, study, and critical review of each proposal.

Production and logistic

Monnalisa works on a planned schedule, organizing production into two collections and two pre-collections per year. Based on sales campaign projections, the company anticipates purchases and then, based on sales, schedules production. To always meet customer demands, Monnalisa has adopted an extremely flexible production structure, effectively controlling the organization's critical points. All stages of transforming raw materials into finished products are outsourced to small independent workshops, mainly located in central Italy.

Fabric control, raw material storage, and fabric cutting are carried out at the production unit in Badia al Pino, which, using high-tech equipment, ensures excellent quality for key processing stages. The cut fabric then arrives, along with accessories and processing instructions, at the sewing, embroidery, printing, and dyeing workshops for further transformation stages. Finally, the finished product returns to Monnalisa, where it is placed and stored for the customer.

The circular production flow is piloted and monitored by internal production units, which follow the process, ensure necessary supply, and guarantee successful completion. The same organizational setup is used for purchasing finished products from both abroad and Italy, since creation and design phases are still overseen by Monnalisa. The production process varies in the raw material procurement stage, which is handled by the same supplier of commercialized products, and the timing of design phases, which becomes much tighter due to the supplier's production and delivery deadlines.

Distribution

The distribution of Monnalisa products occurs through five channels:

- Wholesale: independent multi-brand stores;
- Wholesale retail: mono-brand stores in partnership;
- Corporate retail: directly operated mono-brand stores;
- E-business retail: direct online sales channel to end consumers;
- E-business wholesale: online multi-brand platforms targeting end consumers.

At a consolidated level, retail contributes 40% to the company's turnover, with 51 mono-brand stores as of December 31, 2023, complemented by the online store and shop-in-shops within prestigious department stores worldwide.

The channel, for which a concept store more aligned with the company's identity has been developed, includes continuous training for sales staff and systems for data collection and analysis. This enables the company to better and more quickly understand demand dynamics, directing corporate policies to structure a suitable offering.

The weight of the online channel has stabilized at 6%, considering only the proprietary e-commerce platform. Including indirect online sales, the percentage of revenue rises to 16%.

Strengths of the distribution include widespread presence and exclusivity, distinguishing the wholesale channel. As of December 31, 2023, Monnalisa had over 400 retail customers, contributing 55% of total turnover by value.

Human Resources

People represent the most valuable asset for the Monnalisa Group today and for its future development. The Human Resources function collaborates with the General Management to enhance the value of individuals through training, potential development, and the creation of internal policies focused on people's needs in synergy with the company's requirements.

The selection of personnel is structured through ongoing collaboration with universities and specialized schools, with openness to discovering new roles, regardless of active recruitment processes, solely to create networks and opportunities for dialogue.

Monnalisa's strong local roots combined with an international outlook make it a secure yet stimulating environment for all professionals involved, offering opportunities for horizontal growth and continuous deepening of knowledge.

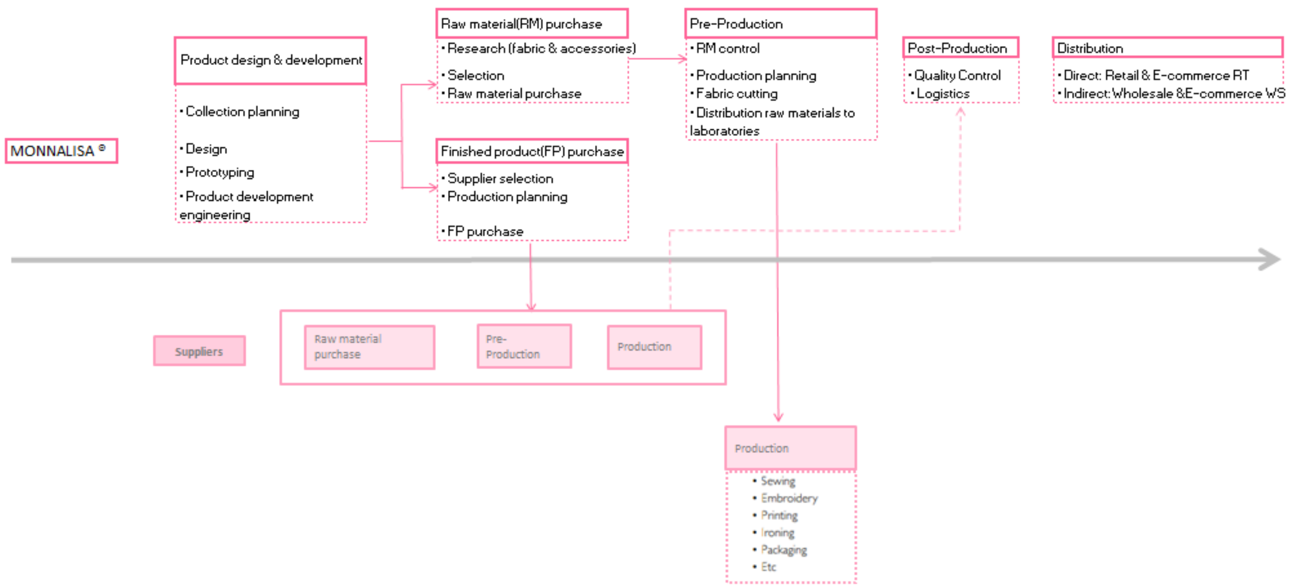
Comunication

Building a brand and product identity relies on effective and consistent communication that oversees all communication channels, adapting to their underlying logics. Events in-store, fashion shows, and product placements represent significant investments for the company, yielding immediate returns in terms of the quantity and prestige of free editorials regularly published in press, web, or television.

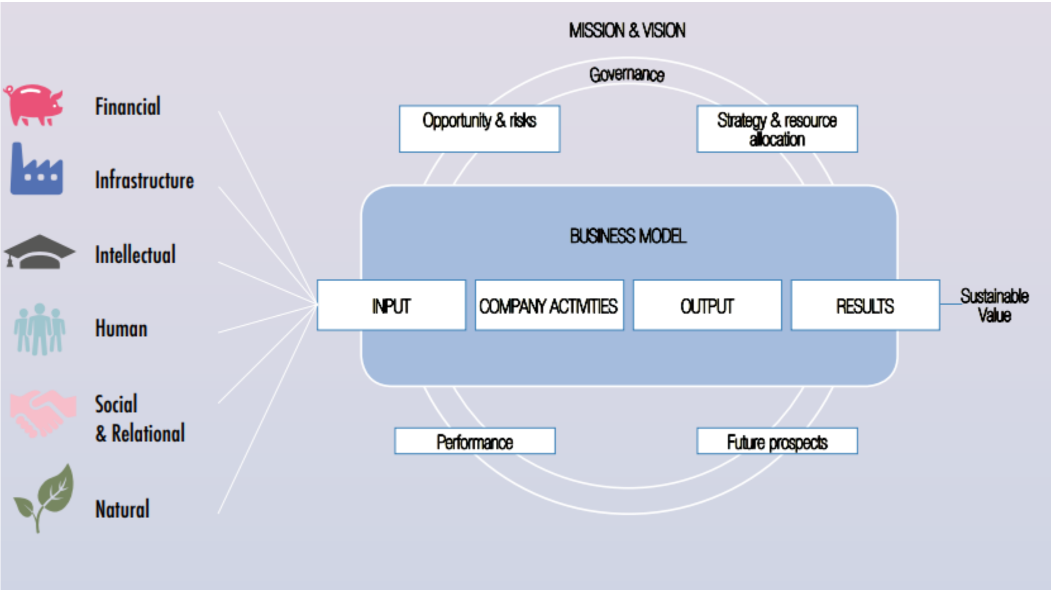
Monnalisa's leadership is about the ability to choose based on a strong and shared set of values. Leadership here is fundamentally about identity. Monnalisa invests in its identity by:

- Conducting business activities consistent with its mission and values;
- Ensuring transparent corporate governance;
- Continuously improving processes related to production to enhance results;
- Placing sustainability at the core of all decisions.

As previously emphasized, Monnalisa's operational model is characterized by a strong identity rooted in its people and the local community, ensuring a strong presence across the entire value chain, which guarantees stylistic originality and quality. The group's strategic objectives inevitably focus on creating value for all stakeholders, as highlighted in more detail in the diagram following the previous chart.



The Monnalisa value creation model is based on careful assessment and monitoring of risks related to elements crucial for achieving the group's strategic objectives in performance, environmental, and social aspects. These are schematized and summarized in the following chart, also based on and referencing the aforementioned capitals:



The strategic development of the Monnalisa Group involves:

- Achieving sustainable development goals: The Group has presented a Sustainability Plan for 2022-2024, approved by the Board of Directors in July 2022. This plan addresses global challenges, including those outlined in the United Nations' Sustainable Development Goals (SDGs). It is regularly updated to track achieved results and set new target objectives.
- Enhancing the Monnalisa brand globally through targeted communication aimed at increasing brand awareness.
- Developing direct customer relationships (D2C) by continuing to grow the direct-to-consumer channel (retail sector and digital sales - omnichannel approach).
- Continuous improvement across all phases in line with the Group's culture and philosophy, aimed at enhancing efficiency and quality in both production and non-production processes.
- Ongoing market analysis for selective research into alliance and collaboration opportunities.

- Seeking continuous external feedback to obtain a non-self-referential evaluation and better understand external perceptions of the Group's policies and activities (in ESG and other areas).

These strategies outline how Monnalisa aims to grow sustainably, strengthen its brand presence globally, enhance direct customer engagement, improve operational efficiency and quality, explore strategic partnerships, and gather external perspectives to refine its practices and strategies effectively.

MATERIALITY ANALYSIS

Within the framework of ESG reporting, materiality analysis aims to identify environmental, social, economic, and governance aspects considered significant and relevant to the business of the Monnalisa Group and its stakeholders. These aspects are termed "material" because they are related to the most significant impacts—whether positive or negative, actual or potential, short-term or long-term—that the company's activities currently generate or could potentially generate on the economy, environment, and people, including their human rights.

The renewal of the GRI (Global Reporting Initiative) framework (GRI 2021), mandatory since the previous report, has introduced a new set of universal standards. GRI Standards 1, 2, and 3 have replaced GRI Standards 101, 102, and 103. The combined provisions of GRI 1 and GRI 3 (with GRI 3 providing new guidelines on material topics, requiring specification of how they are determined and managed by the organization) assign greater importance to materiality analysis compared to previous standards, particularly concerning impact assessment and stakeholder engagement processes.

"Materiality" represents the cornerstone principle in defining the contents of non-financial reporting, ensuring that the topics included in the report are those that can reasonably be considered important, reflecting the impacts generated by the company's activities from economic, environmental, and social perspectives, including human rights.

The contents reported in this document have been identified based on a structured materiality analysis updated in 2022 following an analysis of trends and the global and Italian context, identifying the most relevant sustainability issues for the Group, its stakeholders, and management. The materiality analysis has been integrated with elements emerging from the new GRI Universal Standards 2021.

To provide a comprehensive view of the evolution of material topics from the traditional analysis conducted according to GRI 101 to the updated analysis based on the new GRI 1 and 3, a summary of the history and characteristics of the analyses conducted follows.

The structured process of Materiality Analysis undertaken in 2019, integrated and confirmed with the results of the update process conducted in 2022, has enabled the identification and addressing of relevant reporting contents for both Monnalisa and its stakeholders. Specifically, these include topics related to People (safety, working conditions, work-life balance, respect for human rights) and those related to Environment and Governance (sustainability strategies, eco-design, product innovation).

The analysis reveals that the most significant themes for Monnalisa are consistent with the approach the company has initiated and intends to pursue. This approach aligns with the priorities identified for achieving Sustainable Development Goals (SDGs). Specifically, the "re-thinking" that Monnalisa is implementing impacts all aspects of its business: governance, people, products, services and tools, communication and image, economic sustainability, and business approach. In this context, the SDGs guide and support in determining strategic priorities for policies, objectives, and actions to create value.

Based on indications from GRI 3, the Group conducted materiality analysis through a qualitative and quantitative assessment of current and potential positive and negative impacts of the Group on these topics. The evaluation of impacts was conducted on a selection of 19 topics identified as material from the materiality analysis conducted based on the previous GRI 101, as reported above.

Each topic was associated with a risk profile and an opportunity profile, based on which an analysis of negative and positive impacts was conducted. Regarding negative impacts, potentially material topics were assessed by assigning values from 1 to 3 for the severity of the impact ("scale"), values from 1 to 3 for the extent of the negative impact ("scope"), and values from 1 to 3 to assess the difficulty of remedying or countering the effects of impacts ("irremediable character"). Each topic was finally associated with a likelihood of occurrence that determined the final impact assessment. Topics related to human rights were automatically assigned the highest probability score, in line with GRI 3 guidelines.

Positive impacts were evaluated using the same scales as negative impacts, excluding the assessment of remediation.

The results can be summarized as follows, respectively for the negative and positive impacts of the topics indicated in the tables below:

Analysis of Negative Impacts

Area	Material theme	Risks	Risk Mitigation measures
Governance	Sustainability strategies	Lack of sustainability strategy prevents inclusion of material topics in Group's strategic plan	Group annually approves a three-year sustainability plan
	Values and Mission	Lack of codified values and clear mission prevents organization from behaving consistently with sustainability strategies	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Standards/Ethical codes	Absence of internally developed standards and ethical codes reflects on entity's "tone at the top" regarding sustainability topics	Group has an Ethical Code and procedures that integrate values and mission into routine processes

People	Respect for human rights	Inappropriate management and lack of respect for human rights have pervasive impacts on sustainability strategy	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Working condition	Poor management of working conditions has social and economic impacts	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Diversity managament and equal opportunities	Poor management of diversity and equal opportunities has social and economic impacts	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Work-life balance policies	Imbalance between personal life and work commitment penalizes performance and development	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Health and safety at work	Poor management of working conditions has social and economic impacts	Group has an Ethical Code and procedures that integrate values and mission into routine processes
Enviromental responsability	Use of row materials	Irresponsible use of raw materials affects environmental impact of the compan	Group annually approves a three-year sustainability plan that outlines objectives for various functions
	Sustainable packaging	Irresponsible use of packaging affects environmental impact of the company	Group annually approves a three-year sustainability plan that outlines objectives for various functions
	Material sustainability	Use of "responsible" materials contributes to achieving climate impact reduction goals	Group annually approves a three-year sustainability plan that outlines objectives for various functions
Economic responsability, Suppliers and Partners	Economic performance	Economic-financial balance forms basis for value distribution among stakeholders	Group approves a three-year plan and publishes financial data as of June 30 and December 31
	Sustainable supplier management	Irresponsible management of supplier system negatively impacts sustainability strategy	Group has developed a code of conduct signed by suppliers. Periodic audits are conducted on suppliers

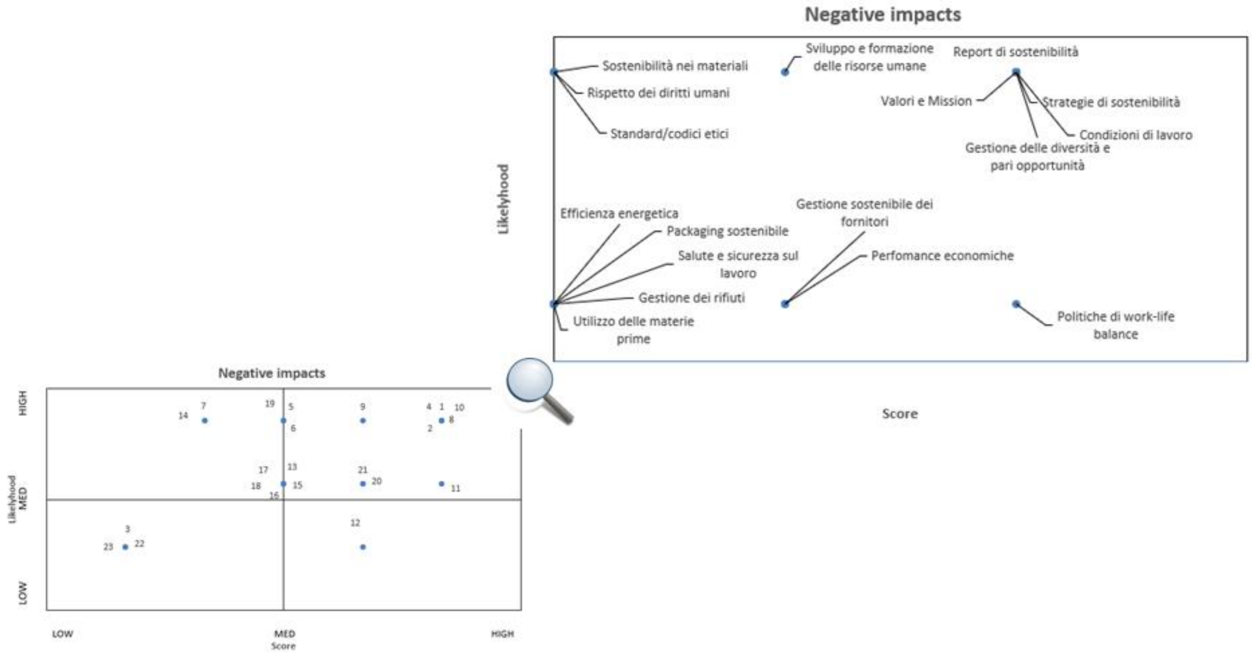
	Suppliers evaluation programs	Irresponsible management of supplier system negatively impacts sustainability strategy	Group has developed a code of conduct signed by suppliers. Periodic audits are conducted on suppliers
	Code of conduct	Absence of internally developed standards and ethical codes reflects on entity's "tone at the top" regarding sustainability topics	Group has an Ethical Code and procedures that integrate values and mission into routine processes
Product responsability and Costumers	Health and safety protection	Poor management of consumer safety has social and economic impacts	Group has an Ethical Code and procedures that integrate values and mission into routine processes
	Eco-design and product innovation	Irresponsible approach to eco-design and innovation undermines efforts to reduce downstream impacts	Group annually approves a three-year sustainability plan that outlines objectives for various functions

Analysis of positive impacts

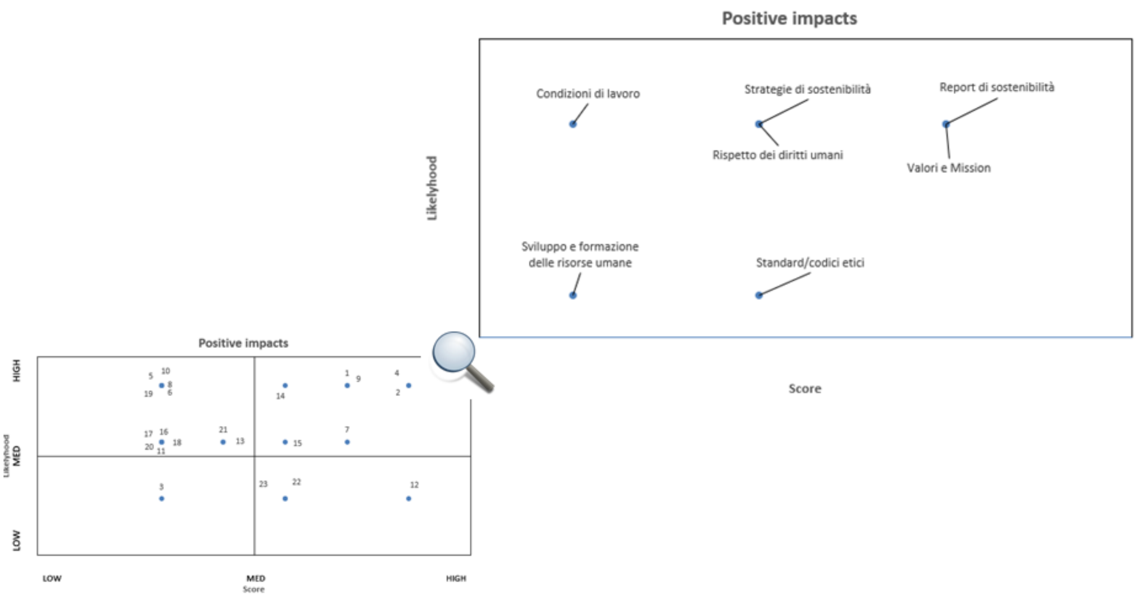
Area	Material theme	Opportunities
Governance	Sustainability strategies	Existence of sustainability strategies and a sustainability plan ensure strategic management of sustainability risks, with intense likelihood of positive impact on a wide range of stakeholders
	Values and mission	Existence of codified values and a clear corporate mission allows the entire organization to behave consistently with sustainability strategie
Persone	Standards/Ethical codes	Existence of internally developed standards and ethical codes reflects on entity's "tone at the top" regarding sustainability topics
	Human Resources development and training	Ability to develop skills of human resources increases resilience in the medium to long term
	Work-life balance policies	Work-life balance policies enable the entity to maximize productivity and empathy in the work environment
Responsabilità ambientale	Energy efficiency	Optimization of plant equipment, although not energy-intensive, contributes to achieving climate impact reduction goals
	Material Sustainability	Use of "responsible" materials contributes to achieving climate impact reduction goals
Responsabilità economica, fornitori e partners	Economic performance	Economic-financial balance is the basis for value distribution among stakeholders

From a graphical perspective, the materiality analysis can be summarized for both negative and positive impacts by plotting the evaluative score on the x-axis and the probability of each event on the y-axis as follows:

Negative impacts



Positive impacts



During the year 2022, the Board of Directors of Monnalisa S.p.A. approved the Sustainability Plan for 2022-2024, which represents the management's strategic vision and addresses some of the global challenges of the United Nations SDGs, aligned with the most relevant material issues for Monnalisa Group and its stakeholders. The objectives of the Plan focus on improving people's well-being (SDG 3), promoting equal opportunities (SDG 5), providing education (SDG 4), developing talents and ensuring job security, improving energy efficiency (SDG 7), as well as responsibly managing the supply chain (SDG 8), responsible consumption of materials, promoting a culture of sustainability in material use and advocating responsible consumption (SDG 12), reducing Monnalisa Group's environmental impact (SDG 13), attracting ESG-sensitive investors, promoting a culture of sustainability among all stakeholders, collaborating with other entities, and strengthening corporate governance (SDG 17).

In reference to the identified objectives, management has defined specific actions, including: progressively reintroducing the corporate welfare system after its suspension due to the pandemic period, ceasing unnecessary plastic in product packaging and using organic or recycled materials, mapping the raw materials used, initiating research projects aimed at reducing the environmental impacts of products, extending "compliance 231" principles to other Group companies, and continuously improving sustainability governance. Initiating awareness and technical training programs for employees on sustainability issues related to materials, diversity, equity, inclusion, and climate change, ensuring the supply of electricity from renewable sources.

To ensure the achievement of the Sustainability Plan objectives, the Group relies on a centrally constituted team (composed of HR manager, SA8000 referent, Special Projects Manager, environmental certification referent, Finance manager) tasked with defining objectives, targets, and timelines for the Sustainability Plan, and monitoring project progress by regularly informing the CEO. The latter oversees the overall management of sustainability within the Group and provides strategic direction to the Plan in line with the Group's business strategies.

The objectives will be reported to stakeholders through the Sustainability reporting included in the Consolidated Non-Financial Statement voluntarily prepared under Legislative Decree 254 of 2016, and will be annually updated based on progressively achieved results and aligned with emerging new strategies over time.

Attention to Governance is aimed not only internally but also externally, with increasing commitment to engaging and listening to stakeholders. Monnalisa considers people as a key asset in its strategy, developing initiatives and measures of various kinds to ensure equal opportunities, respectful, fair, and flexible working conditions, and to avoid any form of discrimination: from work-life balance programs and attention to individuals and families, to paths of growth and training. Aligned with Monnalisa's Vision and Mission, there is a strong focus on social, environmental, and corporate governance issues, which are included in the definition of products and services. Below are the selected SDGs for which Monnalisa Group has identified the most relevant material issues, defining corresponding sustainability objectives to achieve by 2024. For each objective, the plan sets out specific actions and targets.

SDG	Material theme	Goal
3 GOOD HEALTH AND WELL-BEING	*Work life balance* policies	Improving people well-being
4 QUALITY EDUCATION	Human resources development and training	Talents develpment Promote a culture of sustainability among internal and external stakeholders
5 GENDER EQUALITY	Diversity management and equal opportunities	Equal opportunities promotion
7 AFFORDABLE AND CLEAN ENERGY	Energy efficiency	Energy efficiency promotion and use of renewable sources
8 DECENT WORK AND ECONOMIC GROWTH	Work environment	Promote a healthy and safe work environment and decent work for all Responsible supply chain management
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Material sustainability Eco-design and product innovation	Integrate environmental sustainability into product design Transition to a circular economy Use of eco-friendly packaging Extend the lifecycle of garments
17 PARTNERSHIPS FOR THE GOALS	Sustainability reporting Sustainability strategies Standards/Ethical codes	Attract ESG-sensitive investorsStrengthen corporate governance

13 CLIMATE ACTION	Carbon footprint	Reduce Monnalisa's carbon footprint

MONNALISA’S VALUE CREATION MODEL

Monnalisa's business model aims to create sustainable and shared value over time for the company and its community. As previously mentioned, the company operates with an extremely flexible production structure. For industrialized products, all transformation stages, after raw material inspection and fabric cutting — which is crucial for ensuring high product quality — are outsourced to small workshops, while maintaining effective control over every critical point of the process. Each collection's planning relies on sales campaign outcomes, allowing the company to anticipate purchases and production, thus supporting the various Business Units of the Group in sustainable management.

At the core of the business model are the six capitals (Financial, Manufacturing, Natural, Human, Intellectual, Relational), on which the organization depends to ensure the uniqueness of its products. Recognizing that maintaining these capitals is key to sustainable growth and long-term solidity, Monnalisa has defined a set of values that reflect a strategy integrating business objectives with sustainability goals. This includes a targeted process to assess and deepen the company's contribution to achieving the Sustainable Development Goals set by the leaders of the 193 UN member states.

In line with this evolution of its business model, Monnalisa is implementing an integrated approach to value creation, going beyond disclosing only significant financial data or sterilely highlighting the social and environmental impact. Instead, it is developing a path to align its corporate mission with its business model. To this end, a stakeholder value process has been implemented to identify key stakeholders, Monnalisa's responsibilities towards them, and the broader impacts of the company's activities on the context.

In particular, Monnalisa's commitment to articulate an innovative and distinctive offering has led to the development of an integrated model of shared value creation. This approach values:

- **Human capital**, enabling individuals to continuously improve skills and understand and implement organizational strategies, and allowing external stakeholders to interact with highly qualified professionals.
- **Natural capital**, monitoring and minimizing the impact of its activities on environmental resources.
- **Relational capital**, sharing values, behaviors, and relationship styles with customers, suppliers, and investors.
- **Productive and intellectual capital**, enhancing product development through research and innovation throughout their lifecycle.

This strategic orientation forms the basis of Monnalisa's business model, aiming to create, collect, and distribute value in the short, medium, and long term across all areas related to the capitals of the

International <IR> Framework and in response to the global challenges defined by the UN's 17 Sustainable Development Goals (SDGs). The "Agenda 2030 for Sustainable Development" has established 17 global goals and commitments to achieve sustainable development by 2030. These SDGs represent common objectives in relevant areas such as combating hunger and poverty, producing clean energy, protecting and conserving water resources, promoting responsible and conscious consumption, and improving access to health and education. The SDGs identified by the Group have been linked to Monnalisa's material issues and the innovative socio-environmental projects it implements in response

INFORMATION ON THA MAIN RISKS AND OPPORTUNITIES

The Board of Directors analyzes economic, environmental, and social risks and opportunities twice a year through the review of the development plan. This review occurs more frequently for specific opportunities that may arise or in cases where there is a need to address concrete threats or risks that may emerge and need to be managed by the company.

Below is Monnalisa's risk model structured into internal, external, and strategy and governance-related risks. Internal risks have been interpreted in light of the company's capital assets: social/relational, human, and productive/intellectual.

As with any company, activities and strategies are naturally exposed to a range of risks that must be managed and mitigated before they can affect financial results and the company's financial and equity conditions, thereby directly impacting stakeholders. The main risk factors relate to the company's mission and its connection with the local and international territory, the nature and diversification of business channels, the growth plan, strategic objectives, competitive, regulatory, and legal environment, macroeconomic and socio-environmental context, and stakeholder expectations, including external investors not part of the founder's family.

EXTERNAL

Financial

- Exchannge rate volatility
- Interest rates
- Market liquidity and volatility in financial instruments prices

Regulatory

- Regulatory, tax, and fiscal framework
- Environmental and safety regulations
- Transfer pricing tax rules
- Operational aspects of production facilities and applicable local regulations

Market

- Consumer preference changes
- Brand recognition
- Competition
- Counterfeiting of brands and products
- Group's international activities
- Seasonality trends
- Wholesale distribution channel
- Protection of intellectual property rights

INTERNAL

Social and relational capital

- Relationships with sales agents
- Relationships with contractors
- Relationships with suppliers
- Transactions with related parties
- Alternative performance indicators
- Statements of pre-eminence, estimates, and internal calculations

Human capital

- Dependency on key personnel
- Loss of know-how and talent
- Ability to attract, train, and retain qualified and motivated resources
- Succession plans

Productive and intellectual capital

- Collection, storage, and processing of personal data
- Management and internal control system
- Directly managed retail outlets
- Brand recognition
- Implementation of Model 231/01
- Ability to interpret, produce, and effectively distribute third-party brands

STRATEGIC AND GOVERNANCE

Address

- Execution of the industrial plan
- Growth strategy and management
- Direction and coordination activities
- Monnalisa's difficult contestability
- Temporary commitment to non-transferability of shares
- Uncertainty about profit attainment and dividend distribution Risks related to the level of financial indebtedness and compliance with obligations under financing contracts

For an analysis of the main risk factors, please refer to the management report, while some highlights on risk management topics are provided below.

Consolidation of Sustainability in Business Processes

Monnalisa adheres to the main standards of social responsibility and integrated business management (ISO 26000, SA8000, ISO 9001, ISO 14001). This commitment entails continuous improvement and management of activities and processes, which are periodically evaluated by independent external entities. The publication of the integrated report demonstrates the company's desire to include stakeholders, both recipients and contributors, in this virtuous process of sustainability, quality, and environmental policies. The adoption of materiality analysis as a "management tool" for sustainability is functional to improving the effectiveness of reporting and stakeholder engagement.

Growth Management

Among the economic and financial planning tools, Monnalisa prepares a three-year development plan, updated annually. This plan contains descriptive and numerical representations of the strategies, actions, and the expected economic and financial impact that the company intends to implement both to consolidate existing operations and to seize new growth opportunities.

Product Distinctiveness

Creativity, the ability to make the product distinctive, represents the ultimate competitive lever to be preserved and valued as one of the key components of the company's intangible assets. This important area is overseen by Barbara Bertocci and Diletta Iacomoni, respectively the wife and daughter of the founder, demonstrating the continuity the company intends to maintain in terms of product identity and distinctiveness. With the same care and attention, Monnalisa approaches the licensing business, effectively interpreting, producing, and distributing third-party brands.

Product Safety and Quality Assurance

Every Monnalisa garment is designed and evaluated with health and safety in mind, especially considering that children are the final recipients of the offered product. The materials used and the finished products purchased are tested for harmful substances, and during the design and industrialization phase, regulations regarding the physical safety of children's clothing are followed. The requirements and their degree of restrictiveness can vary from country to country, as well as the list of substances considered hazardous to consumer health; therefore, it is essential to pay close attention to regulatory developments, striving to comply even with the strictest regulations. The oversight of this issue involves raising awareness and controlling the supply chain through which Monnalisa products are made. For this purpose, all health and safety aspects of the product have been formally included in the relationship with suppliers, through a code of conduct that is an integral part of the supply contract. By signing it, the supplier commits to adhering to the principles endorsed by the commissioning company.

Employee Health and Safety

Health and safety at work are fundamental rights of every worker. At Monnalisa, although there are no inherently dangerous activities, the focus on this aspect goes beyond legal requirements to cover softer, yet equally important, aspects such as workplace climate and work-life balance needs.

Supply Chain Management

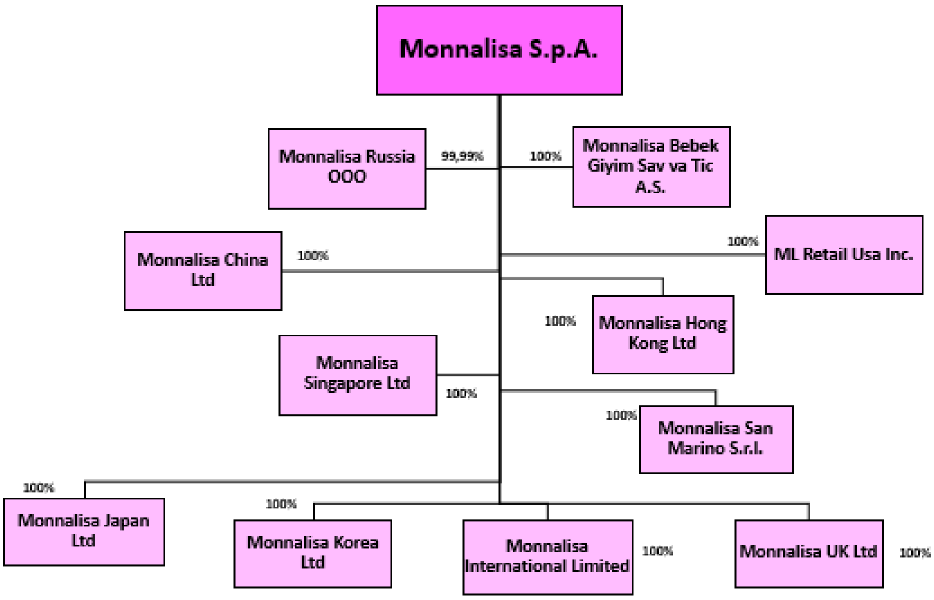
Monnalisa does not have in-house production, making control of its supply chain extremely important from all perspectives: quality, labor practices, human rights, environment, and product safety. The selection and evaluation of suppliers is a crucial aspect of the company's activities, especially considering that purchases of raw materials, finished products, and services occur in many countries around the world and can vary over time due to macroeconomic reasons. Generally, Monnalisa's collaboration with key suppliers is inspired by the creation of long-term partnerships, which are realized through the sharing of objectives and tools to identify professional, quality, and efficient solutions to achieve mutually satisfactory results. The methods of supplier selection and evaluation, based on both product aspects and ethical criteria, aim to create a lasting collaboration founded on shared values. The effectiveness of this process is demonstrated by the continuity and stability of relationships established with key suppliers. The company tends to favor suppliers who offer collaboration in the areas of research, development, and experimentation.

GOVERNANCE AND ORGANIZATION

Monnalisa has been listed on Euronext Growth Milan since July 12, 2018. Currently, 74.48% of the capital is held by Jafin Due, the Iacomoni family's financial company. The purpose of the listing was to facilitate the Group's growth process and international presence, particularly in the retail and e-commerce channels.

Euronext Growth Milan, previously known as AIM Italia/Alternative Capital Market, is a Multilateral Trading Facility (MTF) dedicated to high-growth potential Italian small and medium-sized enterprises, regulated and managed by Borsa Italiana. AIM Italia was launched in Italy in 2009, drawing from over 15 years of experience and know-how obtained from AIM UK of the London Stock Exchange. The market is unregulated, meaning it is not subject to specific regulations regarding its organization and functioning. This lack of regulation means that the market operations, the admitted securities, and operators are not subject to the specific regulations and authorization of the Regulatory Authorities on Regulated Markets and are not registered in the appropriate register. Therefore, there is no investigation by Consob during the admission phase.

As of December 31, 2023, the Monnalisa Group consists of the parent company Monnalisa S.p.A. and its subsidiaries Monnalisa Hong Kong Ltd, Monnalisa Rus LLC, Monnalisa China Ltd, ML Retail USA, Inc., Monnalisa Corea Ltd (inactive), Monnalisa Bebek Giyim San ve Tic A.S. (Turkey), Monnalisa UK Ltd, Monnalisa Japan Co Ltd (inactive), Monnalisa International Limited (Taiwan), Monnalisa Singapore Ltd, and Monnalisa San Marino S.r.l.



Corporate Structure

The company is organized according to the traditional administration and control model with the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, and the entity responsible for the legal auditing of the accounts. The current bylaws of the company were approved by the Shareholders' Meeting in an extraordinary session on June 15, 2018, and were revised during the meeting for the approval of the 2020 financial statements, held on May 31, 2021, in both ordinary and extraordinary forms. The revision of the bylaws concerned specific articles in compliance with the new Euronext Growth Milan Regulation of September 16, 2020.

The bylaws define the essential characteristics of the company and dictate its main rules of organization and operation, including the composition of corporate bodies, their powers, and their mutual relationships. The bylaws also describe the rights of shareholders and how they can exercise these rights.

The main corporate governance body is the Board of Directors, which is responsible for determining and pursuing the strategic objectives of the company and its Group. The current Board was appointed by the Shareholders' Meeting on May 31, 2021. The members are: Piero Iacomoni (Chairman), Christian Simoni (CEO), Matteo Tugliani (Director), Leonardo Etro (Independent Director), Fabrizio Dosi (Independent Director).

Board of Directors	In office for the 2021-2023 fiscal years	Chairman	Piero Iacomoni
		Chief Executive Officer (CEO)	Christian Simoni
		Director	Matteo Tugliani
		Independent Director	Leonardo Etro
		Independent Director	Fabrizio Dosi
Board of Statutory Auditors	In office for the 2021-2023 fiscal years	Chairman	Marco Mainardi
		Standing Auditor	Alberto Sodini
		Standing Auditor	Fabrizio Rossi
Supervisory Body O.D.V.	In office until the approval of the financial statements as of 31.12.2023	Appointed by the Board of Directors resolution on 18.06.2021: Marco Mainardi (Chairman), Alberto Sodini, Fabrizio Rossi	
Auditing Firm	In office for the 2021-2023 fiscal years	E.Y. S.p.A.	

Members of the Board of Directors of the Parent Company as of December 31, 2023	30-50		oltre 50		Total	
	Men	Women	Men	Women	Men	Women
	40%		60%		100%	

In 2023, four meetings of the Board of Directors were held. The Chairman of the Board of Directors does not hold any executive functions. The appointment and remuneration of directors are the responsibility of the Shareholders' Meeting. There is no remuneration committee.

The Board of Directors determines the strategies and general management policies of the company, as well as the related implementation methods. Its tasks include:

- Approving the strategic lines and the industrial plan, which also contains elements related to sustainability;
- Approving the budget and verifying its implementation;
- Monitoring the performance of management systems through periodic reviews and third-party audits related to environmental and social responsibility certifications;
- Defining processes and procedures to ensure that the entity operates with the appropriate level of diligence to guarantee the timely identification and management of the organization’s impacts on the environment, the economy, and people;
- Formally approving Monnalisa's sustainability report, ensuring that all material aspects have been covered.

The Board of Statutory Auditors is responsible for overseeing compliance with the law and the bylaws, adherence to principles of proper administration, and particularly the adequacy of the company's organizational, administrative, and accounting structure and its actual functioning.

Members of the Board of Statutory Auditors of the Parent Company - December 31, 2023	30-50		oltre 50		Totale	
	Men	Women	Men	Women	Men	Women
			100%		100%	

The auditing firm is entrusted with conducting the legal audit of the accounts. It provides a written opinion on both the annual and consolidated financial statements. Throughout the fiscal year, it verifies the regularity of the company's accounting records and the correct recording of business transactions.

The Chief Executive Officer (CEO) reports to the Board of Directors. Introducing this role marks a significant progression in corporate governance. Initially starting with a sole administrator, the company transitioned to a collegial governance structure between 2010 and 2011. Subsequently, it introduced a General Manager, then a Special Procurator, and now the CEO. These changes are substantial, especially within a first-generation family-owned company where the founders remain actively involved in business operations.

Sustainability in Governance

To ensure full operational integration of sustainability issues among the top levels of the company, which report to the CEO, there are also the Sustainability Committee, the special projects and environment manager, and the compliance team.

The **Sustainability Committee** participates in drafting the company's industrial plan for its relevant part. It then collaborates with the SA8000 reference and each function manager takes care of sustainability aspects in various ways, depending on the context. The various staff members in purchasing and product offices, during inspections at suppliers, also verify sustainability aspects, being trained for this purpose. For the most crucial and potentially most critical market, such as China, the local procurement manager is a Lead SA8000 Auditor in order to conduct targeted scouting and monitoring of Chinese suppliers.

Within the control and surveillance processes related to legislative decree 231, Monnalisa uses the **Compliance Team**, in order to further favor the spread of a corporate culture aimed at compliance integrated within company processes, according to a transversal and multidisciplinary organizational approach. The team, which reports to the CEO, is composed of the Innovation manager & compliance coordinator, the Group HR Manager, and is supported by external consultants.

In 2023, in continuity with what was done in 2022, the main objectives were set as the management of training activities in the context of 231, updating the risk assessment with respect to the new regulatory innovations introduced in Legislative Decree 231/2001 and the follow-up of the checks conducted in 2022, which was achieved through coordination with the various company functions involved.

Assessment Methods and Processes

The Board of Directors and the CEO have a three-year assignment, after which they are subject to evaluation by the shareholders' meeting, which judges their performance and proposes the renewal of the office or the assignment of the office to others. The evaluation of the performance takes place periodically on the occasion of the drafting and approval of the budget.

In particular, the evaluation of the CEO at the end of the budget is carried out by the Chairman of the Board of Directors.

Roles and Responsibilities of Various Decision-Making Bodies

Board	Duties
Shareholders' Meeting	Appoint and dismiss directors and auditors; approve the annual financial statements; determine the remuneration of directors and auditors; decide on the possible exercise of liability actions; fulfill any other obligations prescribed by laws or bylaws; fulfill specific extraordinary acts.
Board of Directors (CDA)	Fulfill legal obligations; prepare proposals for annual and periodic budgets; define the delegations of the chairman, CEO, and general manager; appoint the CEO and general manager, majority non-family executives; evaluate the annual performance of family members working in the company, identifying specific career paths; approve strategies, plans, budgets, and results within the company's mission; approve out-of-budget investments; approve significant special projects; define the guidelines of the internal control system and risk management, ensuring that major risks are properly identified, assessed, managed, and monitored in line with identified strategic objectives.
CEO (Chief Executive Officer)	Represent the company; establish the methods for implementing the company's general management and development strategies defined by the Board of Directors; monitor the activities of the delegated directors; establish the methods for implementing commercial, marketing, and communication policies as well as personnel strategies defined by the Board of Directors; define all active and passive agreements, commitments, and contracts related to all business included or connected to the corporate purpose; manage the identification of major corporate risks, considering the characteristics of the company's activities and its subsidiaries, and inform the board of directors at least annually.

Investor Relator

According to art.6-bis of the Euronext Growth Milan Issuers' Regulation (edition October 25, 2021), a professionally qualified subject (*Investor relations manager*) must be identified and maintained within the organizational structure with the specific task (not necessarily exclusive) of managing relations with investors. The figure of the Investor Relator responds to a need for complete and transparent communication of the Company with the outside. In Monnalisa, the role of Investor Relator is covered by Christian Simoni. The Group has a specific email address dedicated to which any communications can be delivered: the address is *investorelations@monnalisa.eu*.

On the website http://monnalisa.com, economic and financial data, institutional presentations, periodic publications, and official communications are available, also disseminated via the SDIR platform (System for the dissemination of relevant information).

The Parent Company Monnalisa S.p.A. and the Group have not carried out atypical and/or unusual operations, i.e., those operations which, due to their significance/relevance, nature of the counterparties, object of the transaction, methods of determining the transfer price, and timing of the event, may give rise to doubts about the correctness/completeness of the information in the financial statements, conflicts of interest, protection of corporate assets, and protection of minority shareholders.

During 2023, 9 communications were distributed on the SDIR platform.

The internal control and risk management system

Over time, Monnalisa has equipped itself with organizational tools aimed at ensuring that business operations are carried out in compliance with mandatory regulations to which it is subject and voluntary standards it has adopted to ensure effective, efficient, transparent, and sustainable management.

The following table summarizes the management and control systems adopted by the company with reference to specific areas.

System	Quality	Draft on the job	Data security	Enviromental protection	Social responsability	Financial information	Administrative responsability
Mandatory		**D.Lgs 81/2008** Consolidated Safety Act	**European Regulation 2016/679**, Privacy and data protection	**D.Lgs 152/2006** Consolidated Environmental Act	**Law 300/1970** Workers' Statute	**Regulation** Euronext Growth Milan	**D.Lgs 231/2001** Administrative responsibility in criminal matters for legal entities
Voluntary part	ISO 9001 Certification (Quality management system) **Deadline 31.07.2026**	SSL Management	Adjustment to measures in compliance with European regulation	ISO 14001 Certification (Environmental management system) **Deadline 22.03.2024**	SA 8000 Certification (Social responsibility management system) **Deadline 04.08.2026**	Adoption of specific protocols published on the company website	Adoption and updating of the Code of Ethics and Model 231

Model of Organization, Management and Control pursuant to Legislative Decree no. 231/01

The Model 231 aims to prevent the administrative liability of the company in relation to specific offenses that may be committed by top executives or persons under their direction or supervision, in the course of their functions and in the interest or benefit of the company.

The Company adopted the Model 231 on December 20, 2017, and has since maintained its updates in accordance with the regulatory and organizational evolution of the company structure. The review process has been managed by the Compliance Team, composed of internal experts and consultants, under the supervision of the Supervisory Body. They updated the Model 231 on November 19, 2021, August 5, 2020, and subsequently on September 29, 2023. The latest update incorporated the regulatory innovations introduced by Legislative Decree no. 150 of October 10, 2022, which came into force on December 30, 2022, and by Legislative Decree 24/2023 implementing European Directive no. 1937/2019. In summary, these include the following changes/additions to Legislative Decree 231/2001:

Legislative Intervention	Amended Article of Legislative Decree 231/01	Summary of Changes / Additions Made
Legislative Decree no. 184 of November 8, 2021 in force from December 14, 2021	Art. 25-octies.1	The implementation of EU Directive 2019/713 of the European Parliament and Council dated April 17, 2019, on combating fraud and counterfeiting of non-cash payment instruments has integrated the following offenses: - Article 493-ter of the Italian Penal Code, "Improper use and counterfeiting of non-cash payment instruments"; - Article 493-quater of the Italian Penal Code, "Possession and dissemination of equipment, devices, or computer programs aimed at committing offenses related to non-cash payment instruments"; - Article 640-ter of the Italian Penal Code, "Computer fraud aggravated by the execution of a money transfer, monetary value, or virtual currency."
Legislative Decree no. 195 of November 8, 2021 in force from December 15, 2021	Art. 25-octies	The implementation of EU Directive 2018/1673 of the European Parliament and Council dated October 23, 2018, on combating money laundering by criminal law has modified offenses under Article 25-octies of Legislative Decree 231/2001.
Law no. 238/2021 in force from February 1, 2022	Art. 24 bis	Alignment with EU Directive 2013/40/EU on attacks against information systems has led to modifications of the following offenses categorized as "Computer Crimes": Article 615-quater of the Italian Penal Code, "Possession, dissemination, and improper installation of equipment, codes, and other means for accessing computer or telematic systems"; Article 615-quinquies of the Italian Penal Code, "Possession, dissemination, and improper installation of equipment, devices, or computer programs aimed at damaging or disrupting a computer or telematic system"; Article 617-quater of the Italian Penal Code, "Illegal interception, prevention, or interruption of computer or telematic communications"; - Article 617-quinquies of the Italian Penal Code, "Possession, dissemination, and improper installation of equipment and other means aimed at intercepting, preventing, or interrupting computer or telematic communications."
	Art. 25-quinquies	The adjustment to Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children and child pornography has led to the modification of the following offenses in the category of “Crimes against individual personality”: - Penal Code, Article 600-quater, “Possession or access to pornographic material”; - Penal Code, Article 609-undecies, “Grooming of minors.”
	Art. 25-sexies	The adjustment to Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children and child pornography has led to the modification of the following offenses in the category of “Crimes against individual personality”: - Penal Code, Article 600-quater, “Possession or access to pornographic material”; - Penal Code, Article 609-undecies, “Grooming of minors”.
Decree-Law No. 13 of February 25, 2022, in force since February 26, 2022	Art. 24	The objective of the amendment is to broaden the scope of the aforementioned criminal offenses, in order to also include fraud committed in relation to the recent subsidies granted by the State to promote economic recovery. Decree-Law 13/2022, specifically Article 2, on “Sanctioning measures against fraud in public disbursements,” did not directly amend Legislative Decree 231/2001, but modified the following predicate offenses provided for in Article 24 of Legislative Decree 231/2001: - embezzlement against the State (now more generally “embezzlement of public disbursements”), pursuant to Article 316-bis of the Penal Code; - undue receipt of public disbursements, pursuant to Article 316-ter of the Penal Code; - aggravated fraud for the purpose of obtaining public disbursements, pursuant to Article 640-bis of the Penal Code.

Law No. 22 of March 9, 2022, in force since March 23, 2022	Art. 25-septiesdecies	The Law in question significantly reforms the criminal provisions for the protection of cultural heritage by incorporating criminal offenses into the Penal Code, amending the rules on confiscation, and significantly increasing the severity of penalties. Regarding the liability of legal entities, in particular, the list of predicate offenses is extended by the introduction of two new articles in Legislative Decree 231/2001: - Theft of cultural property, Article 518-bis - Misappropriation of cultural property, Article 518-ter - Receiving of cultural property, Article 518-quater - Forgery in private writing relating to cultural property, Article 518-octies - Violations concerning the alienation of cultural property, Article 518-novies - Illegal importation of cultural property, Article 518-decies - Illegal removal or exportation of cultural property, Article 518-undecies - Destruction, dispersion, deterioration, defacement, defilement, and unlawful use of cultural or landscape property, Article 518-duodecies - Counterfeiting of works of art, Article 518-quaterdecies
	Art. 25-duodevicies	- Money laundering of cultural property, Article 518-sexies - Devastation and looting of cultural and landscape property, Article 518-terdecies
Legislative Decree No. 156 of October 4, 2022 Entered into force on November 6, 2022	Art. 25-quinquiesdecies	Corrective and supplementary provisions of Legislative Decree No. 75 of July 14, 2020, implementing Directive (EU) 2017/1371, in particular: - changes introduced regarding the punishability, as an attempt, of the offenses referred to in Articles 2, 3, and 4 of Legislative Decree No. 74 of 2000, where the conditions referred to in the amended paragraph 1-bis of Article 6 of the same Decree are met; - the punishability of the legal entity for the offenses of false declaration, failure to declare, and undue compensation referred to, respectively, in Articles 4, 5, and 10-quater of Legislative Decree No. 74 of 2000, when they are "*committed with the aim of evading value-added tax within the framework of cross-border fraudulent schemes connected to the territory of at least one other Member State of the European Union, resulting in or potentially resulting in an overall damage equal to or exceeding*" ten million euros.
	Art. 25	- Amendment of Article 322-bis of the Penal Code, which includes in its heading and body a reference to the offense of abuse of office referred to in Article 323 of the Penal Code, thereby extending the applicability of this latter provision to acts committed by the subjects indicated in Article 322-bis of the Penal Code (i.e., members of international courts, bodies of the European Communities and international organizations, etc., and, more generally, persons who perform functions or activities corresponding to those of public officials and persons in charge of a public service in non-European Union states, when the act offends the interests of the European Union).
Legislative Decree No. 150 of October 10, 2022, entered into force on December 30, 2022	Article 64, paragraph 1 of Legislative Decree 231/2001, "Procedure by Decree"	- Implementation of Law No. 134 of September 27, 2021, delegating powers to the Government for the efficiency of criminal proceedings, as well as concerning restorative justice and provisions for the swift resolution of judicial procedures.
Legislative Decree 24/2023, entered into force on March 30, 2023	Paragraphs 2-ter and 2-quater of Article 6 of Legislative Decree 231/2001	- The Legislative Decree 231/2001 has incorporated the regulatory provisions concerning the management of reports, also known as whistleblowing, since the entry into force of Legislative Decree 24/2023

The **company's Supervisory Body** ("SB"), initially composed of a single member, has coincided with the Board of Statutory Auditors since June 2021, whose professional profile of members meets the requirements set forth in the Model 231 for holding such positions. This organizational solution has been facilitated by Article

6, paragraph 4 bis of Legislative Decree No. 231/2001 and Article 6, point 33 letter e) of the new self-discipline code issued by Borsa Italiana, and has been supported by the close coordination previously established in managing internal information flows between the SB and the Board of Statutory Auditors.

The SB plays a continuous role in overseeing the adequacy and effective implementation of measures prescribed by Model 231 and the Code of Ethics by all stakeholders. Additionally, it addresses updating needs of Model 231 in response to changes in regulatory frameworks, management processes, and the company's organizational structure. The SB prepares and presents to the governance bodies the following documents: annual vigilance program, semi-annual reports on activities carried out, as well as any reports on contingency aspects brought to the attention of the SB by corporate leadership.

For the year 2022, the Company developed a dedicated Training/Information Plan within the scope of "231", incorporating training modules in quality, social responsibility, environmental and privacy issues within thematic sessions. Completion of these modules was followed by assessment of learning levels through specific questionnaires. In 2023, specific training sessions on "231" were conducted within thematic sessions, along with ad hoc training activities on ethical principles outlined in the Group's Code of Ethics, as well as updates to Model 231.

Monnalisa S.p.A. has enhanced synergy between Model 231 measures and the documentary structure derived from the Integrated Management System ISO 9001 (Quality) and SA8000 (Social Responsibility) and Environmental Management System opening and closing meetings of maintenance and renewal audits of Management System certifications, also aiming to intercept ISO 14001, for more effective risk prevention, resulting in significant benefits in terms of system rationalization and sustainability.

The SB and Compliance Team participate in identifying and implementing any necessary opportunities for improving business processes relevant to the implementation of protocols under Legislative Decree 231/2001 and/or principles and rules set forth in the Group's Code of Ethics. To implement Legislative Decree 24/2023 concerning management of whistleblowing reports, the Company has adopted an IT platform as a tool for managing confidential channels and provided necessary guidance for making reports, aiming to foster a culture of effective communication and corporate social responsibility within organizations.

Quality, Environment, and Social Responsibility Policy

Monnalisa has long implemented specific company policies aimed at regulating quality, environmental, and sustainability aspects consistently. These policies are partially implemented through management systems certified according to internationally recognized voluntary standards, such as ISO 14001 for environmental management, ISO 9001 for quality management, and SA8000 for social responsibility.

In particular, with its environmental policy, Monnalisa commits to defining and implementing strategies and action plans to optimize business processes considering environmental impacts and the conservation of natural and energy resources.

Through its quality and social responsibility policy, Monnalisa aims to maintain and enhance the quality standards of its products offered on the market, ensuring stakeholders perceive the company as a reliable, transparent, and proactive partner.
Therefore, Monnalisa is committed to:

- Building a lasting trust relationship with consumers.
- Cultivating enduring partnerships with customers, suppliers, contractors, service cooperatives, and agents.
- Safeguarding investments made by shareholders and maintaining transparent communication with banks and financial institutions.
- Motivating employees through targeted training programs, involving them in company performance through proactive approaches, ensuring workplace safety, and completely eliminating discrimination based on gender, race, political orientation, sexual orientation, or religious beliefs, as well as prohibiting child labor.

Overall, Monnalisa undergoes at least five third-party audits annually—conducted by accredited bodies—for the ISO 9001, SA8000, and ISO 14001 certifications, as well as for the certification of the annual report, specifically for the sustainability section.
In addition to voluntary audits, there are also periodic audits requested by third parties (Media Companies with which a licensing agreement is signed, allowing Monnalisa to use characters in exchange for royalties).
Regular monitoring of its processes allows the company to maintain a high level of attention and performance in all areas.
Similarly, Monnalisa either conducts audits directly with qualified personnel or commissions accredited third parties to audit its suppliers of raw materials, finished products, and processing. This commitment significantly helps mitigate the risk of reputational loss with clients and end consumers, or at least manage it with awareness.

The SA8000 Management System

Certified with SA8000 since 2001, during 2023, Monnalisa underwent two audits by the certifying body, a management review, and two internal audits.

Description	2021	2022	2023
Number of major Corrective Action Requests (CARs) identified during the certifying body's inspection visit	0	0	0
Number of minor Corrective Action Requests (CARs) identified during the certifying body's inspection visit	0	0	1
Number of observations/opportunities for improvement identified during the certifying body's inspection visit	2	4	2
Number of CARs and Preventive Action Requests (PARs) issued by Monnalisa	35	27	32
Ratio of CARs/PARs resolved to those issued	94%	85%	69%
Number of improvement plan objectives	10	15	11
Ratio of objectives achieved to total objectives	60%	73%	72%

**CAR = Corrective Action Request; issued when a non-conformity with certification standards is identified, aimed at identifying and eliminating its causes*

***RAP = Preventive Action Request; an improvement action aimed at eliminating the causes of potential future non-conformities*

Monnalisa annually drafts an improvement plan containing a series of actions and activities aimed at continuously reviewing and implementing its social responsibility system. These initiatives, shared within the Social Performance Team (SPT), result from suggestions and proposals from stakeholders, particularly employees, or stem from the company's response to corrective or preventive action requests aimed at continuous improvement of the social responsibility system.

Social Performance Team

The Social Performance Team includes a balanced presence of SA8000 worker representatives and management. Among the responsibilities of the SPT is reporting all critical issues that may arise in the field of social responsibility to the Board of Directors (CdA) and the CEO (AD), as well as all notifications and complaints received from stakeholders. The composition of the Social Performance Team is detailed in the following table:

Name*	Years	Role
Piero Iacomoni	79	President
Christian Simoni	51	Chief Executive Officer (CEO)
Michela Panichi	40	HR Manager
Chiara Menicatti	54	SA8000 Management Representative
Eleonora Belliconi	42	SA8000 Workers' Representative
Marco Carleschi	53	SA8000 Workers' Representative
Fabio Dottorini	43	Workers' Representative for Safety
Luca Panichi	33	Workers' Representative for Safety

* Participants as of December 31, 2023

The committee also includes worker representatives who are responsible for reporting any notifications, complaints, or requests for clarification regarding committee-related issues in this forum. Additionally, starting from 2023, worker Safety representatives from both Arezzo locations (Headquarters and operational site) also participate.

To ensure greater transparency externally, Monnalisa has established channels for submitting complaints, providing advice, and contacting the Board of Directors, the CEO, or the SPT. Reports are strictly confidential and can be submitted via phone, mail, or email to the following contacts:

Reception: +39 0575/98501
etica@monnalisa.eu
risorseumane@monnalisa.eu
sa8000@sgs.com (fax: 051/6389926)
Saas, 220 East 23rd Street, Suite 605, New York 10010, USA (email.saas@saasaccreditation.org
fax +212-684-1515).

Whistleblowing

The company has adopted and implemented in 2023 every technical and administrative measure necessary to comply with the provisions of Legislative Decree of March 10, 2023, including the adoption of a specific procedure for managing related reports under the Whistleblowing legislation. Additionally, it has appointed a qualified individual to serve as the manager responsible for handling such reports.

The entity has also established a dedicated mailbox for receiving these reports.

Legal Rating Obtained in 2022

In January 2022, the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato) awarded Monnalisa a legality rating of ★★+ (two stars +). This legality rating, valid for two years and renewable upon request, serves as a synthetic indicator of the company's adherence to high standards of legality. The rating ranges from a minimum of one to a maximum of three stars, based on compliance levels with both regulatory and extra-regulatory requirements.
Achieving this legality rating demonstrates Monnalisa's transparency to the market, facilitates access to credit on favorable terms, and enhances opportunities for leveraging public funding. Obtaining this rating reflects Monnalisa Group's commitment to seeking continuous and impartial assessments from external entities, highlighting its dedication to sound business management and ethical principles within the company.
Engaging with external assessments also supports a process of ongoing improvement, aligning with Monnalisa Group's corporate philosophy and culture.

Data security

Monnalisa has implemented an organizational model for the management of personal data that protects the data subject and ensures compliance with data protection regulations. The company's Data Protection Officer (DPO) prepares a semi-annual report for the corporate leadership and the Oversight Body (OdV) regarding the company's actions in protecting personal data in accordance with Regulation (EU) 2016/679 (GDPR). This report covers regulatory updates, activities conducted, and any areas for improvement or critical issues related to the company's privacy compliance.

In addition to handling "contingent" activities, throughout 2023, the DPO conducted regular update meetings on key topics of interest. Specifically, 2023 saw the implementation of Legislative Decree No. 24 of March 10, 2023, which incorporates Directive (EU) 2019/1937 of the European Parliament and Council on the protection of persons reporting breaches, known as "whistleblowing."

In accordance with this legislation, Monnalisa has adopted the "Whistleblowing Reports Procedure - Internal Channel Procedure for Reporting by the Reporting Person, pursuant to Legislative Decree 24/2023" (Annex 1).

PRODUCTIVE AND INTELLECTUAL CAPITAL

Monnalisa's productive and intellectual capital encompasses both tangible (manufactured physical objects) and intangible knowledge-based assets (legal rights, technology, patents, copyrights, as well as strategy, culture, organizational structures, practices, and procedures) used by the organization to produce goods or offer services.

Specifically for Monnalisa, productive and intellectual capital goes beyond mere manual skill and creativity. It manifests in an infrastructure equipped with state-of-the-art systems ensuring product quality and safety. It also embodies experience, meticulous attention to detail, continuous research and development of new materials, and technologies as levers for enhancing efficiency, quality, and competitiveness.

Another critical success factor for Monnalisa is innovation throughout its supply chain, characterized by collaboration with suppliers aimed not only at sharing goals and tools but also jointly identifying professional solutions that meet the highest standards of quality, sustainability, and efficiency.

Creativity

Product innovation at Monnalisa is driven by creativity: aesthetic ideation and applied research are the engines of the entire company.

Research activities, resulting from ongoing exchanges between the style and marketing departments, include:

- Identifying fashion trends, colors, and themes for each product line
- Researching, selecting, and creating new materials, fabrics, and applications
- Ideating sketches for prints, embroideries, applications, and printed fabrics
- Creating sketches and models
- Researching, selecting, and creating specific accessories for garments and their packaging

Table 1 Creativity Indices

		2021	2022	2023
Resources dedicated to creative activities	Average seniority of the creative team (years)	16	17	18
	Incidence of research, development, and sample production costs on group turnover	6%	6%	7%
Collection success rate	% of models selling at least 50% more than the average model sold	21%	22%	25%
	% of models placed on the market out of the total presented models	92%	93%	85%

The creativity indicators reported measure, on one hand, the drivers of research, understood as the company's investment in creative activity, and, on the other hand, the results achieved from it. The average seniority of the creative team has increased, thanks in part to low turnover.

In the research and development activities for the two collections, fully expensed on the income statement, cost items related to dedicated personnel, external consultancy, and other internal and external resources employed have been included.

Product safety

Monnalisa's products, designed for children and infants, are crafted with a focus on chemical and physical/mechanical safety aspects. Regulations governing product safety can vary from country to country. Monnalisa has chosen to adhere to the most stringent standards set by China and the USA. Additionally, the European REACH regulation governs the use of chemicals in textiles and apparel.

Each supplier of raw materials and finished goods receives communication from Monnalisa outlining the safety standards they must adhere to, detailed in a Product Restricted Substances List (PRLS) that summarizes the regulatory parameters in China, the USA, and Europe. This document requires stamping and signing. Furthermore, every supplier receives a Reach [2] compliance declaration to be stamped and signed.

Monnalisa ensures compliance with safety standards for its products and raw materials through testing at an accredited independent laboratory, compliant with regulations in China and the USA. Tests conducted for the Chinese market include checking for azo dyes, phthalates, heavy metals (lead, cadmium), formaldehyde, as well as pH levels and colorfastness to saliva, perspiration, washing, light, and rubbing. Tests conducted for the US market verify the absence of lead in metallic and plastic accessories, phthalates, and fabric flammability.

[2] REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) aims to improve knowledge of the hazards and risks associated with chemicals to ensure a high level of protection for human health and the environment. Additionally, the regulation promotes the development of alternative methods to those requiring animal testing for assessing substance hazards. Since 2013, all Monnalisa suppliers are required to immediately report the use of unauthorized chemicals in their production processes or concentrations exceeding safety minimums set by the European regulation.

Materials that fail tests are returned to suppliers, treated, and brought into compliance. pH tests are also conducted internally to prevent and correct anomalies before laboratory analysis. Internalizing this process has minimized unsatisfactory test results.

Each season, a list of models subject to testing is provided to suppliers. Monnalisa's policy aims to raise supplier awareness of health and safety issues, encouraging the production of compliant products. All zippers and metal accessories used by Monnalisa are nickel-free.

Compliance with the European REACH regulation is explicitly stated in Monnalisa's supplier code of conduct, constituting a specific contractual clause. Significant portions of safety tests focus on physical/mechanical trials such as button and application tensile and torsion, zipper strength, tape and drawstring length, sharp or pointed accessories, and dimensions of bows or other potentially hazardous garment components.

In accordance with national and international regulations, all Monnalisa products carry labels containing information on composition and care instructions. Specifically, these labels include details such as model, article number, size, washing symbols, additional care instructions, Made in information, any royalty marks, and indications regarding the origin of leather (where applicable). This global label is translated into ten languages to ensure maximum clarity and transparency of information for customers.

To ensure the accuracy of the information on labels, Monnalisa obtains material details from its suppliers through technical data sheets. These details are integrated into the central system and entered into dedicated management software. Their accuracy is then verified at the raw materials quality control area at the Italian operational headquarters.

At the end of 2020, Monnalisa initiated an update and integration activity of label information to align with the requirements of new export markets, adhering to international regulations.

Brand value

The competitive context in which Monnalisa operates is characterized by the presence of well-known luxury brands, which also operate in the adult clothing segment, and specialized players mostly operating through licensed brands.

Monnalisa's strategy, always aimed at enhancing its own brands, has opened up to integrate its business model with the implementation of a selective strategy of productive and distributive licensing, including third-party licenses such as "Chiara Ferragni" and "La Martina." The Group operates through a synergistic blend of innovation and cutting-edge technology, involving the internalization of the entire phase of design and collection definition, prototyping, and model creation.

Therefore, the brand value represents a very significant corporate asset both strategically and financially. The brand is a fundamental element for guiding customers and positioning the company and its offerings within the competitive landscape.

Over the years, Monnalisa has pursued a consistent internationalization process aimed at enhancing brand awareness and value. The increase in brand awareness and value has also been pursued through Monnalisa's entry into related or adjacent segments to children's clothing, aiming to strengthen the Monnalisa lifestyle identity. In this regard, the company has expanded its business into furnishings with the launch of "Monnalisa Living," as well as into cosmetics, bedding, footwear, bags, and accessories, all within the children's sector. Additionally, since 2022, Monnalisa has enriched its offerings in the early childhood market by launching a new line of strollers for LECLERC BABY, expanding its New Born range, previously focused mainly on layette and skincare products, by incorporating its distinctive floral pattern into high-performance Leclerc Baby strollers. The three-year renewable licensing agreement provides for international multi-channel distribution and dual-margin sources for Monnalisa: it will receive royalties on sales made by Leclerc Baby, and will also sell this product line through its wholesale, retail, and e-commerce channels, essentially acting as a distributor.

Actions to protect brand reputation

The brand, qualified as an intangible asset affecting business performance, and immobilized and registered accounting-wise, grants its holder an exclusive right to exploit certain products or services. This right materializes in the ability to prevent competitors from using an identical or similar sign likely to cause confusion with the protected brand, which, as a distinctive sign, must allow consumers to distinguish products and services from one entrepreneur from those of another.

Monnalisa owns trademark registrations (Monnalisa, Monnalisa Bimba, Monnalisa Junior, Monnalisa Fun, Monnalisa with flowers, Hitch Hiker) protected in both verbal and figurative versions, with a presence in approximately 100 countries.

To strengthen Monnalisa's brand protection efforts, a trademark monitoring and surveillance service has been activated to prevent the registration of similar or identical trademarks, verifying any publications of similar trademarks in the process of registration in the same product classes. This service helps prevent potential market conflicts by initiating cease-and-desist actions. In 2023, no letters of cease-and-desist were needed, nor were administrative proceedings initiated for the same purpose.

The various Monnalisa brands are always prominently displayed on products, in direct stores, and at every event connected with product promotion. This ensures that the brands are always easily recognizable, enhancing their image and visibility among the public. Over the decades, the use of the brand has undoubtedly associated it with a message of style, quality, identity, and innovation of an Italian product that is a benchmark in the children's clothing sector, reinforcing positive perception and building its value.

As of today, the Monnalisa brand is not capitalized in the balance sheet. Internally, the evaluation of the Monnalisa brand has been entrusted to an industrial property protection firm. This activity inherently involves a distinguishable entity from the overall assets and presupposes interconnected and indispensable characteristics such as identifiability, separability from other company assets, and the temporal duration during which the brand will positively contribute to business profitability.

Supply Chain

Production at Monnalisa is predominantly carried out using the "industrialized" method, which involves independent third-party contractors, known as "façonistes," who are exclusively assigned to the garment production stages, except for cutting, which is done internally. Additionally, the "commercialized" production method is used, where finished products are directly purchased. In both cases, third-party manufacturers operate under Monnalisa's strict supervision, defining production assignments, timelines, and implementing quality control.

Monnalisa's collaboration with its key suppliers is guided by a long-term partnership approach, characterized by shared goals and tools aimed at identifying quality and efficiency solutions, thereby achieving mutually satisfactory results.

The effectiveness of this process is evidenced by the continuity and stability of relationships established with primary suppliers. The company tends to prioritize suppliers who collaborate in research, development, and experimentation. With these businesses, Monnalisa fosters relationships that are intended to be long-term and as stable as possible.

The suppliers analyzed are those providing products and services directly impacting the company's production activities. These include fabric suppliers, accessories suppliers, finished product suppliers, and service providers (cutting, sewing, pressing, and additional phases).

Tab. 2 Number of suppliers by type (registered; consolidated;continuous)

Supplier Type	Number of registered suppliers	Number of consolidated suppliers (at least 2 out of 4 seasons)	Number of continuous suppliers (4 out of 4 seasons)
Fabrics	687	54	19
Accessories	314	28	27
Façon	343	22	14
Commercial	547	36	21

On average, more than half of the consolidated suppliers (with whom the company has worked in at least two of the last four seasons) are continuous suppliers (from whom the company has purchased in all four of the last collections), demonstrating the stability and solidity of the relationship.

Tab. 3 Supplier Relationship Stability Index

Supplier Type	Continuous/Consolidated in %		
	2021	2022	2023
Fabrics	44%	46%	35%
Accessories	40%	60%	47%
Façon	86%	63%	64%
Commercial	57%	56%	58%
Overall Percentage	**52%**	**56%**	**48%**

If instead we frame the discussion in terms of purchase volumes, we obtain the Supplier Dependency Index, which is the percentage impact of purchases from the top ten suppliers on the total purchases by type.

Tab 4 Supplier Dependency Index

	2021	2022	2023
Fabrics	76%	74%	64%
Accessories	70%	66%	71%
Façon	67%	69%	81%
Commercial	75%	72%	74%

The payment terms established with suppliers correspond to the type of product purchased. For textiles, the longest deferment discounts the advance payment and guarantees supply requests from Monnalisa. Through "blind orders"[3] placed before the sales campaign begins, Monnalisa assumes the risk of evaluating the types and quantities of raw materials to purchase, thus accelerating the production process and ensuring timely customer deliveries.

Tab. 5 Contractual Payment Terms by Supplier Type (Active Register)

	30days	60days	90days	120days	# suppliers
Fabrics	326	76	34	251	687
Accessories	146	96	11	61	314
Façon	51	287	0	5	343
Commercial	221	306	6	14	547

[3] In companies that work according to a planned schedule and produce for clients, a 'blind order' is an order placed with suppliers of raw materials that is not based on projected sales campaign data but only on historical data and estimates derived from knowledge of the collection. As such, it represents a risk factor for the company and an advance financial commitment compared to the timing of projected or actual orders.

Monnalisa, except in cases of disputes over goods or services purchased, regularly adheres to the agreed contractual conditions with the supplier. This, combined with the partnership approach to supplier relationships, safeguards the company from breaches of supply agreements.

Monnalisa has a reverse factoring agreement in place with a major banking institution. Monnalisa identifies its most stable suppliers to the bank, offering them the opportunity to sell their receivables owed by Monnalisa at advantageous terms, thereby managing and accelerating cash flows against invoices issued by Monnalisa. As a participating company, Monnalisa collaborates closely with the bank to develop the project, aiming to meet the financial needs of a larger number of suppliers. For suppliers, the benefit lies in receiving early cash flows, while both parties benefit from strengthening their relationship.

In recent years, a similar solution has been activated for foreign suppliers through the opening of import letters of credit with deferred payment and discount clauses in favor of the beneficiary, borne by the customer. Monnalisa has leveraged deferred payment options under favorable conditions provided by the banking circuit, while suppliers, facing particularly challenging financial circumstances, have been able to receive payments immediately or within significantly shortened timelines.

The quality assurance in the production supply chain

Monnalisa ensures quality assurance throughout its production supply chain by actively collaborating with its suppliers. Beyond its own corporate boundaries, Monnalisa extends its activities upstream to suppliers and downstream to customers. This approach has fostered a genuine collaborative and trusting relationship with all stakeholders involved. A network of companies has thus been established, working together towards common objectives, resulting in added value beyond the product itself, improved service levels for customers, reduced lead times, and ultimately lower overall costs compared to competitors in the market.

The aim is to move towards effective supply chain management by engaging all companies involved in the cycle, from upstream to downstream. This strategic collaboration is crucial for gaining a specific competitive advantage in the market.

Product and Process Quality

At the end of each season, Monnalisa evaluates all its suppliers of raw materials, manufacturing, and commercial services based on: product/service quality provided, value for money, flexibility, creativity, and versatility.

Tab. 6 Supplier Evaluation for Summer Season: Fabrics, Manufacturing, Commercialized Items, and Accessories

	Fabrics					Façon e commercial					Accessories					Tot
	E	D	C	B	A	E	D	C	B	A	E	D	C	B	A	
2020	0	7	7	14	3	2	4	9	22	14	1	3	10	10	17	123
2021	0	5	11	13	5	0	5	14	26	6	2	5	6	5	21	124
2022	0	1	15	14	7	0	3	13	26	8	1	5	7	16	16	132
2023	0	6	18	13	4	1	13	8	29	4	0	10	13	7	22	148

E = unsatisfactory; D = adequate; C = fair; B = good; A = excellent

Tab. 7 Supplier Evaluation Winter Season: Fabrics, Manufacturing, and Commercial Services

	Fabrics					Façon e commercial					Accessories					Tot
	E	D	C	B	A	E	D	C	B	A	E	D	C	B	A	
2020	0	4	8	16	7	2	8	22	22	4	0	4	17	5	14	**133**
2021	0	3	16	11	10	0	8	13	29	3	1	6	14		22	**143**
2022	0	11	19	13	5	0	6	15	26	5	0	8	10	12	18	**148**
2023	0	11	19	13	5	0	10	15	26	5	0	8	10	12	18	**152**

E = unsatisfactory; D = adequate; C = fair; B = good; A = excellent

The percentage of suppliers with a good, fair, or excellent quality index, out of the total evaluated suppliers, is quite high, indicating the significant wealth of skills and knowledge capitalized in Monnalisa's management of its supply chain.

% of suppliers with a good/fair/excellent quality index out of the total evaluated suppliers *	81%

* *averaged across the two seasons analyzed*

Ethical quality

The analysis of the supply chain from a global perspective highlights a predominantly Italian localization of suppliers (out of the total purchase volumes in 2022, including raw materials, processing, and finished products, about 45% comes from suppliers located abroad, mainly concentrated in China, Bulgaria, Egypt, and Turkey).

The presence of the SA8000 certification and the supplier code of conduct helps mitigate potential country risks of human rights violations. The SA8000 standard includes a specific requirement related to extending control to the supply chain, which effectively allows the company to monitor the entire supply chain, including potential new suppliers (through the evaluation questionnaire, commitment to comply with the standard's requirements, and supplier audits). The supplier code of conduct itself, in addition to the requirements outlined by SA8000, includes clauses on the environment, the 231/01 model, product safety, and the protection of corporate know-how. All Monnalisa supply contracts include clauses on labor practices, social aspects, environmental issues, and sustainability. 100% of suppliers are required to comply with SA8000 requirements and Monnalisa’s code of conduct. By signing the supply contract, of which the code is a specific clause, the supplier commits to taking positive actions for the implementation of the code and to accept potential inspection visits by the client to verify correct application.

In addition to this commitment, there are surveillance activities consisting of audits carried out at suppliers (both by third parties and directly by Monnalisa), which are scheduled based on various factors, such as the type of processing, the size and location of the company, and the results of previous inspections. The pandemic either prevented or severely limited audit activities in 2020 and 2021, with a recovery in 2022 and a return to normal operations in 2023.

Tab. 8 Supplier audit

	2021	2022	2023
Number of supplier visits conducted	**2**	**8**	**12**
of which in Italy	1	8	6
of which abroad	1	0	6

During supplier audits, no critical non-conformities were found; instead, areas for improvement were identified and shared with the companies. Monnalisa recognizes the importance of its relationships with suppliers in the value generation process, promoting relationships based on transparency and fairness, and ensuring conditions for the creation of products capable of effectively competing in the market.

The wholesale clientele

Monnalisa distributes its wholesale through multibrand stores and third-party operated stores (TPOS), which include TPSIS (third-party shop-in-shop) points of sale, namely monobrand stores of limited size located within department stores.

As of December 31, 2023, Monnalisa had over 400 wholesale points of sale.

When entering into supply contracts with its customers, Monnalisa conducts a careful selection based on their location, visibility they can provide for the products, and alignment with the Monnalisa brand's standing, aiming to reduce the risk of insolvency or delayed payment of orders. Additionally, the company ensures that its products are presented to the public in ways that best reflect its standards and taste alongside products from major competitors.

To serve its wholesale distribution channel, Monnalisa primarily utilizes showrooms managed directly to maintain effective control over customers, order quantities, and assortment. Currently, the company operates six showrooms located in Arezzo, Naples, Milan, Viernheim, Moscow, and London.

The direct retail channel

The retail channel consists of monobrand stores directly managed by Monnalisa in Italy and its subsidiaries worldwide. As of December 31, 2023, the Group had 51 directly operated stores, including 16 outlets and 35 full-price stores. Nearly 26% of the stores are located in Italy, while the remainder is in China, the USA, Hong Kong, Russia, Taiwan, Singapore, and Europe. Approximately 45% of the stores existing as of December 31, 2023, were opened in the last five years, and about 80% of the entire retail network was established in the last six years.

GEOGRAPHICAL AREA	NUMBER OF STORE
Belgium	1
China	11
France	4
Hong Kong	1
Italy	13
Russia	5
SAN MARINO	1
Singapore	1
Spain	5
Taiwan	2
Turkey	1
UK	1
USA	5
Total	**51**

The localization of Monnalisa's retail boutiques in the world's most prestigious shopping streets (Milan, Rome, New York, Beverly Hills, Moscow, Madrid, and Hong Kong), along with its presence in major department stores and luxury malls, significantly enhances the brand's image as synonymous with luxury, capable of competing with the top players in this market segment.

Monnalisa intends to continue expanding its direct retail distribution network by opening new stores in exclusive and prominent international locations. This strategy aims to maintain consistency with the brand's prestige and enhance its visibility.

Managing stores directly also allows Monnalisa to streamline distribution, marketing, and communication activities. It facilitates effective inventory management and integration with both online and offline platforms, as well as optimal planning for production and procurement of raw materials.

Digital innovation

Creativity and innovation are among the fundamental values of Monnalisa. Innovation also encompasses the digital transformation that Monnalisa has implemented for some time. In particular, the B2B portal and the B2C channel are key players in this transformation. These are two touch points, dedicated respectively to the trade world and the end customer, which represent two real assets for the company.

B2B

The B2B service is represented by an e-commerce platform dedicated to retailers, where they can view finished products in stock and available for replenishment, enabling them to independently select and purchase items. The platform's service also includes a series of features aimed at facilitating and expediting communication between the company and its sales network, as well as between the company and retailers.

B2C

The construction of relationships aimed at greater customer loyalty begins with offering high-quality products and reliable, personalized services tailored to diverse needs, including the development of new communication channels through technology.

With the launch of the e-commerce platform, additional technological components have been implemented, such as Inventory Visibility, which provides online visibility of various warehouses geographically located worldwide where the company operates its direct stores. This impacts stock optimization, order fulfillment, and returns management.

A CRM system has been introduced to gather customer data and information from both online and offline channels. This is aimed not only at enhancing customer relations but also at shifting customer care management to other Monnalisa locations, ensuring customer support aligned with local time zones and languages.

The increase in website visitors signifies the most significant intangible asset of this tool in terms of relational capital. The channel has improved its performance due to the online boutique's visibility, enhanced business processes related to service, expanded product range and depth, and improved customer care through a consistent, personalized communication policy with end consumers.

In a constant pursuit of excellence, a series of technological innovations have been introduced on the online site, aiming to redefine the paradigm of digital shopping. These implementations represent an ambitious effort to enhance the overall user experience and position ourselves at the forefront of the industry.

1. Restyle Homepage:

The homepage has undergone a complete transformation to offer a modern, captivating, and user-friendly design. With simplified navigation and strategic content layout, it allows quick access to the latest news, special offers, and the most popular product categories;

2. Size Guide:

A more comprehensive size guide has been introduced directly on product pages. Now it's easier to find the most suitable sizes for individual needs thanks to an intuitive system that makes online shopping more personalized than ever;

3. Live Chat:

The introduction of Live Chat represents a significant step toward more immediate and personalized communication. Our dedicated team can now provide real-time assistance, 7 days a week, answering user questions and providing support throughout the browsing and shopping process;

4. Restyle Login and registration:

The login and registration process has been carefully restyled to focus on quick and secure access. This revision aims to simplify the user experience, with particular attention to the security of personal information;

5. Restyle Checkout:

Checkout has been redesigned to maximize efficiency and minimize obstacles. A renewed user interface, along with simplified payment options, contributes to a seamless transition from cart to purchase confirmation.

Tab. 9 B2C e-commerce indicators

	2021	2022	2023
Numer of new registrations*	4,059	9,587	10,655
Number of visits	2,176,323	2,116,338**	3,660,073
Number of pages viewed	10,658,309	9,382,837**	14,497,342
Number of pages viewed per visit	4.90	4.43	3.96
Average time spent on the site	3’ e 09”	2’ e 47’’	2’ e 42’’

** The KPI indicates the number of new registrations to the Monnalisa database for receiving marketing communications (e.g., newsletters, SMS, dedicated emails). This data has been available since 2020, the year when the new Salesforce CRM was launched. The number of visits and pages viewed is lower than the total recorded because as of February 2022, we activated the new cookie banner in compliance with the European Data Protection Board's regulations on the cookie law.*

*** The number of visits and pages viewed is lower than the total recorded because as of February 2022, we activated the new cookie banner in compliance with the European Data Protection Board's regulations on the cookie law. In practice, every user visiting Monnalisa.com for the first time (regardless of device, browser, etc.) sees a banner asking them to accept, reject, or customize tracking cookies they are exposed to when accessing the site. Users who click "reject" are not tracked by digital analytics tools. As a result, their visits and page views are not counted.*

Monnalisa uses secure payment systems managed by certified companies that employ the highest security protocols. Through its controls, Monnalisa ensures the formal and substantive integrity of transactions.

At the end of 2020, the Monnalisa app was launched, connected to the brand's B2C e-commerce platform. It features functionalities such as viewing collections, a photo booth, stickers featuring Monnalisa collection patterns, and is in the process of further extension to include gaming.

Towards the digital passport - Story telling e blockchain

The European Union has mandated the digital product passport in the fashion sector to combat greenwashing, demonstrate product sustainability, origin, and circularity. Soon, this regulation will be extended to all sectors to accelerate the achievement of the United Nations' Agenda 2030 goals, particularly the Sustainable Development Goals (SDGs).

Monnalisa has embraced this challenge as a significant opportunity to communicate the value of its products and company globally. Since late 2022, Monnalisa has been among the first companies in the childrenswear sector worldwide to adopt Blockchain technology through the "Track IT Blockchain Project" by ICE - the Italian government agency for the internationalization and promotion of Italian companies. This initiative aligns with Monnalisa's corporate culture, combining innovation, research, and creativity to ensure quality, sustainability, and security in every garment.

Monnalisa Couture pieces are now distinguished by a special label with a "smart tag" that allows consumers to scan and view all registered product information on a dedicated web page using their smartphone. The digital label provides extensive details, including brand storytelling, model name and identification code, 360° interactive product experience, creative concept behind the model, traceability of the production chain, and certifications for fabrics and accessories used.

Accessing the product's digital label is simple: consumers scan a QR Code, gaining instant access via EZ lab Made in Block platform to information such as authenticity, origin, certification, company history, and territory of origin. These details are dynamically updated by a generative artificial intelligence system in real-time. This allows consumers to have a unique experience that extends beyond product purchase, offering ongoing engagement through updates and new content published on the product page.

The use of blockchain technology* consolidates all supply chain data into a decentralized, secure, and immutable digital ledger. This protects Monnalisa's high-end offerings from counterfeiting and "Italian sounding" practices. The project began with the Couture line in the F/W C2-2024 collection and has been confirmed for the S/S D1-2025 collection

** Algorand, a blockchain technology made in Italy, is recognized for its sustainability due to high energy efficiency and being completely carbon neutral. This aligns with Monnalisa's ongoing commitment to minimize the impact of its operations on natural resources and climate change.*

SOCIAL AND RELATIONAL CAPITAL

The ability of an organization to create value is linked to the value it creates for other stakeholders in its reference market. This value is determined through a wide range of interactions, activities, relationships, causes, and effects, in addition to those directly associated with variations in financial capital. In particular, Monnalisa's approach to social and relational capital depends on its ability to create and maintain strong relationships with employees, customers, investors, and the community at large. All of this is aimed at improving the well-being and competitiveness of the communities and the reference context in which the company and the Group live and operate.

Stakeholders

In conducting its operations, Monnalisa interacts with numerous entities who, in various capacities, engage with the company: these are stakeholders, individuals or groups who influence the company's activities to varying degrees and are themselves particularly influenced by Monnalisa's sustainability vision. A relationship based on listening, continuous dialogue, and active engagement with stakeholders represents not only a form of the Group's responsibility towards its operating environment but also a source of valuable information, insights, and ideas to understand and effectively respond to local needs. The stakeholder engagement process, implemented through various structured initiatives and channels, aims to generate shared and enduring value, striking a balance between the Group's interests and those of its stakeholders.

Tab. 1 Stakeholder, Dialogue Channels and expectations

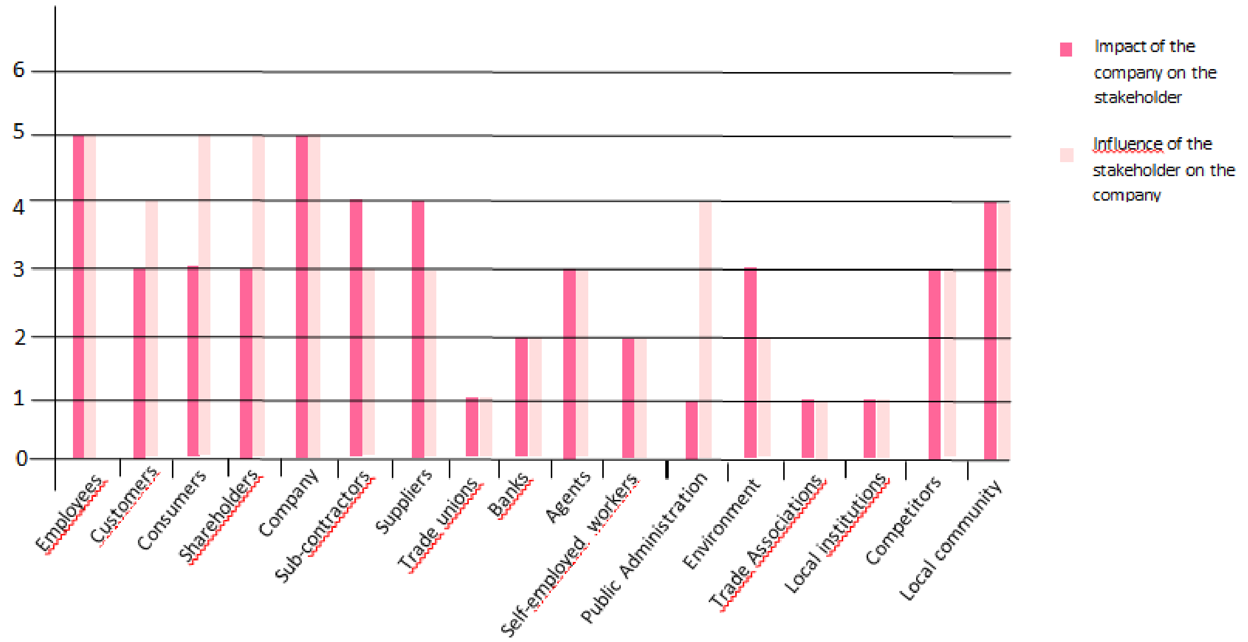
Stakeholder	Dialogue Channels	Expectations
Employees	Dialogue with HR function	Responsible busines management
	Training and development	Equal opportunities, diversity, inclusion
	Social Performance Team	Promotion of weel-being
	Suggestion Box	Engagement
	Internal research	Training and professional growth
	Company Intranet	Information on Group strategies and results
	New nire integration programs	Clarity, transparency, and management accountability
	231 desk	Attractive, stimulating, and positive work environment
	Health and safety, environmental, and social responsibility awareness meetings	
Financial Community (investitors, shareholders, funders)	Shareholders' Meeting	
	Investor Day, roadshow, industry conferences	Dialogue availability
	Conference call or mettings with shareholders and analysts	Timeliness and completeness of information
	Price-sensitive communications	Careful management of risks, including ESG issues
	Investor Relations section of the institutional website	
	Dedicated IR email address	
Suppliers	Daily communications	
	Supplier visits	Contract compliance
	Shared quality and ESG standards	Stability of supply relationships
	Supplier code of conduct	Engagement
	231 desk	
Wholesale clients	Daily phone and email communications	Timeliness and completeness of deliveries
	Portal	Product innovation and quality
	Fashion shows and events	Brand reputation and visibility
	Showroom and virtual showroom meetings	Product safety
	Training	
End costumers	Phone, mail, email, and social media interactions	Product innovation, quality, and durability
	Direct contact with customer care and store sales staff	Brand reputation and visibility, including ESG issues
	Product labeling	Product safety
	Customer Experience	Pleasant and personalized shopping experience
	Newsletters	Competent and professional sales staff
		High service level during and after sales
Local community, schools, institutions, public administration	Meetings	Support for initiatives and projects
	Website	Collaboration with universities for internships and to present Monnalisa case studies
	Partecipation in working groups	Openness to new resources
	Career day partecipation	Sponsorship
	Collaboration with trade associations	Support and funding for initiatives
		Dialogue availability

To go beyond just listing stakeholders and to interpret their level of active and passive influence on Monnalisa, each stakeholder has been assigned a score from 1 (low) to 5 (high). This score determines the impact they exert on the company and receive from it simultaneously. The degree of active and passive influence characterizing each stakeholder relationship is then graphically represented in a "Stakeholder Map."

For Monnalisa, the stakeholders exercising the greatest influence on the company are employees, consumers, shareholders, and top management, while those most influenced by Monnalisa are the employees themselves (Graph 1).

The company, viewed as an autonomous entity, is also considered a stakeholder because it is the recipient of the wealth generated by its core activities. The added value accumulated within the company allows it to sustain itself over time, serving as a primary indicator of social responsibility.

Graf. 1 Stakeholder map

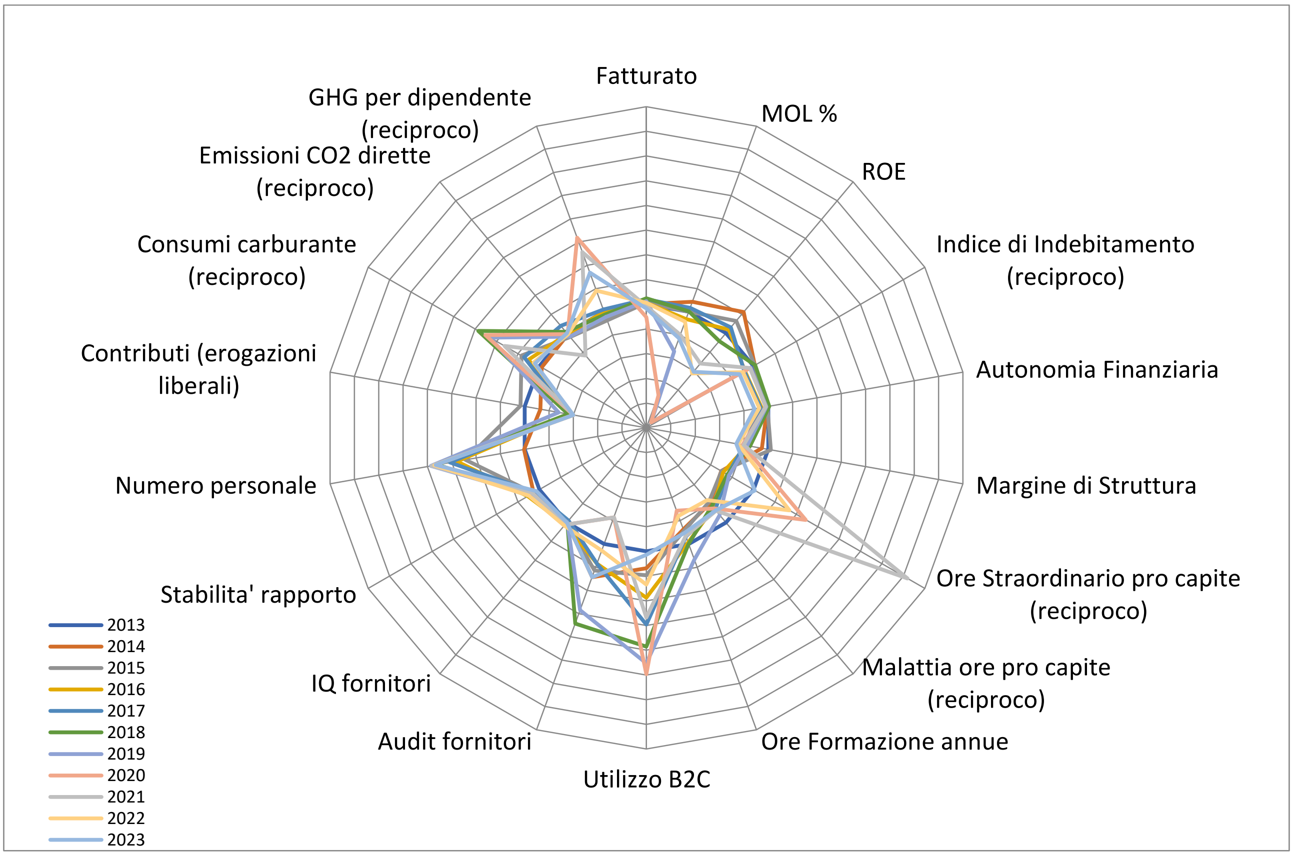


In order to codify its relationships and establish structured dialogue with stakeholders, Monnalisa has always undertaken engagement initiatives through various means such as workshops, focus groups, surveys, questionnaires, interviews, and more. The ongoing dialogue over the years has laid the groundwork for relationships where critical and positive aspects, insights, and ideas can emerge. Commitments to improvement are continually made to enhance the constructive nature of the relationship between the company and its stakeholders.

To understand the value and impact the company has had on stakeholders over the years, three indicators have been selected for each stakeholder group, representative of the relationship maintained with each. For example, for employees, indicators considered include overtime hours, sick leave hours, and training hours; for customers, indicators include B2C usage, number of items returned for commercial reasons, and retention rate.

Based on these indicators measured for each year, using 2013 as a baseline, a graph has been developed to illustrate over time what has transpired and what actions the company has taken relative to each stakeholder. The widening of the graph indicates improvement in the specific dimension of analysis compared to 2013, while narrowing indicates a decline in the Group's performance regarding the specific indicator. The graph not only depicts value creation for stakeholders but also the inevitable trade-offs that characterize relationships with all stakeholders. The widening or narrowing of the graph is significant not just in absolute terms but in terms of comparison across stakeholders, reflecting changes in company strategies and policies over time.

*Graf. 2 Stakeholder value (parent company *)*



** GHG per employee is calculated on a consolidated level*

Source: Bonacchi, M., and Rinaldi, L. 2007. Dartboards and clovers as new tools in sustainability planning and control. Business Strategy and the Environment 16 (7): 461-473. http://dx.doi.org/10.1002/bse.596

The relationship with stakeholders

Monnalisa operates with complete transparency and openness towards the needs of its stakeholders. Stakeholders have the opportunity to address company management through established channels at any time. Continuous consultation with stakeholders is ensured for employees, who are directly engaged through their representatives in the Social Performance Team. Other stakeholders' relationships are managed through focus groups, questionnaires, surveys, or interviews.

Regarding employees, Monnalisa has long implemented an "idea box" where anyone can propose new ideas or highlight issues. Additionally, Monnalisa's environment and structure foster open communication between management and employees to address their needs.

In the case of suppliers, adherence to the code of conduct is mandatory, and they undergo regular audits by Monnalisa. Suppliers also complete a self-assessment questionnaire covering human resources, health and safety, environmental impact, quality, and social responsibility.

The results of audits, checks, and questionnaires are directly reported to the CEO and the Board of Directors for ongoing evaluation of suppliers and compliance with the code of conduct.

Costumers

Monnalisa distributes its products through multiple distribution channels: directly operated stores, retail channels with owned stores (directly operated as Monnalisa or indirectly through controlled companies abroad), monobrand wholesale with independently managed brand stores under distribution agreements, multibrand wholesale to independent multi-brand retail stores including department stores, and e-commerce, both monobrand (direct and indirect) and multibrand.

Regardless of the characteristics of the channel, Monnalisa ensures a strong commitment to support distribution, demonstrating a true partnership between customer and supplier. Initiatives include personalized support in planning store layouts and setting up retail spaces or sections (such as corners), preparing placement orders, monitoring assortment mixes, providing sales staff training in visual merchandising with on-site support from Monnalisa's visual team and remote assistance, as well as co-managing and organizing in-store events.

To mitigate the risk of customer insolvency, Monnalisa secures its foreign credit with a leading insurance company. Additionally, the company utilizes an online real-time commercial information service to make informed decisions about credit limits for customers, monitoring their development over time.

Monnalisa also contributes to customer service excellence through the quality of deliveries, both in terms of the number of shipments and the percentage of confirmed orders fulfilled. Compared to previous years, the average number of shipments per order has decreased, while the percentage of orders fulfilled remains consistently high, between 80% and 90%.

Tab. 3 Reliability

	2021	2022	2023
Average number of shipments per order	4.31	3.63	5.15
% of orders fulfilled with fulfillment rate between 98% and 100%	83%	88%	81%
Replenishments/returns (items)	1.40	1.58	1.175

* The data from the table above are group-level data

Il customer merchandise return can either be a complaint, in cases where the products do not meet expected quality standards, or more commonly, it can be a commercial lever for customer service. This involves allowing customers to return certain products to facilitate sales, replacing slow-moving merchandise with more suitable options for the market.

Investors and financial communication

With its listing on the unregulated Euronext Growth Milan market (previously AIM of Borsa Italiana) on July 12, 2018, communication with investors adheres to specific regulations governing minimum and mandatory content, timing, and methods of dissemination. In the course of 2023, 9 communications were released on the SDIR platform and the institutional website.

Corporate communication

Stakeholders often request Monnalisa to communicate its identity and share its decisions. This includes initiatives aimed at both employees (internal communication) and all stakeholders in general, characterized by transparency, clarity, effectiveness, and appropriateness.

Internal communication

The internal portal serves as the primary system for disseminating information within the company. It utilizes a noticeboard on the homepage that allows specific functions such as Human Resources, Communication, and General Management to distribute information, announcements, and notices to all or selected offices. This ensures widespread dissemination of information while maintaining its official status, and recipients can respond using the "comment" function.

The Human Resources section of the portal contains all documentation related to employment relationships and provides access to personal payroll information. Additionally, it hosts videos of presentations or plenary meetings of interest, enabling remote employees to access and share the content discussed during these sessions.

External communication

The first form of external communication is represented by advertising, which through products and press releases, conveys the brand and company identity to all external stakeholders. In 2023, Monnalisa did not invest in advertising campaigns but benefited from strong brand resonance and Group activities, as evidenced by numerous free editorials in various industry and economic publications.

Currently, Monnalisa does not adhere to specific voluntary codes or standards related to marketing and advertising activities. However, focusing on a market dedicated to children in all possible variations of advertising messages, Monnalisa rejects attitudes and images that could be disrespectful to the dignity of the child. To date, there have been no instances of non-compliance with regulations and voluntary codes related to marketing activities, including advertising, promotions, and sponsorships.

Alongside the more traditional form of advertising, Monnalisa engages in web-based communication through its institutional website (www.monnalisa.com) and social media presence.

In the first half of 2023, the company resumed significant marketing and promotional activities. After a three-year hiatus since the last fashion show, and with a sequence of events interrupted only by the pandemic, Monnalisa returned as one of the main Italian players among the 250 brands at Pitti Bimbo in January 2023. This event serves as a pivotal platform for showcasing new trends in children's fashion, offering growth opportunities and global visibility. It attracts buyers from numerous important markets, enhancing Monnalisa's presence on a global scale.

Engagement

Monnalisa's periodic engagement initiatives are aimed at gathering stakeholders' expectations and identifying areas for intervention to provide appropriate responses. This engagement journey, initiated over a decade ago, is characterized by the company's commitment to providing considered responses and documenting them within this document.

In the course of its operations, Monnalisa - like any other socio-economic entity - interacts with various parties who have an interest in its corporate mission. Consequently, these parties have expectations regarding the company's activities and performance.

While stakeholders share a common interest in the company, their expectations are not always uniform or shared. Therefore, for the company, it is crucial to:

- Affirm, through its actions and the reporting thereof, the fiduciary mandate received from internal and external stakeholders;
- Mediate the expectations (expressed and implicit) of various stakeholders, prioritizing and impartially considering the autonomous interest of the company first and foremost, as it must provide common justification and resolution for the interests of all parties, including potential and future stakeholders.

Information and employee engagement

In the framework of the SA8000 management system, Monnalisa has adopted a management policy that led to the establishment of the Social Performance Team (SPT). This team includes a balanced representation of SA8000 worker representatives and management, replacing the previous Ethics Committee. Among its responsibilities, the SPT reports critical issues in social and environmental responsibility to the Board of Directors (CdA) and the CEO, as well as any complaints received from stakeholders.

In 2023, there was only one report received, compared to 9 the previous year, during the periodic meetings held in February, September, and December.

Reports typically originate from both the headquarters and operational sites, communicated directly through SA8000 worker representatives or via suggestion boxes, ensuring anonymity. In addition to reports handled by the ethics committee, the Human Resources office collects suggestions, requests, observations, and complaints that may lead to non-conformities, supplementing those identified during internal audits of management systems.

Among all the reports received in 2019, 2020, 2021, 2022, and 2023, no violations of human rights were recorded. Every report, including anonymous ones, receives a response. Therefore, 100% of the reports received were acknowledged and addressed.

How to bring the non-financial balance sheet to life

One of the characteristics of this document is the company's choice to involve employees in its preparation. Engaging employees in a topic like drafting the Integrated Report first results in greater awareness among a significant number of employees about the year's performance as reported.

However, increasing the document's shared ownership also means expanding the number of individuals who can contribute to gathering and commenting on data, thereby providing a more comprehensive and detailed description of the company's performance. Specifically, managers from various areas of corporate responsibility were involved to collect and comment on the data required for the report.

External communication: consumers

In an increasingly social market, where time spent online grows exponentially every year, the rules of social interaction change and consumer behaviors evolve, creating institutional accounts on major networks is crucial.

Monnalisa is present on Facebook, Instagram, Pinterest, Youtube, and TikTok, with a specific editorial and content plan for each channel.

The overall social network audience comprises approximately 434,000 subscribers, steadily growing by 2.3% compared to the previous year. In 2023, Instagram remained the most active platform with 246K followers as of December 31, 2023, marking a 3% increase in the fan base compared to 2022.

Alongside product posts, company news, catalog images, and e-commerce links, there are also in-depth insights into topics relevant to the target market. All of this allows listening to user needs to convert them into tailored products and services, monitoring words and conversations surrounding the brand to enhance relationships with end consumers, developing value-added content, and creating opportunities for people to feel connected to the Monnalisa world.

These are the main objectives that the company has set for itself, complemented by intensified relational marketing efforts to identify and engage with opinion leaders capable of building trust, increasing brand awareness, and enhancing the company's reputation.

The local community

Monnalisa considers the younger generations as important stakeholders. Therefore, it builds relationships with numerous universities, supporting them through active involvement in teaching, mentoring for project works, internship agreements, and research collaborations. The collaboration spans decades with the

University of Siena, Department of Business and Legal Studies, the University of Oklahoma, and the Department of Management at the University of Turin.

Monnalisa annually prepares an internship plan, divided by areas of expertise. Applications can be submitted directly by potential interns or proposed by universities, schools, training institutes, and specialization schools. Sometimes, Monnalisa itself actively seeks out young individuals from these institutions to assign them internship projects.

Internships serve various purposes for the interns:

- Completing their university education, especially for thesis writing purposes,
- Fulfilling specific curriculum requirements to earn educational credits,
- Gaining practical experience in the workforce,
- Facilitating entry into the workforce for individuals with physical or mental disabilities.

Tab. 5 Internships activated in 2023

Promoting organization	Number of intern	Duration in months	Internship scope
Centro per l’impiego di Arezzo	3	16	Design, Production, and Marketing Office
IULM	1	4	Visual Office
Accademia del Lusso	1	2	Press Office
Università degli Studi di Siena	4	11	Commercial Production and HR Office
Università degli Studi di Bologna	1	4	Communication Office
Università degli Studi di Pisa	1	6	Special Project Office
Università degli Studi di Torino	1	3	Overseas Sales Office

Stage Policy

Monnalisa guarantees all interns the presence of a tutor who will guide them throughout the internship, a training project agreed upon and aligned with the intern's previous education and experiences, a dedicated workstation within the company (including a PC and email address), participation in internal meetings relevant to the internship content, subsidized meal service through an external agreement, and potential monthly reimbursement up to a maximum of 500 euros, based on specific conditions.

Applications for Thesis and Internships

On the company portal portal.monnalisa.eu, in the "thesis and internships" section, any open internship positions within the company are published. Interested candidates can apply directly online by filling out the corresponding form. The same section also presents topics of interest to the company for which students can apply to develop their thesis.

Internships for Employees' Children As part of our Welfare policies, Monnalisa offers an opportunity for employees' children to undertake internships within the company. Each year, five internship positions are reserved for employees' children across any of the company's local units and in any department. If the internship is non-curricular, a mandatory reimbursement is provided, the amount varying depending on the region where the internship takes place. For school-work alternation or curricular internships, no reimbursement is provided. In all cases, subsidized meal service is offered.

Monnalisa utilizes a web-based tool for storing and managing resumes, connected to the "Work with Us" page of the company portal. All resumes received by the company through any channel are channeled into the same management software, ensuring that the company database is always up-to-date and enabling filtered searches for needed profiles. The tool also tracks conducted interviews and their outcomes. External users who submit their resumes to Monnalisa have the option to update their data as needed through the same tool.

Tab. 6 Resumes, Interviews, hires

	Resumes Received	Interviews Conducted	Hires
2021	1,136	299	91
2022	993	322	94
2023	1,130	395	101

Tab. 7 Interviews, Internships, and Hires for Under 30s

	2021	2022	2023
Interviews Completed	299	322	395
Training Internships Conducted (as a percentage of total employees)	2%	5%	4%
Hires Under 30 as a percentage of total new hires	34%	40%	34%

Relationships with institutions, government bodies and associations

Monnalisa participates in a variety of organizations and associations aimed at fostering dialogue and development across various fields, including education, business activities, and social responsibility. Here are the main affiliations:

- Made in Tuscany Academy: Monnalisa is a founding member of the Foundation Istituto Tecnico Superiore M.I.T.A. (Made in Italy Tuscany Academy), the only specialized higher education institution in Tuscany focusing on the "made in Italy" sector. The foundation aims to provide advanced technical education post-secondary level, specifically catering to the needs of the fashion industry. It supports measures for innovation and technological transfer to SMEs, promotes technical and scientific culture, and integrates education, training, and employment systems.
- Confindustria Toscana Sud: This association represents industrialists from Arezzo, Grosseto, and Siena, formed by the merger of the territorial associations of these provinces. It is the second-largest representative body in the Tuscan industrial system, with over 1,500 member companies, both national and international, ranging from small to large enterprises across all sectors. It aims to foster industrial development and entrepreneurship in the region by promoting collaboration among member companies and advocating for their interests with institutions, public administration, and society at large.
- Consorzio Arezzo Fashion: founded to revitalize the fashion and goldsmith industries of Arezzo, promoting new brands through tailored training for young students and the creation of professional figures capable of meeting the demands of the local labor market. The lead institution is the 'Piero della Francesca' High School in Arezzo, together with ten companies operating in the fashion, accessories, and jewelry sectors, as well as the collaboration of Arci, the Province, and trade associations, which have lent their support and firmly believe in this initiative.
- Polo Universitario Aretino: a consortium dedicated to developing degree programs and academic activities in the Province of Arezzo under the University of Siena. In February 2019, the organization restructured itself to respond with greater flexibility and efficiency to the new needs of the region. The Consortium transitioned into a participatory foundation with legal personality recognized by the Region of Tuscany.
- SMI (Sistema Moda Italia): One of the largest organizations globally representing textile and fashion industrialists in the Western world. SMI plays a crucial role in making the textile and fashion sector one of Italy's economically significant industries.

Monnalisa Foundation

The Monnalisa Foundation was founded in 2006 by Piero Iacomoni and Barbara Bertocci with the aim of sharing their commitment to helping the local community in situations of social and health vulnerability.

Over time, it has evolved into a community foundation dedicated to improving the quality of life for individuals facing challenges, while strengthening solidarity among stakeholders to support specific causes. The Foundation has effectively coordinated corporate donations, enabling focused assistance and contributing to projects aligned with the values of the company and its founding family.

Following its establishment, Monnalisa was able to focus its corporate donations, thus managing to streamline its contributions and support the implementation of specific projects aligned with the values of the company and the owning family. What started as an entity born from the contribution of the founding members has since evolved into a true community foundation, where all social actors (institutions, for-profit companies, non-profit organizations, and individual citizens) feel involved and therefore actively participate in the initiatives carried out, as they benefit the entire community, with a focus on generative local welfare

In 2023, the Foundation continued to implement projects under an "EDUCATION" framework, reinforcing partnerships aimed at fostering "educating communities" locally and beyond. It pursued three main objectives through targeted activities benefiting individuals facing health and social challenges.

1) Education for Multicultural Minors: Promoting educational and multicultural integration pathways through free afternoon workshops in both academic and artistic activities.
2) Education for Individuals with Moderate Intellectual Disabilities: Supporting sociotherapeutic rehabilitation pathways through their participation in Charity Shops organized by the Foundation in Tuscany and Umbria.
3) Youth Entrepreneurship Education: Inspiring young people to become future entrepreneurs by collaborating with five local schools in Arezzo through Professional Educational Training Courses (PCTO) projects focusing on youth entrepreneurship development.

These initiatives have led to the development and implementation of specific projects recognized nationally and internationally for their exchange of best practices with international partners who share similar goals of aiding vulnerable populations, both in Italy and abroad.

HUMAN CAPITAL

Human capital encompasses all resources that contribute to the group's outcomes, including skills, experiences, and interpersonal relationships. Monnalisa builds its corporate culture on human capital, guided by values that have always defined the company's choices. Passion, professional competence, reliability, and a sense of belonging are the distinctive traits representing Monnalisa's resources. The company supports its employees throughout their careers, listening to their needs, valuing their skills, promoting internal growth, and guiding them through development paths designed to nurture talent and expertise.

Monnalisa strives to create a dynamic and stimulating work environment where there is a constant desire to learn and innovate. It promotes work-life balance, initiatives for health and safety, and actively addresses and resolves conflicts that could affect a positive work atmosphere. These efforts lay the groundwork for continuous improvement in employee satisfaction and motivation.

The reporting scope includes all companies within the group. In cases where complete reporting for all indicators is not feasible, reasons for exclusions are specified in the text, adhering to the "comply or explain" principle.

Employees Composition

In 2023, the results achieved by the Monnalisa Group were made possible by the contribution of 321 people spread across 14 countries[4] worldwide. In addition to Italy, the "Europe zone" includes Turkey, San Marino, Great Britain, Spain, France, Belgium, and Germany. The "Americas zone" includes the USA, the "Asia zone" comprises Hong Kong, China, Singapore, and Taiwan, and finally, the "Russia zone" includes the Russian Federation. Compared to the previous year, there was an increase of 5 personnel.

In terms of relative numbers, in 2023, the majority of resources were allocated to stores and showrooms (57%), followed by the styling and design area (11%). 76% of Monnalisa's personnel belong to the clerical category.

Tab. 1 Employees Composition

	2021	2022	2023
Manager	10	11	12
Store Manager	34	36	36
Employees	254	237	245
Workers	32	32	28
Total	**330**	**316**	**321**

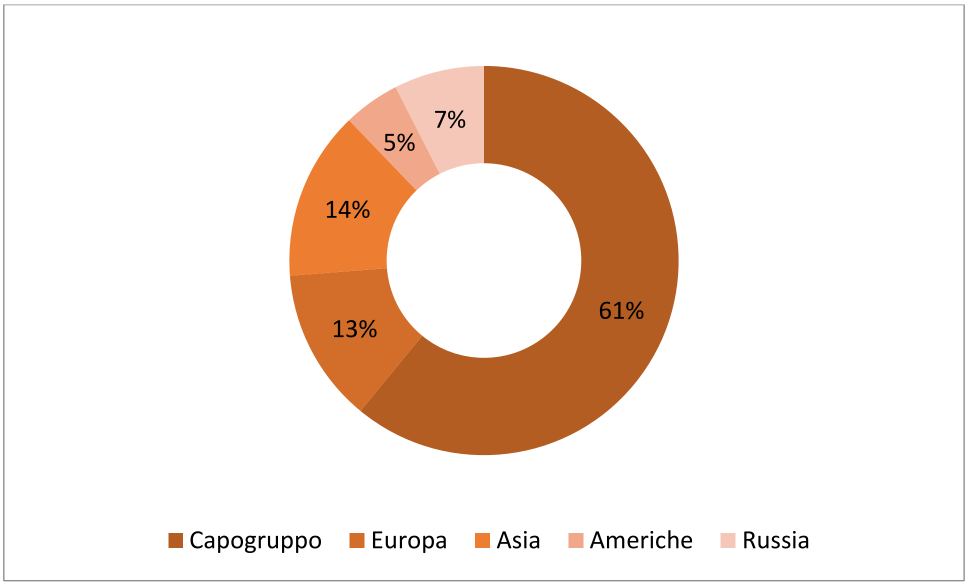
Please note that the 2022 values related to the composition of the workforce have been adjusted in the 2023 financial statements. The workforce in 2022 is now reported as 316 employees, revised from the previously stated 312 employees. The 2023 data reflects this revised and corrected figure from 2022.
For the Parent Company, Managers refer to Executives and Middle Management. For foreign subsidiaries, Managers encompass all individuals holding roles characterized by direct managerial responsibilities.

Tab.2 Employee headcount over the 2021-2023 triennium by geographic region

	2021	2022	2023
Italia (parent company)	201	197	195
Zona Europa	36	31	41
Zona Asia	49	46	45
Zona Americhe	22	19	16
Zona Russia	22	23	24

[4] As of 12/31/2023, there are 321 employees worldwide, plus 6 temporary workers in China and 7 interns at the parent company. The 14 countries are: Italy, the Republic of San Marino, Spain, France, Great Britain, Germany, Belgium, USA, China, Singapore, Taiwan, Hong Kong, Russia, and Turkey. These do not match the Group's organizational chart because some companies currently have no employees, as they are inactive

Grap. 1 Distribution by area/department



Diversity and inclusion

Monnalisa is committed to promoting equal opportunities in all roles and processes that form the employment relationship, from staffing to training, development, and termination. The company's workforce is composed of 85% women, and the gender ratio is 5.5 women to every man. As a fashion producer that thrives on change, Monnalisa has the ability to influence and inspire younger generations, which is why it emphasizes the value of diversity, rejecting stereotypes and standardization, even in aesthetic norms typically associated with the industry.

Since 2021, the group's diversity and inclusion policy summarizes Monnalisa's commitments on these issues, which are integral to discussions held at the corporate executive sustainability and development committees. In 2023, a training program on diversity and inclusion was completed for the corporate Human Resources team, aiming to align staffing policies and resource integration with these core values. The concept of diversity underscores Monnalisa's actions to integrate and positively value every individual's unique characteristics within the corporate context and in business development strategies and processes.

Actions promoted and implemented by Monnalisa for the benefit and protection of employees include processes aimed at enabling work-life balance, objective-based compensation policies, and professional development that value individual skills, attitudes, and performance. The company guarantees a safe and harmonious work environment where any form of bullying, harassment, discrimination, intimidation, threat, or offense against any collaborator is not tolerated. Reporting channels are available for reporting such incidents, involving internal resources such as Human Resources and external oversight bodies.

Monnalisa annually monitors the evolution and effectiveness of its inclusion strategies, particularly in terms of gender balance in leadership positions and addressing the gender pay gap. The company is committed to promoting interculturality as a driver of dynamism, creativity, and constructive dialogue across the entire group.

Tab.3 Employee Composition by Age and Gender 2023

	Male personnel							Female personnel						
	<30		30-50		>50		Tot	<30		30-50		>50		Tot
	Nr	%	Nr	%	Nr	%		Nr	%	Nr	%	Nr	%	
Manager	0	0%	3	60%	2	40%	5	0	0%	5	71%	2	29%	7
Store Manager	0	0%	1	100%	0	0%	1	2	6%	27	77%	6	17%	35
Employees	3	12%	10	40%	12	48%	25	22	10%	151	69%	47	21%	220
Workers	0	0%	9	50%	9	50%	18	0	0%	3	30%	7	70%	10

The average age of the personnel is 43 years old. The majority of managerial positions, comprising 58% women, fall within the age range of 30 to 50 years. Table 4 illustrates the distribution of personnel by gender and role/category. Like any large organization, Monnalisa has a hierarchical structure that values roles derived from the expertise stemming from the company's origin and family history. This often results in individuals holding multiple roles within the organization simultaneously or over time.

Additionally, the number of store managers over the triennium is reported, regardless of their contractual classification, to highlight another segment of personnel in intermediate leadership roles.

In 2023, 97% of store manager positions were held by women.

Tab.4 Employee Composition by Gender and Position '21-'23

	2021					2022					2023				
	M	%	W	%	TOT	M	%	W	%	TOT	M	%	W	%	TOT
Manager	4	40%	6	60%	10	6	55%	5	45%	11	5	42%	7	58%	12
Store Manager	3	9%	31	91%	34	3	9%	33	91%	36	1	3%	35	97%	36
Employees	25	10%	229	90%	254	26	11%	211	89%	237	25	10%	220	90%	245
Workers	20	63%	12	38%	32	20	63%	12	38%	32	18	64%	10	36%	28

The manager category includes executives and middle management. The worker category includes those commonly referred to as 'intermediates'.

Regarding the controlled subsidiaries and foreign branches, all personnel, including managerial staff, are hired from the local community where they are located.

In the parent company, the majority of employees and management come from the provincial and regional territory. As of December 31, 2023, the parent company employed 13 individuals protected under Law 68/1999. This composition has varied compared to the previous triennium due to a voluntary resignation of one employee in 2023.

Despite this voluntary departure, Monnalisa currently complies with the mandatory quota for hiring workers from protected categories.

Each country has different regulations regarding the employment of people with disabilities. In some countries like France, Spain, and Germany, there are laws similar to Italy's Law 68/99, which require companies to hire a certain percentage of disabled individuals based on the total number of employees. Other countries, such as the United Kingdom, do not have any mandatory quota requirements. In all foreign countries where Monnalisa operates, the number of employees is relatively low.

The exceptions are China, the United States, and Russia, which together represent 56% of the average workforce of controlled subsidiaries/branches.

In the United States, there is no specific legislation for mandatory hiring quotas, but there is a general policy of inclusion and non-discrimination that companies are expected to follow, explicitly outlined in the employee handbook of the American subsidiary. In China, there are regulations regarding employment, but currently, these conditions do not impose any obligations on the Chinese subsidiary. In Russia, specific legislation exists, but it does not apply to the controlled entity as it does not meet the size parameters established by the legislature.

44% of employees have been with Monnalisa for less than five years, influenced by the establishment of new controlled subsidiaries worldwide since 2015 and the opening of new retail outlets in recent years. 6% of employees have been with the company for over 25 years, primarily consisting of employees from the parent company. 26% of workers have been with Monnalisa for over 10 years but less than 25 years.

Tab. 5 Company seniority

Length of Service in Years	Manager	Store Manager	Employees	Workers
0-5	5	25	106	5
6-10	4	9	60	5
11-15	2	1	32	9
16-25	0	0	31	8
Oltre 25	1	1	16	1
Total	**12**	**36**	**245**	**28**

The average company seniority is 9 years. This figure reflects a stable and consistent trend over the three-year period indicated in Table 6, significantly influenced by the recent establishment of controlled subsidiaries as mentioned earlier. Specifically for employees at the Group's headquarters, the average seniority is higher at 14 years, highlighting the strong bond between the company and long-term employees. This data indicates that turnover within the company is primarily concentrated among employees with lower company seniority (0-5 years).

It's noteworthy that in all extraordinary operations, such as acquisitions of business units or the internalization of functions previously delegated to other group companies, the company has always ensured that all employees retain their accumulated company seniority.

Tab. 6 Average Company Seniority Over the Triennium

	2021	2022	2023
Average Company Seniority	8	9	9

Contract type

Of the 321 employees, 83% are on permanent contracts (220 women and 48 men) and the remaining 17% are on temporary contracts (1 man and 52 women). During the year, within the parent company, 6 temporary contracts were converted to permanent contracts: 3 employees were confirmed in the direct sales points, 1 was confirmed in logistics, 1 in the digital field, and 1 in the parent company's showroom. These conversions are in addition to those that occurred in other companies/branches of the group, which saw 9 conversions to permanent contracts (2 in Belgium, 3 in the USA, 1 in Spain, and 3 in France).

Tab. 7 Workforce Composition by Region, Gender, and Contract Type

	Temporary Contracts			Permanent Contracts		
	M	W	TOT	M	W	TOT
Parent company	0	14	14	46	135	181
Europe	0	10	10	2	29	31
Asia	1	27	28	0	17	17
Americas	0	1	1	0	15	15
Russia	0	0	0	0	24	24

Of the 53 fixed-term contracts, 45 are in the stores and showrooms sector, 2 in the production area, 5 in the digital and marketing area, and 1 in design. The average age of those with fixed-term contracts is 36 years. Of the total 321 employees, 15% have a part-time work contract (15% if considering only the parent company), with customizations regarding both the total weekly working hours and their distribution over the days of the week and throughout the day. 93% of part-time contracts are held by women.

The 47 people with part-time contracts have a part-time percentage ranging from a minimum of 20% to a maximum of 92% of the full-time contractual hours (average 75%). In order to meet the needs of balancing life and work times, it is possible to request part-time also for a fixed-term for a specific and temporary necessity. In the parent company, teleworking is associated with part-time, which 6 people (two men and four women) have had the need and opportunity to join, thus being able to reconcile their family life with their work life. The average age of teleworkers is 54 years.

The agile working mode, introduced with the advent of the Covid-19 pandemic, was maintained even in 2023, first in an emergency form, and subsequently (from September 1) through the stipulation of 72 individual agreements aimed at regulating the performance of work in an agile mode, in fact making the use of a working mode considered strategic in addressing effectively the challenges imposed by an ever-evolving labor market more structural.

Although Monnalisa considers in-person collaboration essential for the development of a solid corporate culture and for achieving good performance by the entire group, it is also deemed appropriate to maintain agile working modes, through a correct and profitable regulation of the company return program aimed at enhancing work flexibility as a tool to support both personal life and achieving company performance.

This method of performing work presents significant advantages in terms of work/life balance and thus employee satisfaction, with particular attention to family care needs but not only. To these, the benefits in terms of environmental sustainability are added, for the reduction of home-work trips. Evidently, the use of agile working still requires an internal form of regulation and the need (should this working mode be considered effective for achieving the company's long-term goals) to rethink operational processes and work organization in an "agile" way, supporting people towards the development of effective time and assigned objectives management.

Turnover

The net turnover is positive, with 101 hires against 96 terminations (+5). The high turnover rate is primarily due to staff changes in sales positions with low company seniority, mainly concentrated in France, China, and the United States. The higher percentages among women are due to the clear female predominance in these positions.

Tab. 8 New Employees in 2023 by Gender, Age Groups, and Country

	<30		30-50		>50		TOTAL		TURNOVER %	
	M	**W**	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**
Parent company	1	6	2	14	3	1	6	21	3%	11%
Europe	2	17	0	16	0	4	2	37	6%	119%
Asia	0	2	0	16	0	4	0	22	0%	48%
Americas	0	6	0	4	0	1	0	11	0%	58%
Russia	0	0	0	1	0	1	0	2	0%	9%
TOTAL	**3**	**31**	**2**	**51**	**3**	**11**	**8**	**93**	**3%**	**29%**

The 101 hires involved the opening of new stores, the replacement of resources due to maternity leave or resignations, and the strengthening of some offices.

Tab. 9 Employees leaving in 2023 by gender, age groups, and country

	<30		30-50		>50		TOTAL		TURNOVER %	
	M	**W**	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**
Parent company	0	3	4	12	7	3	11	18	6%	9%
Europe	1	13	0	13	0	2	1	28	3%	90%
Asia	0	1	0	18	0	4	0	23	0%	50%
Americas	2	5	0	5	0	2	2	12	11%	63%
Russia	0	1	0	0	0	0	0	1	0%	4%
TOTAL	**3**	**23**	**4**	**48**	**7**	**11**	**14**	**82**	**4%**	**26%**

The 96 terminations that occurred during the year were motivated by:

- End of fixed-term contract (14 people)
- Resignations (63 people);
- Dismissal for just cause or disciplinary reason (3 people)
- Dismissal for justified objective reason (2 people)
- Dismissal due to store reduction (4 people)
- Failure to pass probation period (7 people);
- Retirement (1 person)
- Death (1 person)
- Termination agreement via mutual agreement (1 person)

Tab. 10 Turnover In and Out for the Years 2021 – 2023

	2021	2022	2023
Turnover In (number of hires over total employees at the beginning of the period)	27%	28%	32%
Turnover Out (number of terminations over total employees at the beginning of the period)	22%	34%	30%

Working Hours and Work Flexibility

In Italy, the parent company has three contracts in place: one for managers in the industrial sector, one for tertiary sector employees, and one for employees in the textile and clothing industry. The working hours for employees with a tertiary sector contract are structured into 40 weekly hours according to a rotation schedule that ensures coverage of the store's opening hours, without flexibility, to guarantee service to the final consumer. The standard hours for employees with a textile and clothing industry contract distribute the 40 weekly hours over five working days of eight hours each, in the time slots 08:30-12:45 and 13:45-17:30. The internal policy on working hours (in the context of work-life balance initiatives) provides for flexibility, allowing the possibility of compensating for absences with extra hours worked.

In 2023, a new digital attendance tracking system was implemented for the Parent Company to correctly and efficiently monitor working hours by both staff and the Human Resources office.

This system, for which all staff have been adequately trained, allows employees to monitor their attendance/absences autonomously and enables each department head to have a real-time view of their team, supporting the efficiency of various departments.

The company's production process is mainly structured around two seasons, with activities such as sample creation, sales, production, and shipping overlapping throughout the year. Work peaks, which are physiological in nature, occur mainly in January, February, December, and the summer months, characterized by activities related to selling the upcoming collection and shipping the collection already sold to customers. The volume of overtime worked in 2023 increased by only 1% compared to the previous year; however, it should be noted that in 2021 and 2022, the volume of overtime was very low, making the 2023 increase difficult to compare with the pre-pandemic average.

In April 2023, the company signed an agreement with the trade unions for seasonality to regulate the use of seasonal contracts in central Italy for the commercial sector.

Paid absences include leave under Law 104[5] and extraordinary leave, to which 18 employees are entitled, totaling 3984 hours of leave taken in 2023. Upon returning from maternity leave, many employees received customized hours, greater schedule flexibility, a part-time work period, and, where compatible with their role, the possibility to activate temporary teleworking arrangements.

Disciplinary Practices and Litigation

Monnalisa, if and when necessary, applies disciplinary practices as provided by collective bargaining agreements, where present, or defined within company regulations. Disciplinary practices are always preceded by internal investigation processes conducted by the Human Resources office according to investigation protocols that fully comply with company regulations, the code of ethics, the organizational control and management model pursuant to Law 231/2001, and privacy regulations. Disputes are very rare and are primarily managed through conciliation, in order to minimize the impact in terms of time and money resulting from potential litigation.

[5] Leave under Law 104/92 consists of paid leave, covered by INPS, intended for: individuals with severe disabilities who are employed (they are entitled to 2 hours per day or 3 days per month, which can also be split into hours); employed parents of children under the age of three with severe disabilities are entitled to an extension of optional parental leave or 2 hours per day until the child reaches 3 years of age, or 3 days per month, which can also be split into hours; spouses, relatives, or in-laws of individuals with severe disabilities, up to the second degree, who are employed as dependents (they are entitled to 3 days per month, which can also be split into hours).

Whistleblowing reports

With Legislative Decree No. 24 of March 10, 2023, published in the Official Gazette on March 15, 2023, the Legislator transposed the European Directive 2019/1937 concerning "the protection of persons who report breaches of Union law" (commonly known as whistleblowing regulations). "Whistleblowing" is the act of reporting by an individual who, in the course of their duties, becomes aware of an illegal act, risk, or dangerous situation that could harm the company/entity they work for, as well as customers, colleagues, citizens, and any other category of individuals. The objective of the "whistleblowing" regulations is to combat and prevent illegal activities in public and private organizations, encouraging the emergence of harmful conduct - of which the whistleblower becomes aware within their work context - to the detriment of their entity and, by extension, to the collective public interest. These regulations also guarantee the protection (both in terms of confidentiality and against retaliation) of individuals who come forward with reports, complaints, or public disclosures, and extend this protection to individuals other than the whistleblower who are subject to the provisions of Legislative Decree No. 24/2023, in accordance with applicable data protection laws.

Monnalisa, always sensitive to ethical issues and proper business conduct, introduced a company procedure at the Parent Company level in December 2023. This procedure is aimed at regulating the operational methods for submitting reports by whistleblowers, informing them about the forms of protection and confidentiality that are recognized, and outlining the operational methods for managing reports and any resulting investigations. Operationally, Monnalisa has implemented a dedicated platform for managing reports, which can be submitted in writing, orally, and in any other manner provided by the regulations. On December 15, 2023, the Board of Directors approved the procedure for managing the internal reporting channel and acknowledged the formal appointments of the channel managers.

Compensation Policies

Monnalisa has adopted a compensation policy at the parent company level, directly defined and approved by the Board of Directors. This policy has been published on the company's internal portal and is available to internal stakeholders, who have the opportunity to submit clarification requests or improvement proposals through the appropriate channels (SPT, suggestion box, human resources office). The remuneration determination process is managed entirely internally, involving the human resources department, the CEO, and the Board of Directors within the scope of the Articles of Association and internal policies, the decision-making limits of each role, and the procedure on related parties, where applicable.

The company has introduced a job grading system based on objective and consistent parameters. According to organizational criteria (position in the organizational chart, resources managed, responsibilities held), complexity criteria (complexity and difficulty of the role), and strategic criteria (impact of the position on strategic factors defined in the industrial plan), the characteristics of each position are outlined, and homogeneous sets of professional skills are identified. Based on actual salaries, salary bands have been created within each set. Personal salary growth depends on the level of seniority (experience, skills, and effectiveness) and the consistency and ability to achieve individual goals. Promotions in terms of job classification and/or salary review are established, in addition to during the annual budget preparation (September), also in December and May. In any case, they become effective in January and June.

The decision-making process related to salary dynamics follows the following activity flow:

1. The line manager proposes the salary adjustment or promotion.
2. The Human Resources Manager analyzes the proposal based on equity analysis, the employee's current classification, and job grading. The HR Manager then presents the request to the CEO.
3. The CEO evaluates and decides within their decision-making limits. If these limits are insufficient for making the decision, the process is escalated to the Board of Directors, and if necessary, the related parties committee is involved.
4. Finally, the line manager informs the employee of the decision made.

The remuneration of the members of the Board of Directors is fixed and does not include stock options or any form of monetary incentives. The only exception is the CEO, for whom a long-term incentive plan was approved in June 2018. This plan, aimed at incentivizing the CEO based on the company's value increase and with a retention perspective, provides for the allocation to the CEO (on a gratuitous and personal basis) of an incentive and the consequent right to receive a cash amount from the company upon the occurrence of certain conditions. None of the Board members have an end-of-term treatment. For the top management levels, the applicable national contract applies, along with a negotiated superminium component and, in some cases, a variable part tied to specific personal objectives (MBO).

Below is a table showing the ratio - at the parent company level - between the compensation recognized for top executives and the median compensation recognized for employees during 2023. The calculation methodology for the table below considers the population of employees of the parent company since the data relating to the compensation of the highest-paid figure indicated in row 3 of the table pertains to the parent company.

	Ratio between the actual values
Compensation of the Chairman of the Board and the median compensation of the employees	4.76
Compensation of the CEO and the median compensation of the employees	5.71
Compensation of the highest-paid figure and the median compensation of the employees	6.68

Equity Analysis

The job grading system has allowed Monnalisa to create homogeneous sets of roles within the organization that, despite having different contents, entail equivalent responsibilities in terms of complexity, integration, strategic and organizational contribution, and accountability. Within these clusters, positions were compared in terms of compensation, resulting in the median compensation for each set and the deviation of each individual's compensation from the median.

Tab.12 Compensation Deviation by Cluster (Parent Company; Includes Commerce and Industry)

Profile	Deviation between minimum and median GAI of the grouping	Deviation between the maximum and median GAI of the grouping	% of grouping employees with GAI ≥ the median
Manager	-18%	178%	50%
Intermediate Manager A and Professional A	-18%	95%	55%
Intermediate Manager B and Professional B	12%	68%	57%
Specialist A	-11%	31%	55%
Specialist B	24%	49%	48%
Specialist C	0%	56%	51%
Employees	2%	13%	46%

The analysis reveals a general prevalence of salaries above the median within each cluster. Additionally, where there is a significant negative deviation from the cluster median salary, it is due to low role seniority. The analysis has been extended to other geographic areas where Monnalisa has its own staff. In some countries (such as Russia), the analysis is not significant because, within the same company, the same salary must be guaranteed for the same role, regardless of seniority and market negotiation.

Profile	Deviation between minimum and median GAI of the grouping	Deviation between the maximum and median GAI of the grouping	% of grouping employees with GAI ≥ the median
Europe (UK, Belgium, Spain, France, Turkey, San Marino)			
Intermediate Manager B and Professional B	-51%	37%	46%
Specialist C	-64%	33%	50%
Asia			
Intermediate Manager B and Professional B	-38%	63%	67%
Specialist C	-13%	13%	73%

The deviations are analyzed only for professional profiles composed of at least two people, as the analysis would otherwise be insignificant.

Not in all countries where Monnalisa is present is there a national collective bargaining agreement to refer to, although there is labor legislation. In these cases, pay levels are the result of negotiation between the parties and the sector and market context. Monnalisa is committed to guaranteeing its employees not only what is established by local legislation but also a series of improved conditions, for example, in terms of work discipline, safety protection, work-life balance, or other benefits. To have a comparison parameter for Monnalisa's salaries, the living and statutory wage of each country where Monnalisa is present were taken into consideration, except for European countries.

Tab. 13 Living wage and statutory wage per country

Country	Statutory Minimum Wage (currency)	Source	SMW €	Average Living Wage single adult (currency)
China (average of Beijing, Shanghai, Tianjin, Xian, Chengdu e Chongqing)	2,383	https://wageindicator.org/salary/minimum-wage/china-custom https://www.china-briefing.com/news/una-guida-ai-salari-minimi-in-cina-nel-2023-ultimo-aggiornamento-30-giugno-2023/#:~:text=I%20salari%20minimi%20in%20Cina,%2C5%20all'ora). https://livingcost.org/cost	303.59 €	5,960
Hong Kong	7,794	https://wageindicator.org/salary/minimum-wage/hongkong#:~:text=The%20current%20minimum%20wage%20in,valid%20on%20May%201%2C%202023. https://livingcost.org/cost	910.34 €	20,634
Russia (Moscow)	16,242	https://tradingeconomics.com/russia/minimum-wages https://livingcost.org/cost	164.04 €	61,653
Taiwan	26,400	https://www.agenzianova.com/a/64fb327406e585.45660653/4527576/2023-09-08/taiwan-ministero-del-lavoro-propone-aumento-del-salario-minimo-del-4-1-per-cento https://livingcost.org/cost	776.16 €	36,437
Turkey	13,415	https://wageindicator.org/salary/minimum-wage/minimum-wages-news/2023/minimum-wage-increased-in-turkiye-from-01-july-2023-july-03-2023 https://livingcost.org/cost	409.16 €	31,567
USA (average of NY, California and Florida)	2,425	https://www.dol.gov/agencies/whd/minimum-wage/state#:~:text=Employers%20subject%20to%20the%20Fair,wage%20of%20%247.25%20per%20hour. https://livingcost.org/cost	2,289.62 €	3,026
USA (Guam)	1,602	https://www.dol.gov/agencies/whd/minimum-wage/state#:~:text=Employers%20subject%20to%20the%20Fair,wage%20of%20%247.25%20per%20hour. https://livingcost.org/cost	1,463.59	2,553

In labor law, the statutory minimum wage is the lowest remuneration or hourly, daily, or monthly pay that employers must legally pay their employees, both white-collar and blue-collar, in certain states. The living wage is the minimum salary necessary for a worker to meet their basic needs (food, housing, and other essential needs such as clothing).

Tab.14 Comparison between Monnalisa Group Average Salaries and Average Living Wage

Country	Average salary non-managerial positions (currency)	Delta % compared to average living wage (or SMW)	% of employees with salary above average living wage (or SMW)
China	5,403	91%	26%
Hong Kong	17,000	82%	0%
Russia	61,418	99,6%	19%
Taiwan	41,084	113%	100%
Turkey	22,167	70%	0%
USA	3,613	125%	80%
USA Guam	2,600	102%	50%

For all currencies, the average exchange rates of the year were used for conversion to euros.

In all the countries where Monnalisa is present, the average salaries for non-managerial positions are generally higher than the average living wage. The positive gap between average salaries and the average living wage is quite significant in all covered countries. In fact, the difference is even more favorable, as the comparison considered only the base salary data without including commissions, bonuses, or other allowances.

In the parent company, in addition to the industrial managers' contract, there are two other contracts: the commerce contract and the textile and clothing industry contract. For the retail workforce (sales assistants and store managers), the applicable national contract is that of the tertiary distribution and services sector. For the remaining employees, the applicable labor contract is that of the textile and clothing industry, formally renewed by the unions Filctem-Cgil, Femca-Cisl, Uiltec-Uil, together with SMI (Sistema Moda Italia), the association of textile entrepreneurs affiliated with Confindustria, on January 31, 2022. Numerically, as of 31/12/23, 58 employees belong to the commerce sector, 136 to the industry sector, and 1 is a manager.

Tab. 15 Deviation between Monnalisa Salaries and National Collective Labor Agreement (CCNL) for Industry (Parent Company)

Job classification (workers and employees)	Number of people	M	W	Col. Bar. basic pay	Monnalisa average pay	Average deviation	Average deviation %
8th level	8	5	3	€ 2,264.68	€ 4,989.43	220%	8
7th level	11	4	7	€ 2,136.10	€ 3,675.95	172%	11
6th level	20	4	16	€ 2,005.13	€ 2,682.37	134%	20
5th level	63	11	52	€ 1,878.36	€ 2,103.60	112%	63
4th level	27	15	12	€ 1,786.95	€ 1,899.89	106%	27
3rd level	7	5	2	€ 1,707.25	€ 1,735.24	102%	7
2nd level	-	-	-	€ 1,621.70	-	-	-

**The average Monnalisa salary is calculated net of seniority increments.*

The difference between the contractual salary and the Monnalisa salary progressively increases with higher job classification levels, with market-based salaries for equivalent roles having a greater influence at higher levels, especially for profiles with lower company seniority.

Tab. 16 Deviation between Monnalisa salaries and the CCNL for commerce (parent company)

Job classification (workers and employees)	Number of people	M	W	Col. Bar. basic pay	Monnalisa average pay	Average deviation
1st level	10	1	9	€ 2,253.24	€ 2,599.94	115%
2nd level	3	1	2	€ 2,012.45	€ 2,106.23	105%
3rd level	7	-	7	€ 1,802.41	€ 1,931.57	107%
4th level	38	-	38	€ 1,623.91	€ 1,698.63	105%

** The average Monnalisa salary is calculated net of seniority increments*

The deviation between female and male salaries is quite minimal.

Tab. 17 Deviation between average male and female salaries (industry parent company).

Job classification	Level	M	W	Ratio between M/W salaries
Employees	8th level	5	3	95%
Employees	7th level	4	7	86%
Employees	6th level	4	16	85%
Employees	5th level	10	47	98%
Employees	4th level	3	12	95%
Employees	3rd level	-	-	-
Workers	5th level	1	5	102%
Workers	4th level	5	1	99%
Workers	3th level	5	1	100%
Workers	2th level	-	-	-

**The calculation of the average salary here is gross of seniority increments*

All employees with a commerce contract are women, except for three. Similarly, in the subsidiaries/branches, there are only two men; therefore, the comparison between male and female salaries is not significant.

Human Capital Development

In its relationship with its employees, Monnalisa's primary objective is to bring out that additional, sometimes unexpressed, component that transcends the pure contractual exchange and is made up of vitality, energy, knowledge, and dedication. The human resources initiatives aim to capture this aspect of each individual, strengthening the trust and relationship with the employee, with a clear positive impact on the quality of work performance and the well-being of individuals, both inside and outside the company context.

All new hires (graduates and non-graduates) are classified according to the levels provided by the contract for the position assigned to them and subsequently fall within the evaluation and growth mechanisms valid for the entire staff, as outlined in the company's compensation policy approved by the Board of Directors. Where there are no collective agreements to refer to, compensation is determined through negotiation between the parties and by checking sector and geographic benchmarks for the role.

Periodically, an internal and external equity analysis is conducted to comparatively evaluate the classification and compensation levels of resources. For the highest qualifications, a similar analysis is also conducted concerning what the market offers (external equity analysis). These evaluations, combined with employee performance reviews, lead to periodic initiatives for individual growth.

Tab. 18 Personnel Growth Initiatives

Types of initiatives*	2021	2022	2023
Salary increase	7	12	38
Level Advancement	3	9	16
Conversion from fixed-term to permanent contract	8	6	16
Category change	0	3	0
Renewal of fixed-term	19	18	17
Role change with new responsabilities	4	3	5

** The scope has been consolidated since 2021*

69% of the growth initiatives involved women. The change of role with new responsibilities affected three resources from the parent company, plus 2 sales assistants from the global area who became Assistant Store Managers (UK and China).

It is common to have growth opportunities through a change of role or expansion of one's role. This leads to the presence of multiple people who can professionally and competently perform several roles, as expressed by the polyvalence index, which represents the percentage of people within the company who have also covered other positions besides the current one. This aspect undoubtedly reflects the intellectual vitality and propensity for change present in both the company and the people.

Tab.19 Polyvalence index

Index*	2021	2022	2023
Polyvalence index	22%	22%	20%

** the scope of definition of the index is consolidated*

Supplemental Health Care and Health Initiatives

All employees at the parent company with a permanent contract under the CCNL Industry agreement are entitled to supplemental health care provided by the Red plan of the FasiOpen package (since 2021, the Purple plan has been introduced for managers). The health coverage can be extended to the employee's family members upon request and through their financial contribution. The FasiOpen health assistance does not involve any risk selection, operates through an extensive network of affiliated facilities and professionals, and allows intervention in all areas of prevention, which has become of primary importance today. The average investment for the company is about €20,000 per year. Health insurance, although not mandatory, is a component of the salary package in some countries worldwide, such as Singapore, the United States, and Hong Kong.

Supplemental Pension Plan

As part of the welfare project and with the goal of raising awareness among employees about the importance of supplemental pension plans, Monnalisa has finalized a multi-party agreement at the parent company level for collective participation in the Azimut Previdenza open pension fund. This fund represents an additional and alternative opportunity to the contractual funds (Previmoda for the industry sector and Fon.Te for the commerce sector). Azimut is aimed at all those who wish to establish an individual supplemental pension plan. Participation is free and voluntary, while Monnalisa commits to contributing 1.5% of the annual gross salary, net of variable compensation elements, for all participating employees. As of December 31, 2023, there are 43 participating employees.

Travel Insurance Policy

Given the high level of internationalization that characterizes the company, many employees undertake business trips abroad throughout the year. Therefore, Monnalisa has activated an insurance policy valid for all countries worldwide, covering all significant events related to illness and injury, making each employee's travels safer.

Travel policy

A travel policy has been introduced for all employees who incur travel expenses during company-authorized trips and missions. The policy establishes procedures to ensure the proper planning and booking of necessary services for missions and is based on the principles of: employee safety, minimizing environmental impact, combining comfort, efficiency, and cost reduction, and guaranteeing equity in processes for all employees.

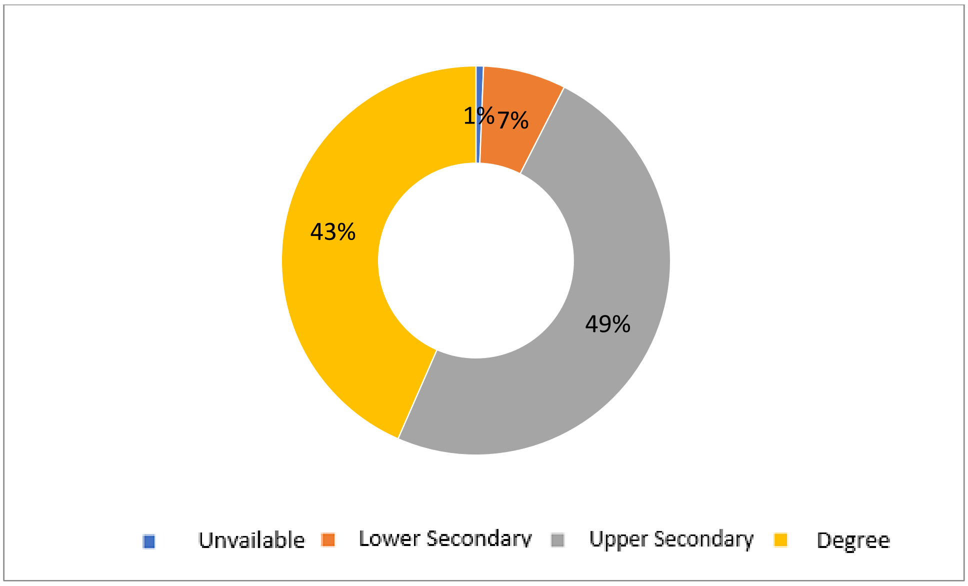
In 2022, a new regulation was also introduced for the management and use of company credit cards assigned to employees who purchase goods and services on behalf of the company, as well as those who need to travel for work-related reasons. The use of this regulation was confirmed and consolidated in 2023.

Skill develpment

At Monnalisa, we believe that training is an important strategic lever capable of enriching the professionalism of individuals and guiding the company towards achieving valuable results. It is one of the most important tools we have to strengthen our competencies and acquire new ones, thereby contributing to the growth and enrichment of both individuals and the Group.

The breakdown of employees by educational qualification has been extended to the consolidated level. For a limited number of foreign employees, it was not possible to obtain this data; in such cases, an average education level equivalent to a high school diploma was assumed.

Graf. 24 Employees education levels



By assigning increasing scores to educational qualifications (from elementary school diploma to university degree), it is possible to extrapolate a synthetic education index for employees. This index is 3.34 on a scale from 1 to 4.

Tab. 20 Education index

	2021	2022	2023
Synthetic education index for employees *	3.18	3.25	3.34

**The data refers to the consolidated scope*

The training hours carried out in 2023 amounted to 5,327. During the year, the following areas were emphasized in terms of training: technical training for skills specifically related to the role held, safety training for professionalization and updating of staff, training for new hires, enhancement of language skills, development of transversal relational and team management skills, compliance training, training for staff on diversity and inclusion. Starting from 2022, and with particular focus in 2023, various coaching and skill development projects have been implemented within the parent company, aimed at establishing efficient relationships both within the team and at the cross-functional level, learning to manage conflict and communicate effectively between different departments to improve the performance of the various work groups. If in 2022 a new procedure was introduced in the parent company to regulate the onboarding process and the necessary introductory training to achieve effectiveness in the role held, in 2023 a new in-progress training procedure was implemented for the enrichment of individual skills during the work course, both for additional tasks and for role or job changes.

*Tab. 21 Training and Development (consolidated scope from 2021)**

	2021	2022	2023
Number of employees involved in training activities	207	163	254
Total training hours	5,785	4,362	5,628
Hours of training for new hires (internal trainers)	3,522	3,680	3,909
Hours of internal training with internal trainers (excluding orientation)	72	88.5	227
Hours of internal training with external trainers (including online training)	2,001	389	1,338
Hours of external training	190	205	154
Average training and development hours per employee	18.72	13.98	17.53
Average training hours per employee	7.32	2.19	5.35

**The calculation of training hours for new hires and employees with new roles is based on an estimate of the time required to achieve full autonomy in the respective role. This activity involved individuals transitioning to new roles and newly hired personnel, excluding seasonal employees who had already received training in previous years.*

In 2023, out of a total of 1,136 training hours, approximately 20% were dedicated to health and safety topics. Although each course was targeted at specific employees, the related training materials are available to everyone on the company's intranet to become common knowledge.

Additionally, in October 2023, 14 individuals (holding managerial responsibilities within the parent company) participated in an intensive Lean Manufacturing training and development program. The objective was to enhance and optimize skills aimed at streamlining the company's production processes.

Furthermore, in 2023, the parent company launched the "Safety Insights" project, a new training initiative that integrates safety information with enhancing personal well-being in the workplace (and beyond).

This project, designed for maximum accessibility for employees, aims to strengthen a broader culture of personal safety, starting with topics relevant to everyone and closely related to workers' daily experiences. Throughout 2023, the project consisted of three sessions open to all employees, featuring the participation of two physiotherapy experts and collaboration with the company's Safety Manager (RSPP).

Topics covered included postural prevention and individual well-being both at home and in the workplace.

Tab. 22 Training by gender

	Number of training hours per gender	Average training hours per gender format	Average* training and/or training hours per gender
Women	4,823	23.76	17.73
Men	804.5	15.77	16.42

**The ratio between the number of training hours per gender and the total number of employees by gender as of December.*

Tab. 23 Training by category

	Number of training hours per category	Average training hours per category format	Average* training and/or training hours per category
Manager	192	21.33	16
Store Manager	378	18.90	10.50
Employees	4,785.5	24.29	19.53
Workers and Intermediate	272	9.71	9.71

** The ratio between the number of training hours per category and the total number of employees per category as of December*

Tab. 24 Role-specific training

	2021	2022	2023
Number of individuals involved in role-specific training *	36	11	25
Number of role-specific training activities conducted	10	4	17

** Including 19 women and 6 men*

Tab. 25 Investiment in training

	2021	2022	2023
Per-capita investment in training (in €)*	114.52	105.34	38.41
Percentage of revenue invested in training	0.06%	0.05%	0.03%

** The calculation is based on the average staff size throughout the year*

Per-capita investment and percentage of revenue invested in training take into account not only the direct training expenses on the income statement, but also the enhancement of external training with internal trainers, the leveraging of subsidized training (through Fondimpresa or specific provincial grants), and the estimation of opportunity costs for employees undergoing training. Indirectly, the investment in training includes expenses for purchasing books and periodicals for the professional development of employees. Fondimpresa is the interprofessional fund for continuous training supported by Confindustria, Cgil, Cisl, and Uil, and it is the largest in Italy, open to businesses of all sectors and sizes.

Health and safety

The National Collective Bargaining Agreements applied, and more broadly, the labor laws in all countries where the Group operates, prioritize the protection of health and safety in workplaces. This is essential for consolidating and promoting conscientious and participative behaviors in compliance with legal obligations. The objective is to eliminate or progressively reduce risks at their source, enhancing ergonomic and organizational workplace conditions, as well as health and environmental protection standards.

For the parent company, ensuring the health and safety of workers is overseen by the safety office, which organizes the prevention and protection services effectively according to the provisions established by Legislative Decree no. 81 of April 9, 2008. Adequate information and training on health and safety, particularly concerning specific job roles and workplace conditions, have involved employees across the company's retail network. Additionally, periodic updates to risk assessment documents for various local units have been conducted.

At headquarters, the annual preventive risk protection meeting, in accordance with Article 35 of Legislative Decree 81/08, is routinely held. Participants include: the employer's delegate, the responsible person for prevention and protection services (RSPP), the prevention and protection service officer (ASPP), the company doctor, and worker safety representatives (RLS).

Work-Related Stress Analysis

In compliance with Legislative Decree no. 81, and in collaboration with the Group for Corporate Safety, a work-related stress assessment was conducted in 2022 involving all employees. This assessment utilized semi-structured interviews and extended its scope to include employees hired abroad. The objective was to analyze all workers' perceptions regarding the quality of work life within Monnalisa Group, focusing on specific variables such as communication, relationships, role/responsibility, and personal well-being.

In 2023, several initiatives were implemented based on the analysis of the stress-related work assessment results. These included reorganizational interventions within the operational headquarters and the establishment of a new training program called "Safety Insights." In its inaugural year, the program focused on various aspects, including the prevention of postural risks in work environments.

Training and safety

As every year, the periodic preventive risk protection meeting was held in accordance with Article 35 of Legislative Decree 81/08. Participants included: the employer's delegate, the responsible person for prevention and protection services (RSPP), the prevention and protection service officer (ASPP), the company doctor, and worker safety representatives (RLS).

In 2023, two retail stores in Italy were audited by the company's RSPP. During the site inspection, a report was issued for each store to assess both technical and documentary safety aspects. All observations were managed accordingly.

Within the Italian retail stores, there were 2 Incident Reports recorded. Both incidents were addressed with the opening of respective corrective and improvement actions defined by the technical office and the company's prevention and protection service.

Throughout 2023, ongoing monitoring and updates were conducted regarding training aspects as per Article 37 for workers and supervisors, fire safety wardens, and first aid responders. Periodic monitoring was carried out through updated records between the personnel office and the certification/prevention and protection office.

Additionally, a training event for the retail stores was conducted in two editions—one remotely via Zoom and the other in-person at the Arezzo store. This training focused on maintaining general safety documentation (such as DVRs, training certificates, plant certifications, etc.) and managing documentation related to portable ladders. It covered conformity declarations, compliance with specific standards during purchasing, annual periodic checks, and recording training for staff using portable ladders.

Incident report:
In 2023, there were 4 Incident Reports (IRs) opened.
Number of corrective actions opened: 2

Accidents

Throughout the year, a recordable workplace accident rate of 3.10* was reported. This figure is based on a total of 1 accident (with a prognosis of fewer than 3 days) occurring within the parent company.

In 2023, 4 Incident Reports (IRs) were opened, resulting in 2 corrective actions being implemented.

** The accident rate was calculated for the parent company as follows: 1 accident occurred in 2023 / 322,308.26 hours worked in 2023 * 1,000,000.*

Incident Rate and Number of Incidents	UdM	
Number of reportable incidents	N.	1
Number of hours worked	N.	322,308.26
Rate of reportable workplace incidents	N.	3.10
Number of fatalities (at work)	N.	0

For calculating accident indices, the following methodology was used: rate of recordable workplace accidents: Ratio of the number of recordable workplace accidents to the total number of hours worked, multiplied by 1,000,000. This figure excludes commuting accidents.

Company climate

In 2022, a survey was conducted to gauge the perceived company climate among all Monnalisa Group employees. Among various findings, there was a recognized need for greater employee involvement and an improved communication system capable of directly engaging all group employees. Consequently, in 2023, the company undertook efforts to acquire and implement a new corporate intranet, scheduled for launch in 2024, aimed at facilitating communication across all internal channels.

Additionally, in response to the climate survey findings, focused training programs were implemented in 2023. These programs targeted the psychological well-being of employees, including coaching and the development of relational skills. The objective is to extend these interventions to a broader segment of the company's workforce in the following year.

NATURAL CAPITAL

In recent years, the gap between the exploitation of Earth's natural resources and their availability has become increasingly pronounced.

In this context, companies play a crucial role in safeguarding the environmental conditions in which they operate. On one hand, they need to create value for all their stakeholders and maintain their competitive advantage over time; on the other hand, they cannot shirk from implementing environmental protection activities to ensure the well-being of current and future generations.

Moreover, consumers are becoming increasingly attentive to sustainability issues, to the point of orienting their purchasing choices towards products with low environmental impact.

Monnalisa is sensitive to these issues and consistently seeks to adopt a proactive approach to environmental protection. As evidence of this, since March 2015, the company has obtained the UNI EN ISO 14001 certification for its headquarters in Arezzo and since 2019 for its operational site in Badia al Pino (AR), which allows it to analyze and control the entire environmental management system and promote measurable improvement plans. Since 2021, Monnalisa has been drafting a three-year sustainability plan, which represents the strategic vision of the Group in terms of sustainability and responds to some of the global challenges of the United Nations' SDGs.

Environmental Performance Indicators

Based on Monnalisa's business model, where production is outsourced to contractors and the procurement of fabrics, accessories, and marketed products[6] is done through suppliers from around the world, the most significant environmental impacts are associated with the activities of the Parent Company[7] . Specifically, these impacts relate to:

- Quality control of fabrics and the cutting phase;
- Logistics, namely the receipt and storage of raw materials (fabrics and accessories) and finished products, as well as the packaging phase for subsequent worldwide shipping;

[6] The marketed products are the finished products purchased by Monnalisa

[7] The Parent Company includes:

- The headquarters, located in Via Madame Curie, 7 Arezzo (AR);
- The operational headquarters, located in via di Basserone, 12 Civitella in Val di Chiana (AR);
- Direct stores in various locations: Via del Babuino, 136/137 Roma, Lazio 00187; Via Della Spiga, 52 Milano, Lombardia 20121; Piazza Dei Martiri, 52 Napoli, Campania 81121; Strada Sannitica, 336 Marcianise, Campania 81025; Via Pasqui 9 Arezzo, Toscana 52100; Via degli Strozzi, 22r Firenze, Toscana 50123; Via Meucci s.n.c. Unità 78 Barberino Del Mugello, Toscana 50031; Via Vittorio Veneto, 4/E Forte Dei Marmi, Toscana 55042; Via Federico Fellini, 1 Fidenza, Emilia Romagna 43046; Via Della Moda, 1 Serravalle, Piemonte 15069; Via Marco Polo, 1 Unità 197 Noventa di Piave, Veneto 30020; Contrada Mandre Bianche Agira, Sicilia 94011.
- Showroom in: Corso Buenos Aires, 1 Milano, Lombardia 20124; Via Toledo, 235 Napoli, Campania 80132

- Business travel, using both company-owned and rented vehicles and national (train) and international (air) transport;
- Personnel mobility to reach their workplace;
- Office activities for managing the entire production cycle of the garments, from the creation of models to the distribution of finished products;
- Sales activities of direct stores.

The branches and subsidiary companies, on the other hand, are commercial in nature. Therefore, the environmental impacts are generated by the sales activities to customers. The details of the aforementioned activities for the purposes of this chapter, as well as any limitations to the reporting scope and to the calculated estimates, are further specified in the subsequent paragraphs. Aware of its direct and indirect impacts on the environment, the Group has developed a monitoring system based on indicators to measure its environmental performance, allowing for intervention if the data fall outside the parameters deemed appropriate. There have never been any cases of fines or non-monetary sanctions for non-compliance with environmental regulations and laws.

Travel and shipments

The international nature of Monnalisa's activities involves the movement of significant volumes of goods, both in purchasing and selling, from and to foreign countries, and the management of a dense network of relationships with entities, whether they are customers, agents, importers, or suppliers, located all over the world. The environmental impact generated by such activities stems from:

- Mobility of people: travels made by the Parent Company's personnel for managing their network of relationships
- Mobility of goods: incoming, for the purchase (often importation) of raw materials and marketed and packaged garments that are controlled and stored at the Parent Company's headquarters and operational base, and outgoing for the shipment of finished products to final customers in Italy and the rest of the world.

The impacts of both types of mobility have been estimated through calculators available on the web, based on the quantity of goods shipped and the number of passengers for each journey.

Mobility of people

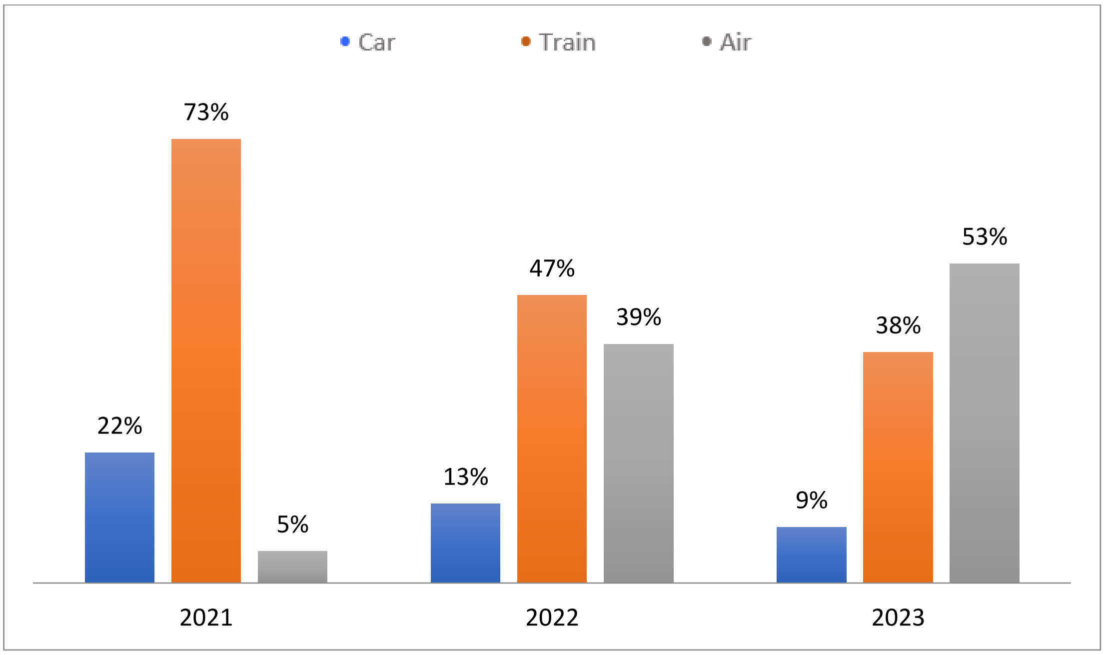
In 2023, despite the intention to prefer online meetings where the purpose of the meeting could equally be achieved in this mode, also thanks to the use of the Virtual Showroom activated in 2020, the number of kilometers traveled increased compared to the previous year.

The greatest incidence is given by air travel, as long-distance business trips have increased for the opening of new markets and also because retail office trips in Asia have resumed at full pace after the reduction of Covid restrictions. However, the kilometers traveled by air were lower compared to the pre-Covid period, when a total number of kilometers 59% higher than in 2023 was recorded.

Tab.1 - Comparison by Year of Kilometers Traveled in Journeys by Mode of Transport Used

Mean of transport	Km 2021	Km 2022	Km 2023
Car	35,145	42,748	46,097
Train	119,697	155,116	190,345
Airplane	8,544	128,897	263,488
TOTAL	**163,386**	**326,761**	**499,931**

Grap 1 - Yearly Comparison of the Percentage Distribution of Kilometers Traveled by Type of Transport Used*



Goods Mobility

In 2023, the number of kilometers traveled by Monnalisa's products to reach its customers increased slightly by about 7.57% compared to the previous year. The largest increase was in kilometers traveled to non-EU and EU customers. Just over half of the kilometers (about 54%) were traveled using airplanes as the mode of transport, due to the fact that compared to 2022, there was an increase of about 12% in shipments to both EU and non-EU zones.

*Grap 2 - Shipments (km)**

**The kilometers traveled are an underestimate, as they are not calculated based on the actual route the goods take to their destinations, but rather on the evaluation of the kilometric distance between Monnalisa's headquarters and the provincial capital of the destination city for shipments within Italy, and the distance between Monnalisa's headquarters and the capital of the foreign country for shipments abroad. A web-based distance calculator was used for this estimation* www.ecotransit.org

In addition to outgoing movements, incoming shipments from abroad to the company must also be considered, primarily involving marketed products. The number of routes traveled has slightly increased compared to the previous year; in 2023, there were 42 more routes than in the previous year.

Out of the total 146 shipments arriving in Italy, approximately 70% of the kilometers were covered by air, about 27% by truck, and roughly 3% by ship.

Material Consumption

The following analysis reports the consumption[8] of fuel, water, electricity, and gas for heating. Where the relationship between consumption and the number of users is significant, the latter data point was calculated by summing the employees at the considered locations.

[8] Based on their availability for the specified time period and reporting scope, the consumption data is distributed as follows:

- Water Consumption for the three-year period 2021-2023 pertains solely to the Parent Company (headquarters, operational headquarters, direct stores, and Italian showrooms).
- Actual Electricity Consumption, as recorded from invoices, relates to Monnalisa SpA (headquarters, operational headquarters, and direct Italian stores for the triennium 2021-2023), five stores and the office of Monnalisa China LTD (triennium 2021-2023), one store of the French Branch (opened in April 2023), and two stores of the Spanish Branch (triennium 2021-2023). For stores where exact data could not be obtained, consumption was estimated by relating the building's energy performance to its square meters.
- Gas Consumption for Heating refers only to Monnalisa SpA. This includes data from the headquarters and operational site; however, it excludes data from the external office and direct stores since these premises are heated through cooling/heating systems powered by electricity. Hot water production is carried out via electric water heaters.

Furthermore, the consumption of electricity, gas, and water has been related to the number of average working hours in the reference periods.

The consumption of electricity, gas, and water is exclusively for civil use.

Fuel

Fuel consumption pertains exclusively to the company cars used by the employees and administrators of the parent company, Monnalisa SpA.

Compared to 2022, there has been a slight increase of 3% in fuel consumption, approximately 330.30 liters more.

This figure is consistent with the increase in kilometers traveled and with the result from the previous year, when there was an increase in the number of vehicles provided to some employees of the company.

*Tab. 2 – Fuel consumption 2021-2023**

	Liters 2021	Liters 2022	Liters 2023	GJ 2023	Delta %
Unleaded 98	4,842.51	6,613.34	5,712.57	184.7788	**-14%**
Gasoline	2,725.69	5,799.85	6,855.75	242.9793	**18%**
Diesel +	205.81	23.58	188.53	6.6818	**700%**
Blu Diesel Tech	28.34	38.55	48.77	1,740.6877	**27%**
Total	7,802	12,475.32	12,805.62	2,175.1277	**3%**

**To calculate the energy content in gigajoules (GJ), specific weights of the fuels were obtained from Eni technical datasheets, and the tons of fuel were multiplied by the Lower Heating Value (LHV) factor found in the 2023 National Standard Coefficients table.*

Water

Considering the activities of the Group, and given that the sourcing of raw materials and the manufacturing of garments are carried out by external suppliers, all water consumption[9] is related to the use of sanitary facilities by the employees.

Compared to last year, the consumption has remained almost unchanged, but there has been a slight increase of 5% per employee.

The source of the water is solely from the municipal water supply.

[9] Excluded are the consumptions managed by department stores or as lump-sum expenses for rental costs

Tab. 3 - Water Consumption for the Years 2021-2023

Years	Cubic Meters	Cubic Meters per Employee	Cubic Meters per Hour Actually Worked
2021	1,761	31.18	0.0227
2022	2,181	32.01	0.0227
2023	2,167	33.61	0.0232

Energy

Electricity

Monnalisa's electricity consumption is linked to the operation of lighting systems, cooling/heating systems, computer equipment in corporate and group stores, and the operation of cutting and fabric inspection machinery at the Italian operational headquarters. Notably, 74% of the electricity purchased by the Group is certified by the supplier as originating from renewable sources, ensuring a greener energy profile for their operations.

*Tab.4 - Electricity Purchases for the Years 2021-2023**

Years	Kwh	GJ	per Employee	per Month	per Employee/Month	per Hour Actually Worked
2021	973,655.70	3,505	3,014.41	81,137.97	251.20	2.01
2022	1,006,265.30	3,623	3,225.21	83,855.44	268.77	1.96
2023	963,920.43	3,470	2,802.09	80,326.70	233.51	1.88

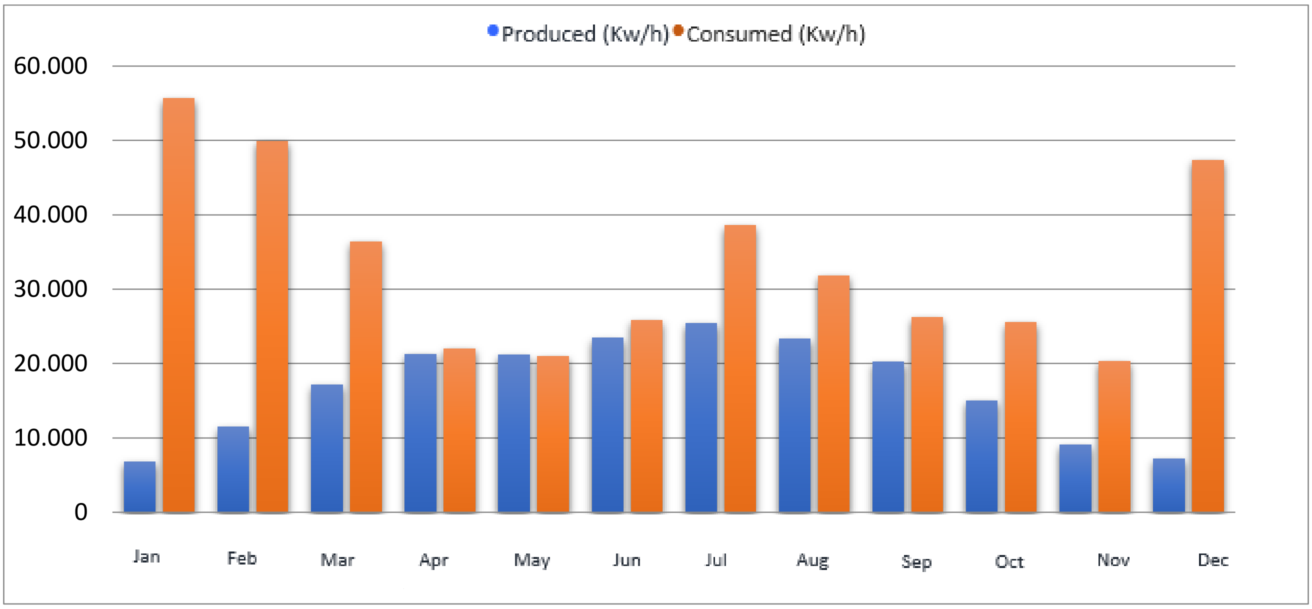
** The data expressed in gigajoules (GJ) were calculated using the following equation: 1 kWh = 0.0036 GJ*

In 2023, a slight decrease in electricity consumption of about -4% was recorded. Monnalisa has four photovoltaic systems installed at the headquarters in Arezzo and the operational unit in Civitella in Val di Chiana. On average, these systems generated 16,799.50 kWh per month. Compared to the previous year, the self-produced energy has increased by approximately 13%. This increase in self-produced energy highlights the company's commitment to sustainable practices and its success in enhancing energy efficiency through renewable sources.

Tab. 5 - Electricity Purchases Compared to Self-Produced Energy for the Years 2020-2023

Year	KWH purchased	KWH produced
2020	865,725	172,125
2021	973,656	187,872
2022	1,006,265.30	178,733
2023	963,920	201,594

Graf. 3 - Energy Composition: Consumption and Production



Gas for Heating

Methane consumption is related to the operation of three boilers at the headquarters and two boilers at the operational headquarters in Italy. Analyzing the data for 2023, it is possible to notice that gas consumption decreased by about 5%. This reduction is also due to higher temperatures recorded in recent years. Moreover, during summer operation, the boilers and the heat pump that produces domestic hot water at the headquarters are deactivated thanks to heat recovery from the cooling phase of the heat pump[10].

[10] The climate heat pump that conditions the entire office connection area (direction P1 and PT rooms) is an Aermec ANL 202 type HAD, which is equipped with a desuperheater for heat recovery. This allows, with a dedicated circuit connected to the thermal plant, the recovery of heat to produce domestic hot water (ACS) from the heat generated by the machine during the cooling phase (summer operation). Therefore, during summer operation, the ACS production heat pump and the boilers are completely deactivated. This condition allows us to obtain ACS entirely from renewable sources without the use of fossil fuels.

Tab. 6 - Gas Consumption for Heating for the Years 2021-2023

Year	smc	GJ	smc per m2	mc per employee	mc per month	Mc per employee/month	mc per actual hours worked
2021	50,763.29	1,790.98	5.68	1,227.43	4,230.27	102.29	0.73
2022	40,773.00	1,440.80	4.56	1,043.12	3,397.75	86.93	0.59
2023	38,712.00	1,372.61	4.33	961.68	3,226.00	80.14	0.57

** The data expressed in GJ were calculated considering the Lower Heating Value (LHV) of methane derived from the 2022 National Standard Parameters Table for fuels-materials (35.457 GJ/1000 Sm³). The calculation method used included the cubic meters per employee by also considering the unit allocated for the storage of finished products to provide consistent data with the previous year (this unit is not equipped with a heating system). However, this unit was excluded in the calculation of cubic meters per average hours worked to provide a more objective measure of hourly consumption.*

Monnalisa has activated a supply plan with its provider[11] that includes a CO2e emissions offset project[12] This project compensates for emissions from the combustion of consumed gas through initiatives aimed at reducing atmospheric impact by developing Gold Standard VER-certified renewable energy projects.

Paper and cardboard packaging

Monnalisa packs the finished garments destined for its customers worldwide in the warehouse at the headquarters in Arezzo, ensuring product protection during shipments.

In 2023, the total amount of paper and cardboard packaging[13] increased by approximately 10% compared to the previous year due to the increase in produced garments .
In terms of weight relative to the produced garments, a slight increase of 2% was recorded.
For all materials, Monnalisa complies with payments to the National Packaging Consortium (Conai), which supports separate collection and recycling of packaging waste.

In 2023, Monnalisa incurred a cost of €3.21 as a Conai paper Environmental Contribution.

Tab. 7 - Purchases of Paper and Cardboard Packaging for the Years 2021-2023

Anni	boxes	Boxes per garments produced	kg of paper per garments produced	Weight (tonnes) purchased
2021	62,599	0.069	0.01379	180.8
2022	58,921	0.065	0.01175	134.1
2023	64,975	0.080	0.01194	121.4

The total weight of the boxes was calculated by multiplying the weight of each type of box by the respective quantity purchased. The data was obtained from purchase invoices and material sheets.

[11] The contract has been in effect since September 2021.
[12] The offset project is verified by Verra. Monnalisa has received a statement from its methane supplier confirming the compensation of emissions.
[13] This data includes both the packaging destined for distribution to sales channels and the packaging for certain product categories.

The 2023 data on packaging waste destined for the recovery of paper and cardboard, derived from FIR (Waste Identification Form) records, amounts to 24.94 tons[14] and pertains to the headquarters and the operational site.

Additionally, it should be noted that Monnalisa provides monobrand stores and top clients (shop-in-shop, corner, space) with shopping bags and boxes made from FSC Mix paper, which are also available for purchase by customers on the B2B website.

Tab. 8 - Purchases of Shopping bags and boxes

Years	Quantity	Weight (tonnes) purchased
2021	209,230	32.5
2022	169,640	26.1
2023	74,960	10.2

The total weight of the boxes was calculated by multiplying the weight of each type of box by the respective quantity purchased. The data was obtained from purchase invoices and material sheets.

Additionally, the pallets used to receive incoming goods are returned to the supplier for the purpose of reusing the packaging.

Office paper

The purchase of office paper decreased by 3% compared to the previous year due to reduced usage by staff.

Tab. 9 - Paper Consumption for the Years 2021-2023

Years	Reams	Weight in tons	Reams /employee	Continuous forms	Plotter paper(kg)
2021	419	1.00	3.17	1,414,000	0
2022	356	0.26	2.54	816,000	520.4
2023	346	0.12	2.45	1,108,000	532.9

To this must be added the consumption of thermo-adhesive plotter paper (5.55 tons), under-mattress cardboard (2.25 tons), and perforated paper (3.64 tons) for fabric laying. Internally used paper is always reused where possible, and when no longer useful, it is sent for separate collection for recycling. As with packaging, all paper used for printers and plotters, equivalent to 49% of the total, is FSC Mix certified.

[14] The data refers to paper and cardboard packaging materials received from suppliers of raw materials and finished products.

Since 2022, Monnalisa has signed a "zero-impact printing" contract"[15] with its supplier, committing to reduce its document impact to zero through certified organizations. The exact amount of paper consumed monthly is offset by the planting of trees. In 2023, 266,664 standard pages were offset by planting 32 trees.

Plastic packaging

Plastic packaging consists of garment bags for hanging clothes, resin/plastic hangers, and PVC boxes for transporting garments. Compared to the previous year, there was a 33% increase in the plastic packaging purchased.

The plastic packaging category includes the weights per item, as communicated by the suppliers or as declared on the invoice for Conai purposes.

Tab. 10 – Purchases of plastic packaging (number of pieces and weight)

Material	2021		2022		2023	
	Quantity	Weight (tons)	Quantity	Weight (tons)	Quantity	Weight (tons)
bags	817,725	13.55	766,090	12.72	976,950	14.53
hangers	225,860	12.77	189,079	10.44	309,229	16.97
PVC boxes	22,918	1.836	26,408	1.996	15,962	1.72
total	**1,066,503**	**28.16**	**981,577**	**25.16**	**1,302,141**	**33.21**

The overall weight of each category was derived from the weights reported on invoices. The data was obtained from material sheets or accounting documents.

The quantities of hangers include not only those purchased directly throughout the year but also those present in imported garments.

97% of the hangers purchased contain 60% recycled plastic, and the garment bags are composed of 50% recycled plastic.

In 2023, Monnalisa incurred €16,746.42 as a Conai plastic environmental contribution.

Toner, Cartridges, and Printer Ribbons

In 2023, Monnalisa exclusively used toner under a copy contract, which involves paying for toner based on the number of copies/prints made.

[15] Initially, the contract covered only prints made by multifunction printers at the headquarters and the operational site. In 2023, the contract was extended to include copies produced by non-multifunction printers at the headquarters and the operational site.

Tab. 11 - Purchases of Toner, Cartridges, and Printer Ribbons for the Years 2021-2023

	Toner			*Cartridges*			*Ribbons*		
Years	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total purchases	0	0	0	5	31	4	9	7	11

To keep track of the actual consumption of toner under the copy contract, an internal register is maintained where the number of toner cartridges returned to the supplier is recorded. For the entire year of 2023, 196 toner cartridges were consumed.

Row Materials

Fabrics

Compared to 2022, the total amount of fabrics purchased is 12.5% lower. The most significant decrease is in natural fibers, which are about 29% lower than last year. On the other hand, technofibers have increased by approximately 9%.

Although the following tables refer to annual data, the count is actually based on the production seasons related to the considered calendar year, resulting in a natural time lag between the two evaluation systems.

Tab.12 - Meters of Fabric Purchased in the Last Three Years

Fibers	2021	2022	2023
Natural	228,398	177,880	125,707
Technofibers	101,205	139,634	151,883
synthetic	77,232	110,220	114,984
artificial	23,974	29,413	36,899
Total	**329,603**	**317,514**	**277,590**

Natural fibers are found in nature, while technofibers are man-made. Technofibers are further divided into artificial fibers, which are made from organic polymers of natural origin, and synthetic fibers, which are made from synthetic polymers.

Regarding marketed products, the recorded consumption shows an increase of about 1% in meters of fabric used.

Tab. 13 - Meters of Fabric Purchased in the Last Three Years

Fibers	2021	2022	2023
Natural	314,417	262,707	247,026
Technofibers	129,552	109,742	127,378
synthetic	125,587	104,833	120,444
artificial	3,964	4,909	6,933
Total	**443,969**	**372,449**	**374,404**

In 2022, Monnalisa initiated an evaluation of the sustainability and circularity aspects related to the fabrics used, with the aim of planning its own material circularity roadmap for the future.

From 2023, a path of replacing some standard fabrics with others of lower environmental impact was undertaken. In the summer collection, 3% of the fabrics, equivalent to 10,060 meters, are GOTS certified, ensuring the natural fiber originates from organic farming.

GOTS certification involves the issuance of a third-party verified environmental statement attesting to: the natural fiber content from organic farming in both intermediate and finished products; maintenance of traceability throughout the entire production process; restrictions on the use of chemicals; compliance with environmental and social criteria in all stages of the production chain, from the field collection of natural fibers to subsequent manufacturing stages, up to the labeling of the finished product.

The future goal, in line with the sustainability plan for the 2024-2026 triennium, is the complete replacement of standard cotton with GOTS-certified cotton.

Additionally, in both recent collections, respectively, 5% (A/W) and 6% (S/S) of the materials are covered by OEKO-TEX® Standard 100 certification, which ensures that textile products do not contain or release substances harmful to human health.

Waste

Monnalisa continues to carry out a series of initiatives and procedures for the correct management of waste. Regarding textile waste generated during the cutting phase, Monnalisa is committed to minimizing production by paying particular attention to preceding activities, through the use of specific software to support the design of models, size development, and placement.

Additionally, the use of state-of-the-art machines allows for higher quality and precision in cutting, reducing the possibility of error and, consequently, minimizing waste production. In 2023, all textile waste created during the cutting phase was managed by an authorized supplier and sent for waste-to-energy conversion to generate energy.

Other waste attributable to the company is generated from the daily operational management of the company and the management of intra-logistic activities (mostly consisting of waste generated from the first and second level packaging of garments arriving at the sorting warehouses).

For paper and plastic, a meticulous separate collection system is in place with Eco-Boxes located in all Monnalisa offices.

The company has introduced an environmental management policy in accordance with UNI EN ISO 14001 standards, which involves collaborating exclusively with certified and authorized transporters and suppliers for the handling and collection of products and waste. The company does not produce or manage hazardous waste.

CO2e emissions

Greenhouse gas emissions are the main cause of climate change. Among these, carbon dioxide (CO2e) emissions related to human activity are due to the use of fossil energy and phenomena of deforestation and changes in land use for agriculture.

The direct and indirect greenhouse gas emissions calculated by the company refer solely to CO2e and are associated with the following activities:

- Consumption of electricity
- Consumption of gas for heating
- Transportation of products for purchase and sale
- Transportation of personnel for business trips
- Employee commuting.

Regarding transportation for business trips, it should be noted that Monnalisa uses:

1. Leased or long-term rental cars;
2. Occasional rental cars (car rental).

Therefore, for the purposes of this report, emissions from the first two categories have been considered direct, while those from occasional rental cars have been included in "other indirect emissions".

Glossary

Direct Emissions: Greenhouse gas emissions from sources that are owned and/or controlled by the organization. For example, direct emissions resulting from the combustion process aimed at energy production within the organization's operational perimeter.

Indirect Emissions: Emissions resulting from the organization's activities but generated by sources owned or controlled by other organizations. These include, among others, greenhouse gas emissions for the production of electricity, heating, and steam that are imported and consumed by the organization.

Other Indirect Emissions: Emissions different from the previous ones that may include, but are not limited to, commuting to work, transportation of products, materials, people, or an organization's waste.

Direct emissions – Scope 1

Direct emissions **2023**	**t CO2e**
Heating*	77.58
Leased or long-term rental cars **	5.96
Tot CO2e	83.54

*For the calculation, the table of national standard parameters was used: coefficients utilized for the inventory of CO2e emissions in the national UNFCCC inventory (average values for the years 2020-2022). These data can be used for the calculation of emissions from January 1, 2023, to December 31, 2023
**For the calculation, the database of the United Kingdom Environment Agency was used.

In 2023, CO2e emissions related to methane consumption decreased by approximately 3.6 tons, representing a 4% reduction compared to the previous year.

According to UNI ISO 14064-1, which incorporates the Greenhouse Gas Protocol, direct emissions must also include those from leased or long-term rental vehicles.

These vehicles collectively generated approximately 5.96 tons of CO2e emissions.

*Tab. 14 Kilometers and Emissions from Owned and/or Long-term Lease Vehicles**

Owned vehicles	**2021**		**2022**		**2023**	
	km	CO2e (ton)	km	CO2e (ton)	km	CO2e (ton)
Owned/Long-term Lease[16]	1,600.00	0.22	7,503.00	0.78	11,811.40	1.20
Long-term Lease - Direction	30,368.00	4.60	30,368.00	4.70	30,368.00	4.76
Total	**31,968**	**4.82**	**37,871**	**5.48**	**42,179**	**5.96**

*The data was estimated based on the use of owned cars for business trips. The kilometers traveled were calculated using the website http://www.viamichelin.it/. The calculation also includes travel for Pitti events and company errands. For CO2e emissions, the database of the United Kingdom Environment Agency was used.

Indirect emissions – Scope 2

Indirect CO2e emissions include all emissions related to the production of electricity purchased and consumed by the company.

[16] Since 2022, the entire company fleet has been covered by long-term rental contracts. To maintain consistency with previous years, the consumption data for the vehicle used by the Management has been kept separate from that of the cars used by employees in the commercial area throughout the year.

For Scope 2 emissions, the GHG Protocol Scope 2 Guidance requires companies operating in liberalized markets to report two values determined using two different approaches:

- location-based method: Determines greenhouse gas emissions from the production of purchased energy based on average grid emission factors without considering specific supplier information or any supply contracts the company may have
- market-based method: Provides and calculates greenhouse gas emissions based on the origin of the energy and reflects the company's choices regarding its supply. To consider and use the specific characteristics of the purchased energy, its origin must be certified by contractual instruments that meet the "minimum quality criteria" (defined in the Scope 2 Guidance); otherwise, the calculation must consider emissions related to the so-called residual mix.

In 2023, 26% of electricity consumption was not covered by a Guarantee of Origin (GO) certificate.

To determine emissions according to the following approaches, the following considerations were made:

- location-based method:
  - For the Parent Company, the "grid mix" emission factor was considered, derived from the National Inventory Report 2023 - Italian Greenhouse Gas Inventory 1990-2021 (equal to 309 g CO2e /kWh), resulting in indirect emissions of:
    - 220.55 ton CO2e /KWh for electricity with a Guarantee of Origin
  - For branches in Spain, Belgium, and France, the emission factor related to the total gross production of each country published by Terna on its website (Source: Terna, International Comparisons, 2019) was considered (equal to 210 g CO2e /kWh, 176 g CO2e /kWh, and 56 g CO2e /kWh, respectively), resulting in total indirect emissions of:
    - 9.61 ton CO2e /KWh.
  - For subsidiaries, the emission factor related to the total gross production of each country published by Terna on its website (Source: Terna, International Comparisons, 2019) was considered, resulting in total indirect emissions of:
    - 86.83 ton CO2e /KWh
- Market-based method: Indirect emissions according to this method are:
  - For the consumption of branches in Spain, Belgium, and France, equal to 10.16 ton CO2e;

[17] Conversion factor related to the total gross production of each country published by Terna on its website (Source: Terna, International Comparisons) according to a Location-Based approach (table with 2020 data, no longer updated).

- For the consumption of subsidiaries in the UK, San Marino, Turkey, US, Taiwan, Singapore, Hong Kong, Russia, and China, equal to 90.70 ton CO2e[18] .

Specific emission factors for each European state were applied, derived from the European Residual Mixes 2022, by AIB.

Electricity consumption (kwh)		Co2 Emissions (t Co2)		
		Location- based method (renewable and fossil mix)	Market based method	
		Tonnes Co2/ kwh	Ton Co2/kwh (residual mix)	Tonnes Co2/kwh (100% renewable sources with GO)
Photovoltaic energy	201,594.00 KWh	0.00 ton CO2e /KWh	-	0.00 ton CO2e /KWh
Energy GO certified (Parent Company)	713,974.98 KWh	220.55 ton CO2e /KWh	-	0.00 ton CO2e /KWh
Energy NOT GO certified (Branch)	59,016.00 KWh	9.61 ton CO2e /KWh	10.16 ton CO2e /KWh	-
Energy NOT GO certified (Subsidiaries)	190,929.45 KWh	86.83 ton CO2e /KWh	90.70 ton CO2e /KWh	-

Other indirect emissions – Scope 3

Other indirect emissions represent emissions that result from Monnalisa's activities, but the source is controlled by other companies.

As the first step in defining these emissions, categories of activities from which they derive have been identified. Sources and categories whose contribution is not significant or for which quantification is not technically or economically feasible have been excluded from the quantification.

Emissions have been calculated for the following activities:

- Transport of finished products (incoming and outgoing);
- Mobility of personnel for business trips (using short-term rentals);
- Commuting to cover the journey from home to office and vice versa.

[18] Where specific emission factors from the European Residual Mixes 2022 by AIB were not available, emission factors based on the total gross production of each country published by Terna on their website (Source: Terna, International Comparisons) were used according to a Location Based approach.

Tab. 15 - CO_2e emissions for Transport of finished products 2021-2023

	2021			2022			2023		
	Inbound	Outbound	**Total**	Inbound	Outbound	**Total**	Inbound	Outbound	**Total**
Truck	12.99	15.87	**28.86**	10.14	15.89	**26.03**	8.07	13.46	**21.53**
Airplane	237.60	232.27	**469.87**	553.28	222.80	**776.08**	182.21	227.05	**409.26**
Ship	0.60	0.00	**0.60**	0.00	0.00	**0.00**	0.45	0.00	**0.45**
Total	251.184	248.14	**499.33**	563.424	238.69	**802.11**	190.728	240.51	**431.24**

* The quantity of emissions produced was determined using the website http://www.ecotransit.org/, referencing the guidelines EN 16258:2013 "Methodology for calculation and declaration of energy consumption and GHG emissions of transport services (freight and passengers)". For each route, the quantity of shipped goods (expressed in gross weight) and the respective mode of transport used were indicated, with data obtained from transport documents and customs invoices. Outbound goods are derived from shipments as shown in figure 8.7. CO_2e emissions are not directly proportional to the kilometers traveled for incoming and outgoing goods, but result from the combination of distance traveled, mode of transport used, and weight of the transported goods.

Tab. 16 - Number of shipments and kilometers traveled per destination

	Italy		EU and non-EU	
	Number of shipments	**km traveled**	**Number of shipments**	**km traveled**
2021	5,414	2,216,050	1,580	3,825,945
2022	4,607	2,031,043	1,632	3,981,542
2023	4,597	2,003,712	1,790	4,463,754
Δ	**-0.22%**	**-1.35%**	**9.68%**	**12.11%**

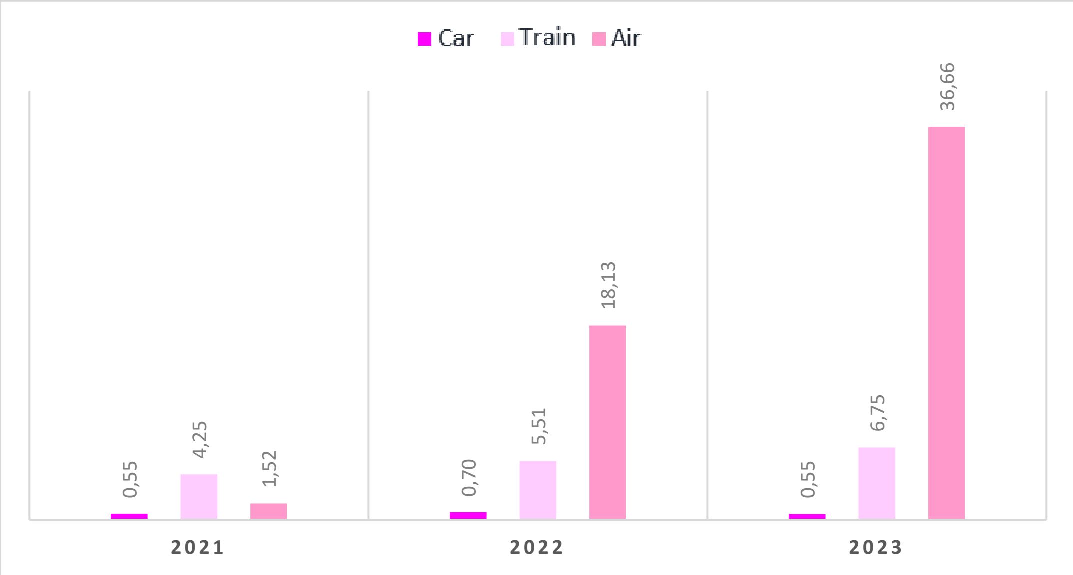
The table below shows the breakdown of CO_2e emissions by destination country.

Tab. 17 - CO_2e emissions per weight and destination (Italy, EU, and non-EU)

	Italy		EU and non-EU	
	Gross weight Kg	**Tons of CO_2e**	**Gross weight Kg**	**Tons of CO_2e**
2021	144,087.36	4.56	165,464.89	243.58
2022	98,472.34	3.67	160,582.06	235.02
2023	128,612.63	4.02	151,214.77	236.49
Δ	**30.61%**	**9.67%**	**-5.83%**	**0.63%**

CO_2e emissions related to staff travel refer to mobility for business trips; the modes of transportation used are airplanes, trains, and automobiles. Compared to 2022, there has been a significant increase in CO_2e emissions of over 80% in 2023. This increase is primarily due to air travel, as long-distance trips to destinations outside Europe rose during the year. However, it's important to note that when compared to emissions recorded before[19] the COVID-19 emergency, the figure is approximately 54% lower.

*Graf. 6 - CO2e emissions (in tons) related to business travel by mode of transportation**



** Sources and estimation criteria vary depending on the mode of transportation used. For all types of transportation used for business travel in 2023, CO2e emissions were calculated using the database of the UK Environment Agency.*

Finally, CO2e emissions resulting from employees' commuting to the workplace are reported. Since 2022, the cafeteria service previously active before the Covid-19 health emergency has been reinstated. Furthermore, the presence of all employees at the workplace has been restored since the beginning of 2022. For this reason, the methodology used to measure carbon emissions considers the "normal" operational mode of the staff. In calculating these emissions, the entire workforce of Arezzo (Monnalisa, comprising the headquarters, warehouse, and production site) has been considered, distinguishing between part-time and full-time employees. Part-time employees make two daily trips: one to commute to work and one to return home.

For full-time employees, there is an additional distinction between those who use the external company cafeteria and those who return home for lunch, thus making four daily round trips home-to-work.

[19] The compared emissions refer to the years 2019 and 2023 and amount to 95.87 tons CO2e and 43.96 tons CO2e, respectively.

Tab. 18 - CO2e emissions from employee commuting

	2021		2022		2023	
	km	CO_2 (tonne)	km	CO_2 (tonne)	km	CO_2 (tonne)
Monnalisa	608,568	102.50	1,129,891	193.013	1,376,412	233.551
Operational Offices	425,408	71.65	126,057	21.534	143,641	24.394
Stores and Showrooms	477,325	80.40	417,077	71.247	512,443	87.026
Total	**1,033,976.42**	**174.15**	**1,255,948**	**214.55**	**1,520,053**	**258.15**
Total with stores	**1,511,301**	**254.55**	**1,673,025**	**285.79**	**2,032,496**	**345.17**

In 2023, there was an increase of approximately 21% in commuter emissions compared to the previous year due to the growth in staff numbers and the restoration of full operational capacity.

In compliance with current regulations and aligned with its sustainability goals, Monnalisa has implemented a Sustainable Mobility Plan (mobility management) aimed at promoting environmentally friendly commuting methods to reach the workplace.

In November 2021, for the Headquarters[20] in Arezzo, the company appointed its own Mobility Manager and developed and approved the Commuting Plan, which defines measures to guide employees towards alternative and sustainable mobility options compared to individual motor vehicle use. This plan is based on an analysis of employees' commuting patterns, their mobility needs, and the transportation options available in the area.

Consistent with the Guidelines for the development and implementation of Commuting Plans (PSCL) published in the Official Gazette through Ministerial Decree No. 179 of May 12, 2021, Monnalisa has calculated the daily reduction in employees' car commutes (Δ Kmauto) and the environmental benefit in terms of CO2e saved annually for employees who have opted to work remotely under the agile working agreement.

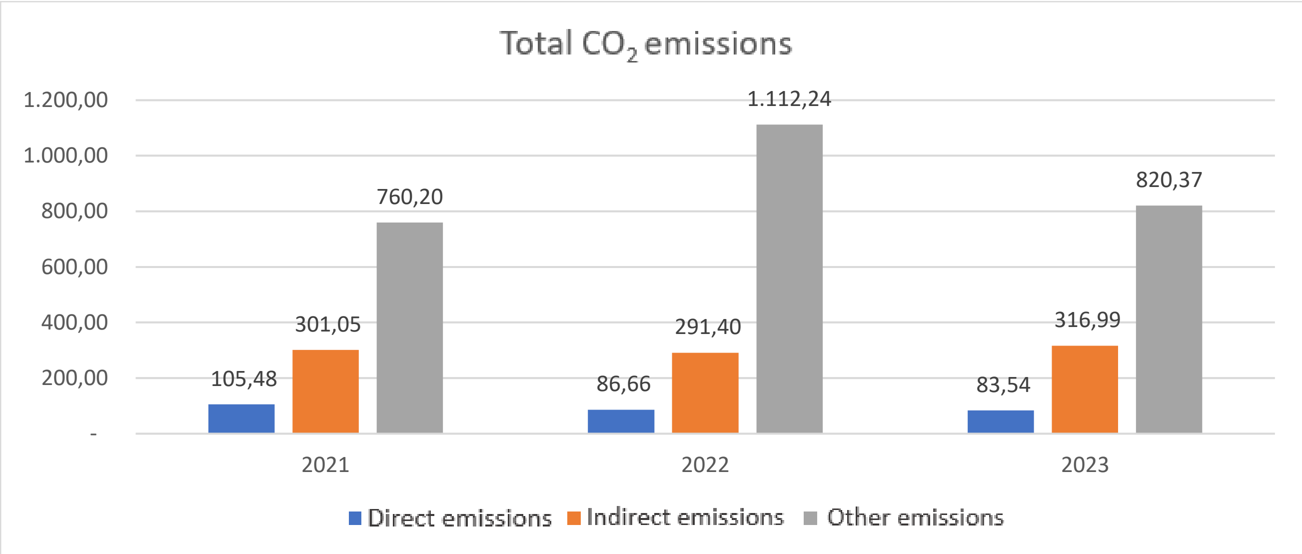
Tab. 19 - Annual Environmental Benefits Estimation from Smart Working Activities

ANNUAL ESTIMATION OF ENVIRONMENTAL BENEFITS				
MEASURE	TARGET (Users)	Average Daily KM	Daily Reduction in Car Commutes(Δ Kmauto)	CO2e saved (Kg/year)
smartworking	80	35	2,333.33	20,262.66

[20] Law No. 77 of July 17, 2020, established that the obligation to adopt the Home-Work Commute Plan for their employees applies to companies with individual units of more than 100 employees located in a regional capital, metropolitan city, provincial capital, or a municipality with a population exceeding 50,000 inhabitants

In the following graphs, the calculation excludes company-owned retail stores and showrooms to ensure a consistent and comparable dataset for analysis.

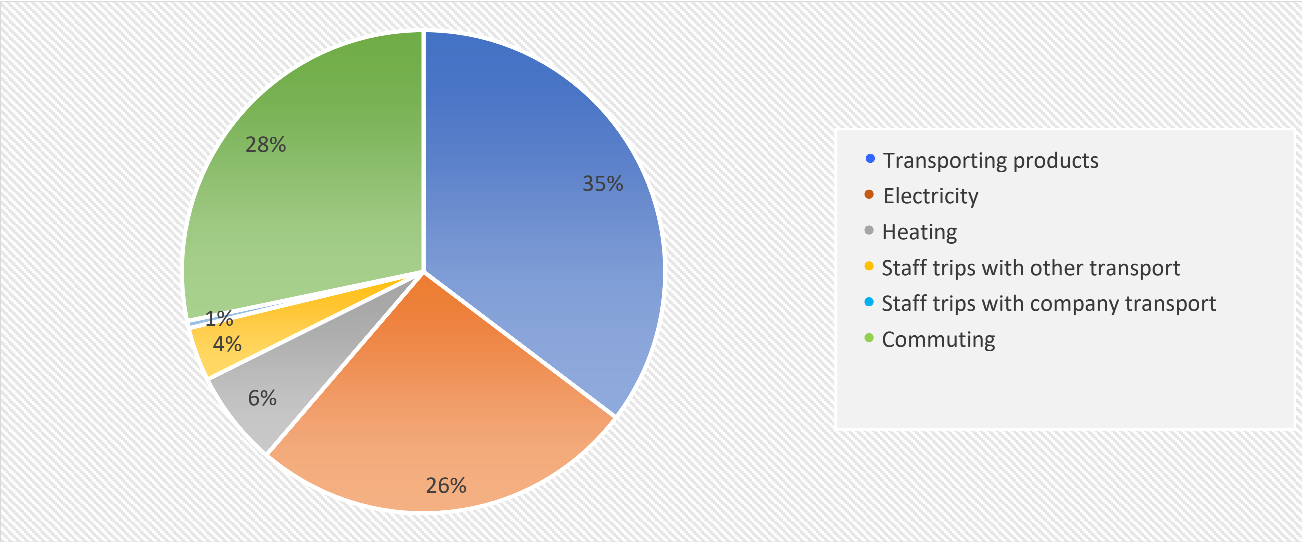
Graf. 7 - Direct emissions, indirect emissions, and other indirect emissions (in tons)



Direct emissions: heating, car trips, and extended rental emissions (in tons).
Indirect emissions: electricity consumption - location-based approach (in tons).
Other indirect emissions: import/export of products, employee commuting, short-term car rentals, employee train and air travel (in tons).

The total CO2e emissions are lower compared to 2022, with a recorded percentage decrease of -18%. Across all analyzed emission sources, the most significant contributor remains transportation of products, accounting for 35.3% of the total emissions.

Graf. 8 - Direct, indirect, and other indirect CO2e emissions (in tons) by source



In accordance with the GRI Standards, the company has reported indicator GRI 305-4, which relates to the greenhouse gas (GHG) emissions intensity index. The result for 2023 was obtained by dividing the total CO2e emissions (direct, indirect, and other) by the number of employees in the Group.

Tab. 20 - Greenhouse Gas (GHG) Emissions Intensity Index - Environmental Performance Index: Number of Employees

	Udm	2021	2022	2023
GHG emissions per employee (Scope 1 and 2)	(ton CO_2 eq.)	1.56	1.21	1.16
GHG emissions per employee (Scope 3)	(ton CO_2 eq.)	3.7821	5.6459	3.7290

Tab. 21 - Greenhouse Gas (GHG) Emissions Intensity Index - Environmental Performance Index: Actual working hours

	Udm	2021	2022	2023
GHG emissions per employee (Scope 1 and 2)	(ton CO_2 eq.)	0.0010	0.0007	0.0008
GHG emissions per employee (Scope 3)	(ton CO_2 eq.)	0.0027	0.0034	0.0025

Finally, the emissions of pollutants SOx and NOx related to the import and export activities of the company's goods are reported. These pollutant emissions have already been included in the total calculation of CO2e emissions.

Tab. 22 - NOx e SOx

Other atmospheric emissions	Udm	2021	2022	2023
Nox	Kg	1,839.61	2,922.79	1,758.41
SOx	Kg	289.49	452.98	515.65

ECONOMIC AND FINANCIAL CAPITAL

Directly generated and distributed economic value

The statement determining the generated and distributed economic value provides an indication of the wealth creation by Monnalisa for stakeholders.

Tab. 1 Consolidated statement determining the generated and distributed economic value

	2021	2022	2023
Revenue	43,653,303	46,375,300	41,907,037
Other income	1,555,328	953,561	1,053,385
Financial income	16,838	24,405	23,055
Total Economic Value Generated	**45,225,469**	**47,353,266**	**42,983,477**
Operating costs (suppliers)	-33,720,986	-29,106,010	-28,167,072
Of which outsourced companies	*-3,567,589*	*-3,105,505*	*-3,878,280*
Personnel remuneration	-10,772,126	-11,952,838	-11,572,435
Financiers remuneration	-402,136	-1,292,585	-1,813,639
Investors remuneration	-	-	-
Public Administration compensation*	893,442	-60,172	-85,055
Total Economic Value Distributed	**-44,001,805**	**-42,411,604**	**-41,638,200**
Impairment of receivables**	-197,019	-274,210	-253,858
Unrealized exchange differences**	668,132	-48,285	-812,746
Value adjustments of financial assets **	-16,500	-13,455	245,693
Amortization	-3,413,240	-7,840,717	-7,221,355
Provisions	-167,841	-13,956	-9,246
Reserves (loss coverage)	1,902,804	3,248,961	6,706,235
Retained Economic Value (=difference between Generated Economic Value and Distributed Economic Value)	**1,223,664**	**4,941,661**	**1,345,277**

The statement reclassifies the income statement of the fiscal year, considering on one hand the revenues, other income, and financial income, which represent the generated economic value. On the other hand, it includes operating costs (with suppliers as counterparts) and income statement items related to employees, financiers, investors, public administration, and external donations, representing the remuneration to these stakeholders (distributed economic value) by the company.

The difference between generated economic value and distributed economic value represents the retained economic value benefiting the company's system, which specifically contributes to impairment of receivables, translational exchange differences, adjustments to the value of financial assets, depreciation, and reserves. Any losses incurred will be covered using retained earnings from previous periods, meaning the company's system was not remunerated directly but reduced net equity, which nonetheless remains robust (EUR 16.7 million), demonstrating the company's solidity.

Following the reduction in revenue volumes that began in 2020 due to the pandemic and persisted into the current fiscal year amid uncertainties, geopolitical tensions related to the Russia-Ukraine conflict introduced additional macroeconomic challenges. Persistent inflationary pressures further disrupted the sector's production chain. Consequently, the absolute value of remuneration to various stakeholders, particularly suppliers and employees, decreased, although it remained relatively stable as a percentage of the total distributed economic value.

Tax Approach

The Monnalisa Group conducts its activities in compliance with legislation and all applicable regulations in the territories where it operates, as well as its Code of Ethics and corporate procedures, applying them with integrity and fairness. Monnalisa requires adherence to ethical standards and principles of behavior from recipients of its Code of Ethics, which may sometimes be more stringent than the prevailing laws in some countries of operation.

The Group is committed to transparently informing all stakeholders about its policies, strategies, impacts, and achieved results without favoring any interest group or individual. Social responsibility towards the community is a cornerstone for Monnalisa, which operates considering the needs of the communities in which it operates, contributing to the promotion of quality of life, economic, social, cultural, and civil development.

The Group's commitment outlined in the Code of Ethics, inclusive of its principles and general rules, is also respected in the realm of taxation. It believes that compliance with tax regulations in the various countries where the Group operates forms the basis for economic and social development of the affected communities, aiming to distribute the tax burden consistently across its presence countries. The Group is dedicated to establishing transparent relationships with tax authorities, valuing long-term partnerships.

To effectively identify and manage potential risks or tax incentives, the Group promotes targeted training activities to enhance tax awareness among employees, irrespective of their roles, through specific training and updates on regulatory changes and relevant issues.

Regarding tax jurisdictions where the Group operates, reference is made to the Management Report, which includes the Group's organizational structure. Detailed information on current taxes and the criteria applied for accounting purposes can be found in the notes to the financial statements, both for the annual and consolidated accounts.

CLIMATE CHANGE

Regarding strategic risks, climate change and public opinion attention on the matter could impact customer preferences, potentially leading to variations in the purchase of certain product categories, albeit marginal to the Group's business. There could also be implications for the sourcing of certain raw materials, although there is currently no expectation of a reduction in the quality of materials used in the production cycle. Therefore, the Group manages climate change risks to mitigate their impacts on its operations. Currently, the Group does not report significant operational impacts from climate change.

Concerning financial risks, the Group may face increased costs and investments in the future related to adapting its production and distribution structure to mitigate the business impacts of climate change. However, there are currently no estimates of significant costs and investments in this regard.

Finally, regarding compliance risks, sustainability-related consequences are linked to non-compliance with environmental norms and regulations to which the Group may be subject. The Group monitors the continuous evolution of national and international regulatory frameworks and the potential introduction of additional regulations aimed at reducing business environmental impacts.

THE EUROPEAN UNION'S TAXONOMY

Taxonomy is a common EU classification of economic activities that can be considered environmentally sustainable. It is designed to guide investors and businesses towards economic growth that does not have negative impacts on the environment, particularly climate.

In order to achieve the goals of the European Green Deal, it is important to incentivize investments in sustainable projects and activities.

Therefore, creating a common language and developing a shared framework of definitions is necessary to ensure clarity and comparability.

Regulation (EU) 2020/852 introduced a classification system or EU Taxonomy into the European regulatory framework. This system establishes four criteria that economic activities must meet jointly to be considered environmentally sustainable. These activities must:

- Contribute to one or more environmental objectives[1];
- Not significantly harm any of the above-mentioned environmental objectives;
- Comply with minimum safeguards [2];
- Be in line with the technical screening criteria [3] set by the Commission.

For the reporting year 2021, companies subject to the Non-Financial Reporting Directive must disclose the proportion of economic activities that are eligible[4] or ineligible [5] under the EU Taxonomy. Starting from the reporting year 2022, companies are required to disclose information regarding which eligible economic activities are considered aligned or not aligned with the EU Taxonomy.

Specifically, alignment with the taxonomy is communicated through indicators such as:

- The percentage of revenue from products or services associated with economically sustainable activities;
- The percentage of capital expenditures (CAPEX) and operational expenditures (OPEX) related to assets or processes associated with economically sustainable activities (considered eligible).

As of now, information related to the six objectives outlined in Article 9 of Regulation (EU) 2020/852 has been made available: climate change mitigation, climate change adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems.

The Monnalisa Group has reviewed the available technical documentation for the six environmental objectives. The company has identified its activities according to the current NACE codes and verified that they fall within one of the sectors for which the technical screening criteria have been established and included in the taxonomy.

The results of the assessment indicated that, based on the interpretations available to date regarding the application requirements, the Group's main economic activities do not fall within those identified by the relevant regulation for the six aforementioned objectives. Therefore, they are considered ineligible as of the date of this document.

Further investigations will be conducted throughout 2024 in line with the progressive evolution of Regulation (EU) 2020/852, particularly regarding additional delegated acts for the remaining environmental objectives. For more details on the Group's environmental commitment and programs, please refer to the specific chapter on Natural Capital.

[1] Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Reduction, Protection and Restoration of Biodiversity and Ecosystems.

[2] The minimum safeguards are procedures implemented by a company conducting economic activities to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on

Business and Human Rights, including the principles and rights enshrined in the eight fundamental conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

[3] The technical screening criteria are specified in the delegated acts of Regulation 2020/852, specifically in Delegated Regulation (EU) 2021/2139 (referred to as the "Climate Act") and subsequent amendments, Delegated Regulation (EU) 2021/2178 and subsequent amendments, and Delegated Regulation (EU) 2023/2486.

[4] An economic activity described in the delegated acts adopted pursuant to Article 10, paragraph 3, Article 11, paragraph 3, Article 12, paragraph 2, Article 13, paragraph 2, Article 14, paragraph 2, and Article 15, paragraph 2, of Regulation (EU) 2020/852, regardless of whether such economic activity meets one or all of the technical screening criteria established in those delegated acts.

[5] An economic activity not described in the delegated acts adopted pursuant to Article 10, paragraph 3, Article 11, paragraph 3, Article 12, paragraph 2, Article 13, paragraph 2, Article 14, paragraph 2, and Article 15, paragraph 2, of Regulation (EU) 2020/852.

[6] Only activities related to the manufacturing and marketing of clothing, footwear, and accessories have been taken into consideration. Activities related to the leasing of owned properties and the subleasing of leased properties have been excluded, as they are considered secondary.

EXTERNAL ASSURANCE

The Group has decided to subject the Annual Report, in addition to internal reviews, to external and independent verification according to applicable auditing principles. Consequently, the IFRS financial statements have undergone a legal audit based on a three-year engagement with the auditing firm EY, and the Consolidated Non-Financial Statement has been subjected, following a voluntary engagement, to a limited assurance audit by the auditing firm BDO based on the ISAE 3000 (Revised) standard.

TABLE OF THEMES D.LGS. 254/16

REF. D.LGS 254/2016	MATERIAL TOPIC	GRI STANDARDS
Personeel	Diversity and equal opportunities	GRI 405 " Diversity and equal opportunities "
	Human resources development and training	GRI 404 " Training and education "
	Health and safety at work Working conditions	GRI 403 " Occupational health and safety "
Social	Sustainable management of suppliers Supplier assessment programs	GRI 204 "Procurement practices" GRI 308 " Supplier environmental assessment" GRI 414 "Suppliers social valuation"
	Health and safety protection	GRI 416 " Customer health and safety "
	Economic Performance	GRI 201 " Economic performance "
Corruption (active and passive)	Ethical standards and codes	GRI 205 " Anti-corruption "
Environment	Use of raw materials Sustainable packaging Material sustainability	GRI 301 "Materials"
	Energy efficiency	GRI 302 "Energy" GRI 305 "Emissions"
Human Rights	Respect for human rights	GRI 406 "Non-discrimination" GRI 407 "Freedom of association and collective bergaining" GRI 408 "Child labour" GRI 409 "Forced or compulsory labor"

GRI index

Statement	Monnalisa S.p.A. ha definito la presente informativa in accordo ai principi GRI Standards per il periodo 1-1-2023 al 31-12-2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ ALTRE FONTI	INFORMATIVE	REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 4; Page 29			
	2-2 Entities included in the organization’s sustainability reporting	Page 29			
	2-3 Reporting period, frequency and contact point	Page 3; Page 33			
	2-4 Restatements of information	Page 3			
	2-5 External assurance	Page 121			
	2-6 Activities, value chain and other business relationships	Page 5			
	2-7 Employees	Page 72 to 77			
	2-8 Workers who are not employees	Page 67			
	2-9 Governance structure and composition	Page 30			
	2-10 Nomination and selection of the highest governance body	Page 32			
	2-11 Chair of the highest governance body	Page 30			
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 30			
	2-13 Delegation of responsibility for managing impacts	Page 32			

	2-14 Role of the highest governance body in sustainability reporting	Page 31			
	2-15 Conflicts of interest	IFRS Financial Statements			
	2-16 Communication of critical concerns	Page 32; page 41			
	2-17 Collective knowledge of the highest governance body	Page 14			
	2-18 Evaluation of the performance of the highest governance body	Page 32			
	2-19 Remuneration policies	Page 82			
	2-20 Process to determine remuneration	Page 30			
	2-21 Annual total compensation ratio	Page 83			
	2-22 Statement on sustainable development strategy	Page 2; page 3			
	2-23 Policy commitments	Page 12; Page 37;Page 67; Page 73; Page 79; Page 80			
	2-24 Embedding policy commitments	Page 12; Page 37;Page 67; Page 73; Page 79; Page 80			
	2-25 Processes to remediate negative impacts	Page 37; Page 39; Page 65; Page 66			
	2-26 Mechanisms for seeking advice and raising concerns	Page 37; Page 39; Page 65; Page 66			
	2-27 Compliance with laws and regulations	Page 37; Page 39; Page 65; Page 66			
	2-28 Membership associations	Page 69			
	2-29 Approach to stakeholder engagement	Page 16			
	2-30 Collective bargaining agreements	Page 86			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 16			
	3-2 List of material topics	Page 17-19			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 119			
	201-2 Financial implications and other risks and opportunities due to climate change	Page 120			
	201-3 Defined benefit plan obligations and other retirement plans	Page 72			

	201-4 Financial assistance received from government	Relazione sulla gestione			
Market presence					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 72 e ss			
	202-2 Proportion of senior management hired from the local community	Page 72 e ss			
Indirect economic impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 68			
	203-2 Significant indirect economic impacts	Page 68			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 51			
Anti-corruption					
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 29 e ss			
	205-1 Operations assessed for risks related to corruption	Page 29 e ss			
	205-2 Communication and training about anti-corruption policies and procedures	Page 29 e ss			
	205-3 Confirmed incidents of corruption and actions taken	Page 29 e ss During the reporting period no incident or behaviour in conflict with anti corruption laws was recorded			
Anti-competitive behavior					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period no fines or significant sanctions were registered		-	
Tax					
GRI 207: Tax 2019	207-1 Approach to tax	Page 120			
	207-2 Tax governance, control, and risk management	Page 120			

	207-3 Stakeholder engagement and management of concerns related to tax	Page 120			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 100			
	301-2 Recycled input materials used	Page 100 e ss			
	301-3 Reclaimed products and their packaging materials	Page 100 e ss			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 102 e ss			
	302-2 Energy consumption outside of the organization	Page 102 e ss			
	302-3 Energy intensity	Page 102 e ss			
	302-4 Reduction of energy consumption	Page 102 e ss			
	302-5 Reductions in energy requirements of products and services	Page 102 e ss			
Water and effluents					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 101 e ss			
	303-2 Management of water discharge-related impacts	Page 101 e ss			
	303-3 Water withdrawal	Page 101 e ss There are no significant direct withdrawals from water sources such as lakes, rivers, etc.			
	303-5 Water consumption	Page 101 e ss			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 109 e ss			
	305-2 Energy indirect (Scope 2) GHG emissions	Page 109 e ss			
	305-3 Other indirect (Scope 3) GHG emissions	Page 109 e ss			
	305-4 GHG emissions intensity	Page 109 e ss			
	305-5 Reduction of GHG emissions	Page 109 e ss			

	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable	The company does not produce a relevant amount of ODS.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 109 e ss			
Waste					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 108 e ss			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16 e ss			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 51			
	308-2 Negative environmental impacts in the supply chain and actions taken	Page 28 e ss			
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 72 e ss			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 72 e ss			
Labor/management relations					
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 72 e ss In case a reorganization or a revision in the company structure takes place, employees and their representatives are previously informed in full respect of local law, collective labor contracts and agreements with trade unions.			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
	403-1 Occupational health and safety management system	Page 72 e ss			

GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Page 72 e ss			
	403-3 Occupational health services	Page 72 e ss			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 72 e ss			
	403-5 Worker training on occupational health and safety	Page 72 e ss			
	403-6 Promotion of worker health	Page 72 e ss			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 72 e ss			
	403-8 Workers covered by an occupational health and safety management system	Page 72 e ss			
	403-9 Work-related injuries	Page 72 e ss	Not completely reported for workers who are not employees	The company takes into account to give a more complete accounting of the issue for the next statement	
	403-10 Work-related ill health	Page 72 e ss In the company processes no employees with high incidence or with high risk of work related deseases are registered			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 72 e ss			
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 72 e ss			
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 72 e ss			

Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 72 e ss			
	405-2 Ratio of basic salary and remuneration of women to men	Page 72 e ss			
Non-discrimination					
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Page 72 e ss			
	406-1 Incidents of discrimination and corrective actions taken	Page 72 e ss During the reporting period no discrimination case was registered			
Freedom of association and collective bargaining					
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Page 72 e ss			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 72 e ss			
Child labor					
GRI 408: Child Labor 2016	3-3 Management of material topics	Page 72 e ss			
	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 72 e ss			
Forced or compulsory labor					
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Page 72 e ss			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 72 e ss			
Security practices					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 72 e ss In the reporting boundaries there is no security personnel			
Local communities					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 72 e ss			
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 72 e ss			

Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 16			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 28			
	414-2 Negative social impacts in the supply chain and actions taken	Page 28			
Public policy					
GRI 415: Public Policy 2016	415-1 Political contributions	Relazione sulla gestione			
Customer health and safety					
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Page 43			
	416-1 Assessment of the health and safety impacts of product and service categories	Page 43			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 43 During the reporting period no incidents of non-compliance concerning the health and safety impacts of products and services were registered			
Marketing and labeling					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 43			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 43 During the reporting period no incidents of non-compliance concerning product and service information and labeling were registered			
	417-3 Incidents of non-compliance concerning marketing communications	Page 43 During the reporting period no incidents of non-compliance concerning marketing communications were registered			

Customer privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 41 During the reporting period no incidents of non-compliance concerning the health and safety impacts of products and services were registered			
Other material aspects					
Eco design and product innovation	3-3 Management of material topics	Page 45 e ss			
Human rights	3-3 Management of material topics	Page 72 e ss			