

MORELLATOGROUP

Sustainability Report
2024-25

Index

Index	1
Letter to stakeholders	3
Methodological note	4
1. The Morellato Group	8
1.1 Highlights	8
1.2 The Group profile	9
1.3 Markets and products	11
1.4 Story and evolution	14
1.5 Mission and Vision of the Group	16
2. Governance, Business Ethics and Anti-corruption	17
2.1 Corporate Governance	17
2.2 Green finance	18
2.3 Ethics, Business Integrity and regulatory compliance	20
2.4 Anti-corruption	20
3. Sustainability approach	22
3.1 Stakeholder Engagement	22
3.2 Materiality Analysis	24
3.3 United Nations 2030 Sustainable Development Goals	27
3.4 Certifications, and associations	28
4. Environmental responsibility	30
4.1 Energy, Emissions and Climate Change	30
4.2 Water Management	33
4.3 Sustainable Waste Management	34
5. People responsibility	36
5.1 Diversity and Equal Opportunities	36
5.2 Human Rights	41
5.3 Occupational Health and Safety	41
5.4 Human Capital Development	45
6 Social Responsibility	47
6.1 Local Communities Engagement	47
6.2 Youth empowerment	49
7. Responsibility to our customers and products	50
7.1 The Group supply chain	50

7.2 Product Stewardship and Circular Economy..... 52
7.3 Customer relationship..... 59
GRI Content Index..... 60

Letter to stakeholders

Dear Stakeholders,

It is a pleasure to present you the fourth edition of Morellato Group's voluntary Sustainability Report, which presents our progress towards sustainability achieved during the last fiscal year and demonstrates our responsibility towards all stakeholders, the environment, our employees and society as a whole. As it will emerge from this Report, "**Precious is sustainable**" is not just a claim, but a concrete commitment which over years has led us to pursue a circular economy strategy aimed at minimizing the environmental impact of our products.

Sustainability does not come at the expense of economic growth, in fact 2024-25 has been a positive year for Morellato Group, proving the soundness of our strategy based on the **industrial integration** and **multi-brand development**, which over time has enabled the Group to achieve steady, self-financed organic growth together with a track record of successful M&As, such as the acquisition of Christ in 2023. The Group has consolidated its status as leading comprehensive platform for jewellery and watches in Europe and has achieved this success also thanks to its commitment to sustainability.

In fact, sustainability is an element that has contributed to growth, improving traceability of suppliers, driving investments and stimulating innovation and development, proving the expertise and know-how of our professionals. We are proud to **share our sustainability values** with the people who work every day with us all over the world, who are in large part women, and we seek to spread these values also to our suppliers. Together we carry forward our commitment and responsibility to achieve the goals we have set ourselves and that we are pleased to communicate to our stakeholders in this Report, redacted with reference to the Standard developed by the Global Reporting Initiative.

A cornerstone of our sustainability strategy is the use of **recycled materials** to leverage **circular economy** principles, reduce the environmental and social impact of our products, and provide **affordable and sustainable luxury** jewellery. This year saw Morellato and Christ using only 100% recycled silver in their collections and they will soon be joined also by Cleor and Bluespirit, while Live Diamond has kept employing lab-grown diamonds and precious stones.

Another instrument that the Group pursues to minimize environmental and social impacts is to ensure process transparency. Since 2023 the Group is **certified by the Responsible Jewellery Council (RJC)**, the world's most important organisation in defining and monitoring sustainability criteria for jewellery, which sets criteria for ethical sourcing, guaranteeing fairness and transparency along our supply chain.

As always, our Group's sustainable growth is achieved thanks to **human capital**. We seek to provide stable working opportunities, guarantee equal opportunities and, as a multi-national Group that competes in a global market, to include different backgrounds and perspectives. As a result, of almost 4,700 employees, over 80% are women and about 40% are young people under 30.

As Morellato moves forward in its path of growth and expands to new markets, we will **maintain focus on sustainability for the benefit of our stakeholders**, retaining our commitments towards the planet and people, throughout the supply chain and in own operations.

Massimo Carraro - President and CEO

Cristina de' Stefani - Corporate Social Responsibility Officer

Methodological note

This document represents the fourth Morellato Group's¹ Sustainability Report, a communication tool that describes, in a transparent and articulate way, the results achieved by the Group during the 2024-2025 financial year (from March 1, 2024 to February 28, 2025) in the economic, social and environmental fields. The Report highlights the commitment and the initiatives undertaken by the Group towards sustainability, with the purpose of creating value not only for Morellato, but also for its stakeholders. The aim of the Sustainability Report is to provide a broad and comprehensible overview of the Group's position on sustainability issues, with a view regarding the corporate social responsibility over the medium to long term.

This voluntary Report, which is published annually, has been prepared with reference to the Global Reporting Initiative's (GRI) Sustainability Reporting Standards published in 2021. The GRI Standards enable the Group to report information about the most significant impacts of its activities and business relationships on the economy, environment, and people, including impacts on the human rights.

The selection of aspects and disclosures used to define the contents of the present Report has been carried out through a materiality analysis that considers the relevant impacts for Morellato Group; for the details on the materiality analysis conducted, please refer to the section "Materiality Analysis" in Chapter 3 of this document.

Material topics	GRI Disclosure
Ethics and business integrity	GRI 205 Anti-corruption
Product Stewardship	GRI 301 Materials
Circular Economy	GRI 301 Materials
Energy consumption and GHG emissions management	GRI 302 Energy GRI 305 Emissions
Water Management	GRI 303 Water and effluents
Waste Management	GRI 306 Waste
Occupational Health and Safety	GRI 403 Occupational health and safety
Training and Development of Human Resources	GRI 404 Training and education
Equal Opportunities and Non-discrimination	GRI 405 Diversity and equal opportunity GRI 406 Non-discrimination
Customer Relations	GRI 416 Customer health and safety GRI 417 Marketing and labeling
Responsible Sourcing	-
Local Communities Engagement	-

In order to provide an overview on the disclosure of the GRI Standards and their associated page numbers, please refer to the GRI Content Index of this document.

The process of collecting data and information for the purpose of drafting this document has been managed by the Group Sustainability function in collaboration with Morellato's corporate functions, with the aim of enabling clear and precise disclosure of material information, in

¹ The words "Morellato Group", "Morellato" and "Group" in the present document are equivalent.

accordance with the reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability set out in the GRI Standards.

This Report has been drawn up to the extent necessary to ensure the understanding of the Morellato Group's business, its performance, its results, and the impacts and includes the data of the parent company and the subsidiaries that are integrally consolidated in the Morellato Group's financial statement on February 28, 2025. During the reporting year 2024-25 there have been no significant changes in the structure and ownership of the organization (the only change occurred has been the name change of Bluespirit, which is now called Morellato San Marino) and the Group's supply chain. The Management has kept working on the organizational integration of Christ Group, the leading player in the jewelry and watches retail German market which has been acquired by Morellato and consolidated in the Morellato Group financial reports in January 2023. Moreover, the Group has strengthened its supply chain in the Far East by opening a new quality control office in Thailand and developing external collaborations in India.

To enable data and information comparability over time and assess the Group's performance, comparison with the previous two financial years is given. Changes to figures previously published are clearly indicated as such. In order to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if present, are appropriately reported and based on the best available methodologies. No form of external assurance of this Report has been provided.

The document has been approved by the Board of Directors of Morellato S.p.A. on June 27, 2025.

For further knowledge on Morellato's social responsibility policies and on the information contained in this document, please write to: sustainability@morellato.com.

For what concerns data disclosed in the text, it should be noted that the totals may differ due to rounding in the partial figures. Please note that when percentages are provided, due to the decimal approximations the sums might not match the related total value.

Moreover, the methodologies and assumptions used for calculating the performance indicators included in the Report, along with those already specified within the text, are as follows:

- GHG emissions are calculated according to the indications provided by internationally recognized standards, in particular, the GHG Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD). The following formulas were adopted:
 - Activity data (kWh of electricity purchased, m³ of natural gas purchased, liters of diesel used) multiplied by the related emission factor.
 - Refrigerant gas losses (kg) multiplied by the related GWP (Global Warming Potential).
- As defined by the GHG Protocol, an organization's emissions are classified into categories, called scopes. Morellato Group measures its Scope 1 and Scope 2 emissions.
 - *Scope 1*: all direct emissions of the Group, i.e., those that occur physically within its perimeter and deriving, for example, from the use of fuels for heating, for energy production, for the use of company vehicles or used in production processes. These emissions are computed by multiplying the amount of fuel used by the Group with a specific emission factor, which allows to express the consumption of the energy resource in tons of CO₂e generated.
 - *Scope 2*: emissions deriving from the purchase of electricity used in Group activities, and therefore considered "indirect". The physical production of these emissions occurs outside the Group perimeter, so the Group is indirectly

responsible for the emissions generated in the process of electricity generation. These emissions are computed using two different methodologies: location-based and market-based. The location-based approach calculates CO_{2e} emissions using an average emission factor that considers the national energy mix. The emissions calculated with the market-based method instead refer to contractual agreements stipulated with the electricity distributor: an organization can request certification attesting that the purchased energy comes from renewable sources (i.e., certificates of guarantee of origin (GO)). The quota of purchased energy from renewable sources is then multiplied with an emission factor equal to zero, while the remaining share of energy is multiplied with an emission factor called *residual mix*, which considers only energy produced from non-renewable sources.

- For what concern the waste generated (GRI 306-3) data reported refers to solar years (from the 1st of January to the 31st of December) and not to Morellato fiscal years (from the 1st of March to the end of February).

The following tables show the conversion and emission factors selected from the databases mentioned above.

Conversion Factors

Category	Source
Fuel density (l/t)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Fuel properties, 2022, 2023, 2024
Fuel density kg/m ³	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Fuel properties, 2022, 2023, 2024
Net CV (t/GJ)	UK Department for Environment, Food & Rural Affairs (DEFRA), Conversion factors – Fuel properties, 2022, 2023, 2024

GHG Emission Factors Scope 1

Category	Source
Natural Gas	DEFRA - Fuels – Natural Gas 2022, 2023, 2024
Diesel	DEFRA - Fuels – Diesel 2022, 2023, 2024
Gasoline	DEFRA - Fuels - Petrol 2022, 2023, 2024
F-gas	DEFRA - Refrigerants & other 2022, 2023, 2024

GHG Emission Factors Scope 2

Category	Source
Location-based	
<i>Italy</i>	TERNA 2019 (for fiscal years 2022-23), ISPRA 2023 (for fiscal year 2023-24), EEA - GHG emission intensity of electricity generation, country level (for fiscal year 2024-25)
<i>France</i>	TERNA 2019 (for fiscal years 2022-23 and 2023-24), EEA - GHG emission intensity of electricity generation, country level (for fiscal year 2024-25)
<i>Germany</i>	TERNA 2019 (for fiscal years 2022-23 and 2023-24), EEA - GHG emission intensity of electricity generation, country level (for fiscal year 2024-25)
<i>China</i>	TERNA 2019
Market-based	
<i>Italy</i>	AIB 2021/2023/2024 - European residual mixes
<i>France</i>	AIB 2021/2023/2024 - European residual mixes
<i>Germany</i>	AIB 2021/2023/2024 - European residual mixes
<i>China</i>	TERNA 2019

Data included in this Report refer to the Group's parent company all the consolidated entities, as indicated earlier, however the reporting scope of the following environmental indicators differs from the Group boundary:

- GRI 301-1 and 301-2: materials used do not cover Cleor and Mister Watch (France) in order to avoid the use of estimates;
- GRI 302-1, 305-1, 305-2: energy consumption and f-gas leakages of Mister Watch (France), Dubai and Bangkok offices have not been included, however due to their small size they would have limited relevance in the aggregated data;
- GRI 303-3: the water withdrawals of Mister Watch (France) office and of all shops of the Group have not been included, however due to their non-industrial use of water consumption they would have limited relevance in the aggregated data.

1. The Morellato Group

1.1 Highlights



> 90 years of **manufacturing tradition**



651 **owned jewellery stores** and >7,000 **wholesale outlets**



6 **e-commerce websites**



4,681 **employees**



85% of **women** in the total employees



39% of total employees are **under 30**



43% of **female** presence in the **Board of Directors**



60% of **female** presence in the **Board of Statutory Auditors**



56,785 hours of **training** provided to employees



In 2023 obtainment of the **Responsible Jewellery Council (RJC) certification**



3,453 Kg of purchased **recycled silver and gold**



308 MWh of **self-produced electricity from renewable sources**

1.2 The Group profile

Morellato Group is the most important jewelry and watchmaking group in Europe with Italian capital, and it is a leader in the high-end watch straps sector.

The Group traces its roots back to 1930, when Giulio Morellato opened a watch and jewelry store in Venezia, specializing over the years in the creation of leather watchstraps and starting up the artisan production of gold and silver jewelry.

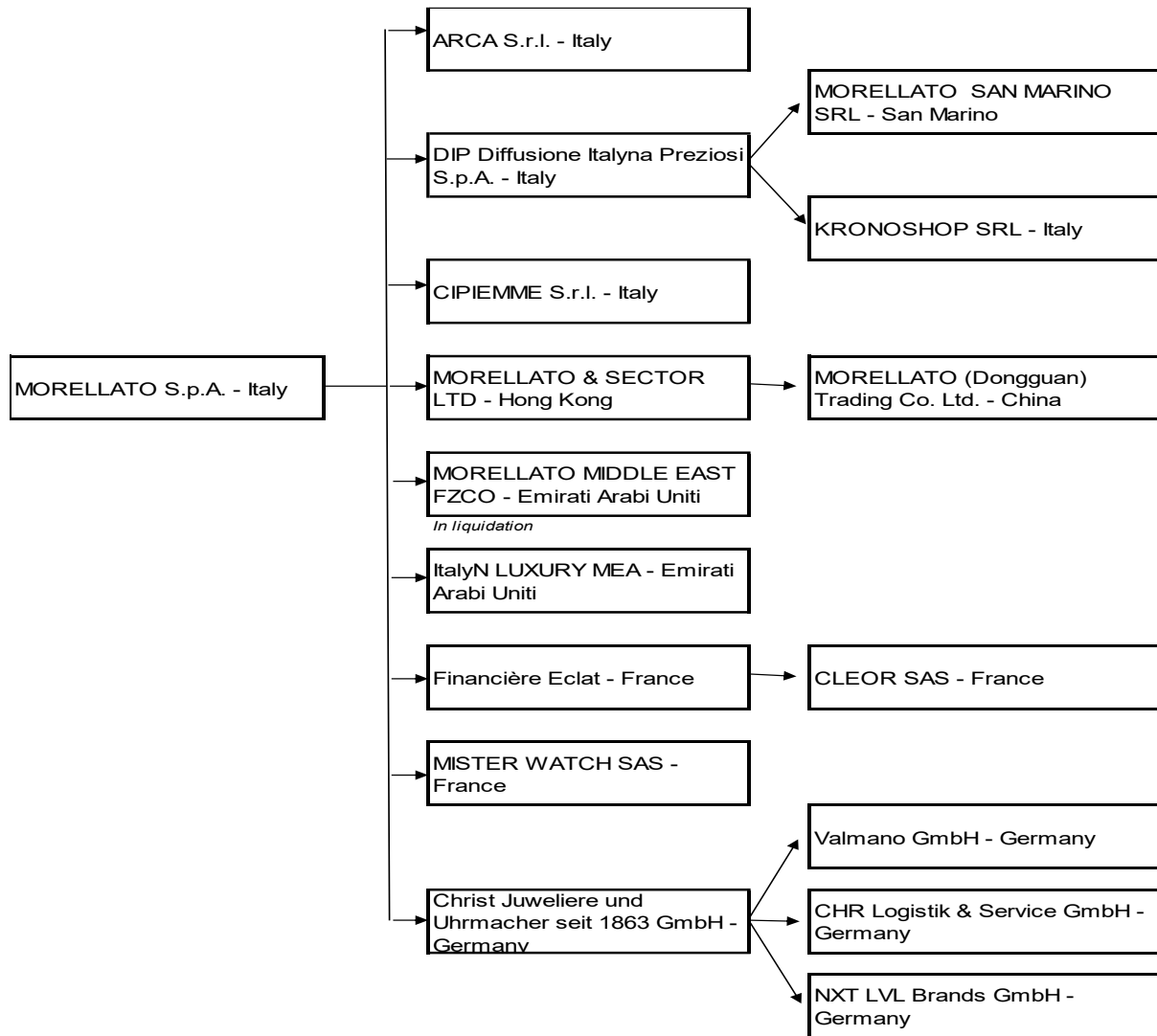
In the 1990s, Giulio Morellato's closest collaborator's sons, Massimo and Marco Carraro, along with Massimo's wife Cristina de' Stefani, acquired the entire share capital of the company and created the innovative "*Gioielli da Vivere*" concept, which over the years has become an evocative expression of the soul of the company brand.

Over the years, Morellato Group has expanded into the retail world, implementing a **unique business model** in Europe in the jewelry and watch market with a **complete integration of the supply chain**, from production to the final consumer. Today the Group is the European leader in **multi-brand watch and jewelry retail**, with a unique **omnichannel platform**. The retail network counts 275 direct shops in Italy, 209 in Germany and Austria and 167 in France with the Bluespirit, D'Amante, CHRIST, BRINCKMANN & LANGE, Cleor, Noélie and Pierre Roux retail signs. The group has been successful over the years in the European, Asian and Middle Eastern markets thanks to the combination of the wide offer of watches, jewelry and straps and a widespread distribution worldwide, made possible by a strong distribution know-how both at wholesale and retail level.

The jewelry collections are characterized by the use of precious materials such as gold, silver, precious stones, pearls and diamonds, platinum, combined with more accessible elements, with the result of a high stylistic and creative value. Milan and Padua represent the heart of the Group's innovation, where the Italian design and stylistic research is developed. These two elements, together with the competitive price positioning, have contributed to the success of Morellato.

At the end of fiscal year 2024-25, Morellato Group counts 4,681 employees worldwide and the presence of women is over 85% of the total in all departments, with over 40% of women also in managerial levels, as well as within the corporate governance. The parent company, with offices in Padua, Milan and Rome, controls several foreign operating companies, based in strategic reference markets: Europe, Middle East and Far East. The choices of the international locations are followed by specific targeted strategy for each country, because of the different value perception of the product by consumers in different markets. This allows the company to differentiate the product depending on the market interested, implementing a complete market geographical segmentation, blending the unchangeable Italian style with the local inclination. The Group's distribution network currently includes about 6,000 dealers in Europe, America, Middle East and Greater China, as well as numerous corners in the most important department stores in the main shopping capitals.

As of February 28, 2025 the Group is composed by:



As of February 28, 2025 Morellato S.p.A. holds 726,594 treasury shares with a nominal value of one euro each, representing 6.5% of the share capital.

1.3 Markets and products

The manufacturing heritage and the wise ability in the selection and processing of high-quality materials, characterize the entire growth path of the Group. In fact, in an environment where competition is always increasing and demands are constantly changing, the quality becomes the key to standing out. Morellato's history is studded with enlightenment and innovative ideas ahead of their time.

The Group currently manages a portfolio of its own brands, property and under license, which is consistent with the Group's strategy of diversification across the various and strategic segments of the jewelry industry. The Group also manages direct sales through its own retail chains in Italy, Germany, and France.

Morellato Group's brand portfolio includes a well-balanced set of its owned core brands: Morellato, Sector No Limits, Philip Watch, Lucien Rochat, Live Diamond, Oui&Me, La Petite Story, Chronostar, B&G, Kikou, Bluespirit, D'Amante, CHRIST, Cleor, Noélie, Arca, FAVS and Brickman & Langhe as well as worldwide licensed brands: Karl Lagerfeld, Maserati, Trussardi, Chiara Ferragni, ESPRIT, Jette and Guido Maria Kretschmer.

Own Core Brands



Licensed Brands



This diversification strategy allows Morellato to offer a wide range of products to its customers and to be able to meet their expectations, nowadays complex and articulated.

Customers are very careful about purchasing, looking for brands that focus more on sustainability, both in the realization process of the product and in the product use, but also brands that respect the environment, are safe for customers, and can ensure a long-life product.

Morellato's strategy aims to meet the expectations of the market, which are constantly evolving, and thanks to the research and diversification of its brand portfolio, the Group ensures the customer a wide and diversified choice of purchase, focusing on sustainability.



Padua – Italy
Via Commerciale, 29
35010 Santa Giustina in Colle
(PD)

Milan – Italy
Via Gabrio Serbelloni, 5
20122 Milan

Rome – Italy
Via Casilina, 3T – Palazzina D
00182 Rome

Hagen – Germany
Kabeler Straße 4
58099 Hagen

Dubai – UAE
Office 105- Building 8 Dubai
Design District Dubai- EAU

Hong Kong
Unit B, 12/F
Chung Shun Knitting Centre,
1-3 Wing Yip Street, Kwai
Chung, N.T.

China – Dongguan No.28,
Second Lane, Qile Street,
Xiegang Town, Dongguan City,
Guangdong Province, China

Thailand – Bangkok
No. 179 Bangkok City Tower,
South Sathorn Road,
Thungmahamek Subdistrict,
Sathorn district, Bangkok
Metropolis 10120, Thailand

Neuilly sur Seine – France
184 Avenue Charles de Gaulle
92200 Neuilly sur Seine

Paris – France
100-101, Terrasse Boieldieu
Tour Franklin, la Défense
92800 Puteaux, Parigi

Gauville-la-Campagne – France
901 rue de Branville 2
27930 Gauville-la-Campagne

1.4 Story and evolution

Morellato's history began in Venice in 1930 when Giulio Morellato first opened a jewelry and watch laboratory. After a few years, he specialized in the creation of leather straps at the very time when the use of the wristwatch began to spread. Morellato's history, made up of changes and challenges, was born from the passion and the desire to create precious objects capable of satisfying the tastes and desires of consumers.

In the 1960s Silvano Carraro, a close collaborator of Giulio Morellato, joined the company and his sons Massimo and Marco together with Cristina de' Stefani, Massimo Carraro's wife, took over the entire share capital in 1990. Since then, Morellato rediscovers its origins, combining the strap business with the design and production of the first collections of jewelry and watches with a strictly Italian signature. As the family brand developed, the company grew through a series of acquisitions.

In **2006**, the **Sector Group** joined Morellato, together with the subsidiaries Chronostar and Philip Watch. An adequate relaunching plan together with targeted investments quickly brought the two brands Sector No Limits and Philip Watch in the global spotlight.

In **2007**, the jewellery and watch chain **Bluespirit** was acquired. At the end of the reporting period, the retail network has more than, 262 direct stores, under the Bluespirit, Joye, D'Amante and Morellato brands.

In **2018** the **Lucien Rochat** brand was relaunched on international markets. This brand has a long tradition in the field of Swiss *haute horlogerie* and has always been an expression of precision, preciousness, and prestige.

In **2017 Kronoshop.com**, the first Italian e-commerce website entirely dedicated to the world of watches and jewelry, was acquired.

In **2018 La Petite Story**, the new brand of "soulful jewellery" whose collections tell short stories of daily life, was brought to market.

In January **2019**, Morellato Group joined **Mister Watch**, one of the most important players in the French watchmaking market. In November of the same year, Morellato announced the acquisition of the **CLEOR** retail chain, one of the leading French players in ready-to-wear jewelry, with over 140 points of sale within the most important shopping centers mall in the main French shopping locations.

In February **2020** the acquisition of the **D'Amante** jewelry chain was announced, which had 180 employees and 35 stores located inside the most important Italian shopping centers. In 2019, **Live Diamond** was born, a new brand specialized in the production of green jewelry made of ecological and sustainable gold and diamonds.

In **2022 Italian Luxury Mea**, a new company of the Group based in Dubai – UAE, the meeting spot for Middle East and Africa markets, was born. In the same year Morellato announced the acquisition of the **Pierre Roux** stores, jewelers located in the most renowned locations on the Côte d'Azur.

In **2023** Morellato Group acquired the German **CHRIST Group**, the main omnichannel player in the jewelry and watchmaking sector in Europe. With the brands CHRIST, BRINCKMANN & LANGE and VALMANO, CHRIST GROUP counts over 200 stores between Germany and Austria as well as an excellent e-commerce platform. During the year Morellato group continued its expansion in the Asian market through the opening of a commercial branch located in Bangkok, Thailand.

Morellato Group is a solid and dynamic entrepreneurial reality, capable of innovating and always looking to the future. Today Morellato Group is one of the world's biggest players and European leader in the multi-brand retail of jewelry and watches, with a unique omnichannel platform in Europe.



1.5 Mission and Vision of the Group

- Passion
- Tenacity
- Vision
- Innovation
- Sustainability and people esteem

These are the cornerstones of the Morellato Group, **values** that have contributed towards its constant growth on an international level.

Interpreting the great tradition of Italian manufacturing, of precious jewellery and watchmaking, to be a point of reference for the contemporary consumer.

«Led by the tradition and family roots of our company, with passion and constant research for quality and innovation, we carry forward our mission shared by a team almost 4,700 people: to create beautiful things and offer an unforgettable experience to all of our customers».

Massimo Carraro, President

2. Governance, Business Ethics and Anti-corruption

2.1 Corporate Governance

Morellato S.p.A, the parent company of the Morellato Group with registered office in Santa Giustina in Colle (PD), via Commerciale 29, is a joint-stock company registered in the Padua Companies Register.

The system and the rules for the management and control of the company are a fundamental element of the Morellato Group's business model and, together with the corporate strategy, they are intended to support the relationship of trust between the company and its stakeholders. Transparency and fairness are the principles that inspire the Morellato Group in defining its Corporate Governance system, which is based on the general and special applicable regulations, on the Code of Ethics and on the best practices in this field.

The Governance system is oriented towards the best interpretation of the impulses originating from the sector and the reference territory, allowing an open and transparent dialogue with the Administrations and the public and private bodies.

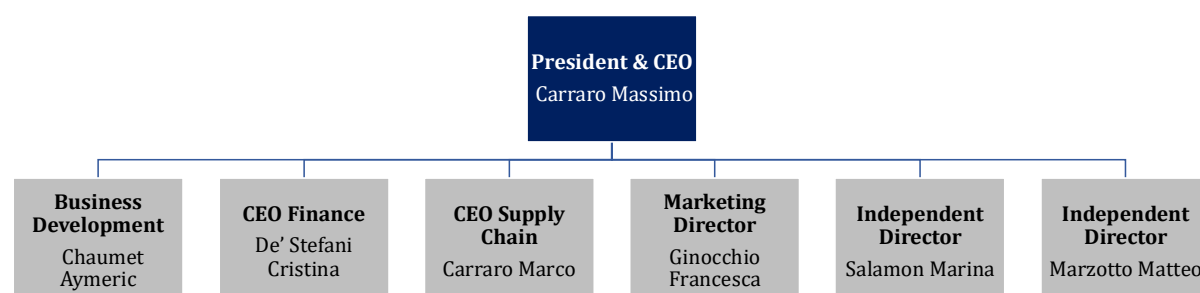
The pursuit of the objective of "sustainable success" is placed at the heart of Morellato Group's corporate culture and governance system. For the Group, which has always been sensitive to sustainability issues, this is an important step towards long-term sustainable and inclusive growth. This path has led on July 8, 2021, to the nomination of **Cristina De' Stefani** as the **Chief Corporate Social Responsibility Officer**, with the task of coordinating and managing all the Group's activities related to the ESG aspects and in charge of supervising the Group Sustainability Report. The institution of this role aims to respond to the ever-increasing information needs of stakeholders on Corporate Social Responsibility issues and provide an overview of the future activities.

Moreover, Morellato has formed a **Sustainability Committee** as follows: Sustainability Chief Operation Officer (President), Production, Purchasing & Quality, Facility and HR Managers of Hong Kong and Italian Companies as members. The Committee meets on regular basis and decides the measures to implement. The Chief Corporate Social Responsibility Officer, together with the Sustainability Committee, drives forward the Group's commitment and initiatives towards sustainability, with the aim of creating value not only for Morellato, but also to its stakeholders. The Group is planning to update the composition of the committee to further improve its capabilities.

Morellato adopts a traditional form of administration and control, which involves the presence of the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, and the Auditing Company. Therefore, the management of the company is assigned to the Board of Directors, the supervisory functions to the Board of Statutory Auditors and the auditing, as well as the accounting control, to the Auditing Company.

As of February 28, 2025 the Board of Directors, which is the Group's decision-making body and forms an integrated business management team with shared responsibility, is composed as follows: Massimo Carraro, Chairman of the Morellato Group Board and CEO, Chaumet Aymeric (Business Development), De Stefani Cristina (CEO Finance and Chief Corporate Social Responsibility Officer), Carraro Marco (CEO Supply Chain), Francesca Ginocchio (Marketing Advisor), Salamon Marina (Independent Director), Marzotto Matteo (Independent Director).

The composition of the Board of Directors as of February 28, 2025 is as follows:



The Board of Directors is composed of 3 women and 4 men. Of the total, 1 is in the 30-50 age range and the remaining 6 in the >50 age range. The composition of the Board of Directors by gender and age group is shown below in percentage terms. It should be noted that 86% of the total number of members fall into the >50 age range and the 57% of the total number of members fall into the male category.

Percentage of individuals within the organization's governance bodies				
Number of individuals	as of February 28 th , 2025			
	<30 years	30-50 years	>50 years	Total
Male	0%	25%	75%	57%
Female	0%	0%	100%	43%
Total	0%	14%	86%	100%

The Board of Statutory Auditors of Morellato is made up of 3 effective auditors and 2 alternate auditors. It should be noted that the female presence within the Board of Statutory Auditors is 60%.

As of February 28, 2025 the Board of Statutory Auditors was composed as follows:

Members of the Board of Statutory Auditors (as of February 28 th , 2025)	
Gianna Adami	President
Alessandro Ricci	Auditor
Andrea Valmarana	Auditor
Arianna Checchinato	Alternate Auditor
Camilla Porzi Camerini	Alternate auditor

2.2 Green finance

In order to meet the Group's financial needs, the Group decided to implement sustainable finance instruments, in particular:

- On November 26, 2021, a ten million euro ESG-linked loan was issued by Crédit Agricole with a counter-guarantee issued by SACE for 70% of the capital. The term is 60 months. The 60-month loan includes an ESG-linked clause which establishes the targets for each year for the following two KPIs:

- Hours of training provided to employees;
- Total cost of purchasing and producing sustainable or recycled goods and products.

When both KPIs are achieved, the interest margin applied by the Bank will be reduced by some basis points per year.

- On June 20, 2023 another fifteen million euro ESG-linked loan was issued by Crédit Agricole. The 48-month loan includes an ESG-linked clause which establishes the targets for each year for the following two KPIs:
 - Percentage of self-produced and consumed electricity from renewable sources over total electricity consumption;
 - Percentage of Italian employees with permanent contracts over the total number of Italian employees.

When both KPIs are achieved, the interest margin applied by the Bank will be reduced by some basis points per year.

- On November 18, 2024 another ten million euro ESG-linked loan was issued by Credem. The 48-month loan includes an ESG-linked clause which establishes the targets for each year for the following two KPIs:
 - Reduction of energy consumption at the Morellato parent company;
 - Percentage of new hires dedicated to female employees greater than or equal to 50%.

When both KPIs are achieved, the interest margin applied by the Bank will be reduced by some basis points per year.

Credem loan KPI 1 - Reduction of energy consumption				
Reduction of energy consumption (MWh)		Target (%)	Target (MWh)	Actual (MWh)
Baseline	2022-23			559.91 ²
Year 1	2023-24	-1.30%	552.63	
Year 2	2024-25	-1.30%	545.45	481.74
Year 3	2025-26	-1.50%	537.27	
Year 4	2026-27	-1.50%	529.21	
Year 5	2027-28	-1.90%	519.15	
Year 6	2028-29	-1.90%	509.29	

Credem loan KPI 2 – Percentage of female new hires (50% or higher)			
FY 2024-25	Female new hires	Male new hires	Total new hires
Number	32	14	46
Share	69.6%	30.4%	100%

² Please note that data referring to fiscal year 2022-23 differ from previous editions of the Report because values published in 2022-23 and 2023-24 editions were based on estimates, now replaced by actual consumption values

2.3 Ethics, Business Integrity and regulatory compliance

The responsibility for the protection of safety and health, and the protection of the environment are fundamental for Morellato Group. The Group always strives to create value for stakeholders, the environment and society. Environmental, ethical and social criteria have therefore always been an integral part of Morellato's corporate culture and sourcing policy.

Morellato Group lives through women and men who have long been responsibly committed to environmental and social sustainability. The Group ensures traceability and compliance with ethical and legal principles for all raw materials used: conflict-free gemstones that comply with RJC (Responsible Jewellery Council) certifications, Nickel-free finishing, and gilding treatments.

In line with its global strategy of sustainable success, the Morellato Group has decided in April 2022 to adopt the **Code of Ethics**, with the aim of defining the fundamental guidelines that inspire the activities of the Group. The Code has been updated in May 2023. Its purpose is to guide the conduct of the employees and all other third parties for the proper functioning, reliability, and image of the Group.

The Code regulates the set of rights, duties, and responsibilities that Morellato expressly assumes towards its stakeholders, ensuring the prevention of violations of the law and irregularities related to the management of the business.

The Code is aimed at corporate bodies and their members, employees, temporary workers, consultants, and co-workers in any capacity, as well as agents, representatives and any other party acting for and on behalf of Morellato.

In particular, quoting the Code:

Morellato believes that compliance with ethical rules and transparency in the running of its business represent a source of competitive advantage and the very basis for pursuing and reaching its sustainable development targets. For this reason, we promote the creation of environments with a strong ethical integrity.

Morellato is committed to adopt behavior based on the utmost correctness and transparency in relations with all stakeholders; to maintain the confidentiality of personal and company data and information, ensuring full and timely compliance with the security and protection measures provided for by current legislation; to avoid situations or activities that could lead to conflicts of interest; acting in accordance with ethical and legal standards. During the reporting period (as well as in previous fiscal years) no proven instances of non-compliance with laws and regulations have been registered in Morellato Group.

Furthermore, Morellato undertakes, in compliance with current legislation, to prevent the use of our economic-financial system for money laundering purposes by customers, suppliers, employees and other parties dealing with during the business activities.

In compliance with the GDPR EU 2016/679 and with the aim of protecting personal health data of employees, for the Italian companies, there is a DPO (data protection officer) who coordinates the information security management activities.

2.4 Anti-corruption

Morellato monitors and promotes the responsible management of its business activities, in fact in 2023 the most relevant Italian companies of the Group (Morellato S.p.A. and Diffusione Italiana

Preziosi S.p.A.) have undertaken a path towards the definition of the **Organization and Management Model** under Legislative Decree 231/01. This path has led to the approval of the Model 231 in May 2023. This organizational model covers the topics related to business ethics and compliance with laws and regulations in force, anti-corruption, fair competition, and anti-money laundering, together with the Code of Ethics. A **Supervisory Board** has been implemented, which oversees the functioning and compliance of the Model and of ensuring its future update.

The same activities outlined in the Organization and Management Model of Morellato S.p.A. and Diffusione Italiana Preziosi S.p.A. are also implemented by the other Italian and foreign companies of Morellato Group, even if there is no formalization required by national regulations.

Moreover, a **Whistleblowing platform** has been adopted from all the Italian companies to collect from employees, customers, citizens, and any other stakeholder any report of illicit conducts, risks, or dangerous situations that could cause harm to the organization. Alongside the platform a **Whistleblowing Committee** has been introduced to manage the analysis of the collected reports and any subsequent investigation. These activities are defined together with other operative guidelines in a Whistleblowing procedure, implemented in July 2023.

Morellato opposes and rejects all forms of corruption in the sense of "giving or receiving unjustified advantages". In the fiscal year 2024-25 reporting period, as well as in 2022-23 and 2023-24, no confirmed incidents of corruption have been registered.

With regards to the gold purchase transactions, the Group operates in compliance with Legislative Decree 25 May 2017, no. 92 "Provisions for the exercise of the activity of gold purchase", in which are defined all the gold purchase transactions, as the buying and selling, wholesale, retail or the exchange of used precious objects. This decree establishes specific provisions defining the duties that gold buyers are required to comply with, in order to ensure:

- full traceability of the sale and exchange of used precious objects;
- the prevention of the use of the market for illegal purposes, with specific reference to money laundering and the reuse of proceeds of illegal activities.

This law also regulates the registration to the OAM (the body for the management of the lists of financial agents and credit brokers), which is subject to the possession of a license activity in precious objects. Morellato has the license to operate in the field of gold and is registered in the public electronic register of gold buyers, set up by the OAM, which allows it to legally carry out the gold buying activities.

During the current fiscal year, as well as in 2022-23 and 2023-24, no case of non-compliance with regulations concerning product and service information and labeling has been identified.

3. Sustainability approach

3.1 Stakeholder Engagement

In the Group's path of growth and sustainable development, stakeholders play a role of primary importance. Morellato is committed to taking their needs and expectations into consideration when defining and implementing its long-term business strategies.

To define its stakeholders, drafting the first edition of the Sustainability Report, the Group has carried out a **benchmark analysis** that considered several companies operating in the reference sector, with the aim of identifying the individuals or groups of individuals who have a relationship with Morellato and its activities. This analysis was carried out considering the principles of the GRI Standards, the reporting standard adopted for the preparation of this document. The results of the analysis have been considered valid also for later editions of the Report, including the present edition covering the fiscal year 2024-25, since no significant changes in the addressed stakeholders occurred. Nevertheless Morellato has kept updating its benchmark to monitor potential changes in stakeholder categories typically identified in the sector.

The 8 **stakeholder categories** considered as relevant for Morellato Group are:



The Group periodically adopts practices of dialogue and engagement of the main stakeholders. The methods and frequency of stakeholder involvement may vary depending on the topics considered relevant and the opportunities for discussion during the year.

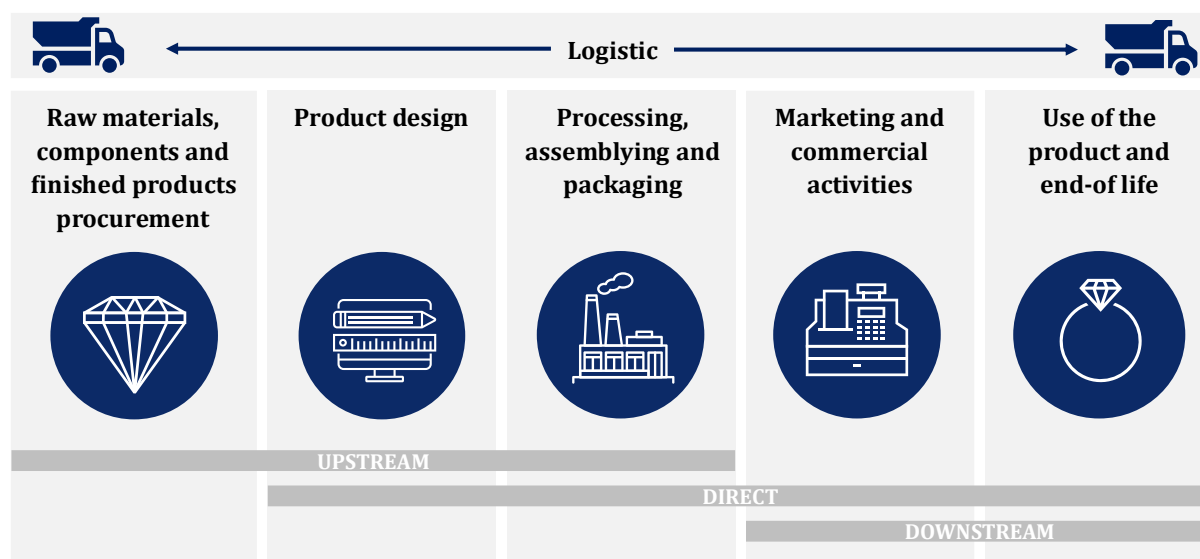
The main **channels of dialogue and interaction** by stakeholder category are summarized below:

Employees	<p>Induction programs for new hired.</p> <p>Training activities on safety in the working environment and training for the development of professional skills; periodic training meeting with the store managers and sales assistants.</p> <p>Job posting to promote professional growth.</p> <p>Morellato Web Magazine, company newsletter to foster internal communication.</p> <p>Involvement in continuous improvement activities in the working environment.</p> <p>Corporate events; Management meetings; Monthly meetings with retail managers; Annual Meeting with the store managers.</p>
Financial Institutions and Investors	<p>Periodical financial information.</p> <p>Institutional communication (website).</p> <p>Periodic meetings.</p>
Business Partner	<p>Regular meetings.</p>
Communication Partners	<p>Discussion organized during the year.</p>
Local Communities	<p>Participation in events promoted by local associations.</p> <p>Projects supporting social initiatives.</p>
Customers	<p>Periodic meetings (visits in the shops, discussion of technical projects).</p> <p>Trade fairs.</p> <p>Continuous dialogue via website and social network.</p> <p>Invitations to company events.</p>
Sector associations	<p>Participation in regulatory committees, webinars, conferences.</p>
Suppliers	<p>Periodic meetings.</p> <p>Quality audits and assessments.</p>

3.2 Materiality Analysis

The materiality analysis aims to identify the most relevant environmental, social and governance issues for the organization and its stakeholders. Through the materiality assessment, the Group has identified the actual and potential impacts of Morellato on the economy, the environment, the people, including their human rights, and its stakeholders.

In 2021, Morellato conducted its first materiality assessment, while in 2023 the **materiality analysis** has been updated in accordance with the latest GRI Standards released in 2021. Thanks to this new methodology, the **internal and external business context** has been examined, including the value chain.



Morellato value creation model starts from the **procurement** of raw materials like gold or silver ingots and leather; of components as watches movements and of finished products like jewels and finished watches. The subsequent phases of the value chain are the **product design**, which includes the jewels and watches stylistic research and development, the **processing** of the sourced materials or components and the relative **assembling and packaging**. These activities are mainly outsourced to external partners, exception made for the production of luxury watches straps which is performed in a laboratory in Santa Giustina in Colle (Italy, PD). The following stage of the supply chain is the **marketing and commercial activities** of the network of wholesalers, direct shops and e-commerce platforms through which Morellato products are sold to customers. Moreover, **logistic** integrates all the value chain stages, ensuring the transfer of raw materials, components and products from suppliers to Morellato on one side, and the distribution of finished goods on the other. Eventually, the **use of the product and end-of-life** phase refers to jewels or watches maintenance and the components disposal management at the end of the products lifecycle.

The value chain analysis enabled Morellato to **identify the actual and potential³, negative and positive⁴ impacts** that it generates on the economy, environment, and people, including the impacts on human rights throughout its activities and business relationships.

The impacts have been **prioritized** based on their **relevance**. Negative impacts were assessed based on two factors: their **severity**, that considers the scope (i.e., how widespread the impact

³ Actual impacts are those that have already occurred, and potential impacts are those that could occur but have not yet occurred.

⁴ Negative impacts are those that cause harm to individuals, the community, the environment, and thus undermine sustainable development, positive impacts are those that contribute to sustainable development.

is), the scale (i.e., how grave the impact is) and the irremediability (i.e., how hard it is to counteract the resulting harm), together with their **likelihood** of occurring (considered only for potential impacts). Positive impacts were evaluated only considering their scale and scope. Subsequently, a materiality threshold for the significance of impacts was established, and the material impacts were grouped into **material topics** by thematic area.

The result of the materiality analysis is the identification of 12 material topics representing the material impacts of Morellato Group, that have been included in the sustainability disclosure.

Materiality analysis results			
Material Topics	Impacts description	Nature of the impacts	
Product Stewardship	Morellato products contain materials (such as leather, precious metals and diamonds) that can lead to negative impacts on workers' rights (e.g., conflict minerals), on consumer health (e.g., allergenic substances), on animal welfare (e.g., leather) or on the environment (e.g., depletion of non-renewable resources).	Negative	Actual
Occupational Health and Safety	Morellato's workers and those along the value chain are exposed to physical and chemical hazards as well as noise and vibrations, potentially causing workplace accidents and occupational diseases.	Negative	Actual
Responsible Sourcing	Purchasing precious jewellery products from different countries exposes Morellato Group to risks of child labor, forced labor, corruption, increased emissions and improper waste disposal. This risk is mitigated: Morellato Group is a certified member of the Responsible Jewellery Council (RJC) that defines responsible practices on an ethical, social, environmental, and human rights protection level in the jewellery value chain.	Positive	Actual
Energy consumption and GHG emissions management	The consumption of energy from non-renewable sources and the lack of energy efficiency measures in the activities of suppliers and Morellato's own operations results in the emission of GHGs that contribute to the phenomenon of climate change.	Negative	Actual
Waste Management	Morellato's operations and the activities along the supply chain result in the generation of waste, which, if not properly treated, lead to adverse effects on the environment, such as GHG emissions from waste incineration.	Negative	Actual
Water Management	Production activities along the supply chain involve water consumption that could contribute to the depletion of that valuable natural resource. Moreover, water effluents, if not properly treated, can contain chemical substances and heavy metals.	Negative	Potential
Training and Development of Human Resources	The implementation of appropriate training courses contributes to the development of new skills within the employees of Morellato. This not only positively impacts employees' motivation, but it's also pivotal to maintaining and improving employees' skills and career opportunities, affecting the living standards of individuals.	Positive	Actual
Circular Economy	Morellato purchases recycled raw materials such as gold, silver, paper, or reconstituted leather to limit the negative effects on the environment generated from the use of virgin raw materials.	Positive	Actual
Equal Opportunities and non-discrimination	In the absence of non-discriminatory and transparent management practices, Morellato could fail to ensure equal opportunities and diversity, and may result in discrimination of employees based on factors such as gender, sexual orientation, religion, ethnicity, and language.	Negative	Potential
Local Communities Engagement	Morellato fosters long-term collaborations with NGOs operating in African hospitals, beyond supporting a breast cancer	Positive	Actual

Materiality analysis results			
Material Topics	Impacts description	Nature of the impacts	
	prevention program in Italy to support people in need and facilitate positive change.		
Ethics and business integrity	A company administration that does not adhere to current regulations concerning anti-corruption could lead to unfair business practices that negatively impact the economic context in which Morellato operates.	Negative	Potential
	Whether the supply and production processes are not properly managed and monitored, Morellato could offer to final consumers products that are not in compliance with current regulations about quality, and health and safety standards.	Negative	Potential
Customer Relations	Whether product labeling is not properly managed and monitored, Morellato could potentially provide misleading information to final consumer and incur in incidents of non-compliance with the current labeling legislation, such as the Made in Italy regulation, the Italian Legislative Decree 25 May 2017, no. 92 "Provisions for the exercise of the activity of 'gold purchase", and the recent Green Claim EU regulation.	Negative	Potential

It has been deemed that during the 2024-25 reporting period no significant changes in the business model of Morellato Group, its value chain, its business relationships and the context in which the Group operates have occurred since the previous reporting period; thus, the materiality analysis has been considered still valid.

Among the material topics, as a result of the relevance assessment Morellato mostly focuses its attention on the issues of **Product Stewardship, Responsible Sourcing and Occupational Health and Safety**. These topics concern aspects of primary importance that are fully consolidated in the company's dynamics and recall the strategy implemented so far by the Group.

In accordance with the GRI Reporting Standards, Morellato has defined and organized the contents of the Sustainability Report to provide a disclosure on how the Group handles its material topics. In particular, each topic has been matched with one or more GRI indicators, exception made for two material topics (i.e., Responsible Sourcing and Local Communities Engagement) that have not been disclosed in accordance to the GRI Standards.

3.2.1 CSRD and Double Materiality

On December 16, 2022, the Corporate Sustainability Reporting Directive (CSRD - European Directive 2022/2464) was published in the Official Journal of the European Union, amending the existing sustainability reporting obligations. The new Directive was adopted in Italy with Legislative Decree No. 125 of September 6, 2024, which came into effect on September 25, 2024. Among the many requirements of the CSRD, new reporting standards have been developed: the European Sustainability Reporting Standards (ESRS).

ESRS have introduced the Double Materiality Assessment, a new process for identifying relevant sustainability topics. Specifically, the analysis is divided into:

















- **Impact Materiality:** which involves identifying and assessing impacts generated, either actually or potentially, by the company and its value chain;
- **Financial Materiality:** which consists of identifying and assessing, in financial terms, the sustainability risks and opportunities faced by the company that that may influence the

financial position, economic results, and cash flows, as well as access to financing or the cost of capital in the short, medium, or long term.

During the reporting year, in preparation for the forthcoming CSRD requirements, Morellato Group conducted a voluntary double materiality assessment, in accordance with the guidelines set forth by the ESRS. However, awaiting further developments in the regulatory framework (such as the amendments to the CSRD proposed by the Omnibus package), the Group has decided to maintain the GRI Standards as reporting reference for this Report. Therefore, the material topics included in the Report are those identified by the impact materiality assessment carried out following GRI Standards.

3.3 United Nations 2030 Sustainable Development Goals

Morellato's business strategies are driven by sustainability and the development of projects and initiatives that can contribute to the achievement of the United Nations 2030 **Sustainable Development Goals**.

Material topics	No poverty	Zero hunger	Health and Well-being	Excellence in training	Gender equality	Clean water and hygiene	Clean and accessible energy	Dignified work and economic growth	Industry, Innovation, and Infrastructure	Reducing inequalities	Sustainable cities and communities	Responsible consumption and production	Acting for the climate	Life below water	Life on land	Peace, justice, and strong institutions	
																	
Product Stewardship																	
Occupational Health and Safety																	
Responsible Sourcing																	
Energy consumption and GHG emissions management																	
Waste Management																	
Water Management																	
Training and Development of Human Resources																	
Circular Economy																	
Diversity and Equal Opportunities																	
Local Communities Engagement																	
Ethics and business integrity																	
Customer Relations																	





The material topics that emerged as material were also related to the main SDGs to which the Group can contribute with its activities. The SDGs represent the starting point for a preliminary identification of possible commitments and initiatives to contribute to the 2030 Agenda.

The table above shows the connection between the material topics and the Sustainable Development Goals (SDGs).



3.4 Certifications, and associations

The Morellato Group is part of a **network of associations and organizations**, which guarantees the updates on the most recent regulatory intervention and allows the exchanges of ideas, knowledge, and different points of view. The main associations are the following:

	<p>Confimprese Association of the enterprises of the modern commerce - franchising, GDO, and direct nets operating on the Italian territory.</p>
	<p>A.N.T.I.C.O. Morellato is a member of the national association in the gold sector, specialized in the study of regulations and optimization of operations of companies dedicated to the trade and processing of gold investment, gold material, and trade of new and used valuables, such as jewelers, gold buyers, gemologists, and others.</p>
	<p>UNI Morellato is associated to the Italian national body of unification, a private non-profit association that carries out activities of technical standardization. It operates in all industrial, commercial and service sectors and participates in representing Italy in the standardization activity of the international standardization bodies ISO and CEN.</p>
	<p>ASCOM An Italian body representing companies engaged in trade and commerce within the Confcommercio network.</p>
	<p>RJC The Responsible Jewellery Council (RJC) is a non-profit organization that deals with regulation and certification in the diamond, precious stones, gold and platinum supply chain. The group became a member of the RJC on March 2022 and obtained the COP certification (Code of Practices)⁵ in 2023.</p>

⁵ <https://www.responsiblejewellery.com/membership/find-an-rjc-member/?bycountry=&rjccategories=&rjccertification=&searchbox=morellato%20&pagenum=1>



OAM

OAM stands for "*Organismo Agenti finanziari e Mediatori creditizi*" (body of financial agents and credit brokers). This body has legal relevance on matters concerning financial agents and credit brokers. Since May 2017, the OAM has included in its registration and control activities the "*compro oro*" (gold buying), on which it must keep an updated register where all operators must be registered in order to operate in such activities.

Morellato, through the Subsidiary DIP S.p.A., is registered in the public electronic register of gold buyers set up by OAM.



Responsible Jewellery Council – RJC

In September 2023 Morellato became a certified member of the Responsible Jewellery Council (RJC) according to the standard **Code of Practices (COP) 2019**. The COP defines the responsible ethical, social, environmental, and human rights protection practices that all members must adhere. Through this certification Morellato aims at **reducing risks** and vulnerabilities of the precious metals supply chain and at **improving its management systems** and operational procedures related to those strategical materials.

In particular, the RJC provides a common standard to apply responsible business practices in all the stages of the supply chain, from mining to retail sales and for different precious metals, namely gold, silver, PGM (platinum group metals), diamonds, and colored gemstones. It regularly requires a mandatory third-party auditing which covers the following thematic sections:

1. General requirements
2. Responsible supply chain, human rights and due diligence
3. Labour rights and working conditions
4. Health, safety and environment
5. Gold, silver, PGM, diamond and coloured gemstone products
6. Responsible mining

Each area includes a **list of provisions** and for each of them one or more application mechanisms are suggested to ensure an effective COP implementation. The eight **application mechanisms** are: management responsibility, written policy, risk assessment, set procedures, records, report, training, and grievance mechanism.

4. Environmental responsibility

4.1 Energy, Emissions and Climate Change

Morellato focuses its attention on energy consumption and GHG emissions management, proving its sensibility and commitment towards these issues. The Group is committed to constantly monitor its energy consumption and it has mapped the main areas of consumption to obtain a correct picture of its energy demand. In addition, the Group is implementing energy efficiency actions, with the aim of achieving a reduction in the amount of energy consumed. To this end, various strategies have been adopted, such as the installation of LED lighting systems in shops and the optimization of the organization of logistics.

Morellato, with the aim of making its energy consumption more efficient, since February 2023 covers a share of the energy consumption of its headquarters in Santa Giustina in Colle (PD) with renewable sources thanks to the installation of a **photovoltaic system**. To further reduce its environmental footprint, the Group has started purchasing energy produced from renewable energy sources, as certified by Guarantees of Origin.

In addition to the photovoltaic project and **renewable energy purchase**, Morellato has also carried out a study on the energy consumption of its shops, in order to identify potential issues, increase energetic efficiency and maximize consumption savings and develop interventions accordingly.

Morellato promotes a careful and responsible management of its own consumption, which mainly derives from lighting, heating, and cooling of working environments. It should be noted that the Morellato Group is not an energy-intensive company since most of the production activities are carried out by suppliers.

The energy vectors used by the Group are electricity, fuels (diesel and gasoline), and natural gas. **Electricity** is the main source of energy, used for lighting and in production processes, and it is mostly purchased from the national grid. **Natural gas** is used for the heating of buildings and shops, while a minimal quota of diesel is annually employed to refill emergency tanks. Regarding the Group's car fleet, the fuel consumed are **diesel and gasoline**.

The sources of energy consumed within the organization in the reporting period are detailed in the table below. Christ Group has been kept in the perimeter as in the case of the previous Report covering fiscal year 2023-24, guaranteeing comparability. The German company was not included in the perimeter of 2022-23, this accounts for the relevant increase between 2022-23 and 2023-24 in fuel and energy consumption, in particular for what concerns natural gas and electricity.

With respect to the previous fiscal year, the Group has reduced its energy consumption by 3%. This has been achieved thanks to lower gas consumption by 5% and, due to changes in Morellato's vehicles fleet composition, cuts to fuel consumption (diesel by -20%, gasoline by -34%). Although the amount of electricity purchased has remained steady, almost one third of the total purchased during the reporting period was covered by Guarantees of Origin. Moreover, photovoltaic production capacity in Morellato's headquarter has improved compared to the previous year.

Energy consumption within the organization [GRI 302-1] ⁶				
	Unit of measure	as of February 28 th , 2023 ⁷	as of February 29 th , 2024 ⁸	as of February 28 th , 2025
Total fuel consumption from non-renewable sources				
Natural Gas	GJ	5,648	23,162	21,930
Diesel (for heating or productive process)	GJ	16	16	16
Diesel (for company's vehicles (owned or in long-term leasing))	GJ	3,233	6,336	5,074
Gasoline (for company's vehicles (owned or in long-term leasing))	GJ	-	203	133
Total electricity consumption				
Electricity purchased from national grid	GJ	59,133	78,434	78,081
Electricity self-generated by photovoltaic system	GJ	86	717	1,110
<i>Of which consumed</i>	GJ	86	549	845
<i>Of which sold</i>	GJ	-	167	265
Total energy consumption	GJ	68,116	108,533	105,815

Morellato Group is actively tracking its greenhouse gas emissions, documenting both its direct and indirect emissions, specifically:

- Direct emissions (Scope 1): These come from sources that Morellato Group owns or controls, such as the gas used for production and heating, as well as emissions from refrigerants;
- Indirect emissions (Scope 2): These are emissions from the production of electricity that Morellato Group purchases or acquires. They can be computed according to a location-based or a market-based method. Location-based method calculates emissions based on the average emission intensity of the country where electricity is consumed. Market-based method instead takes into accounts the specific contracts subscribed by a company (such as purchases of certified renewable energy), allowing organizations to demonstrate their environmental effort.

⁶ Please see Methodological Note for calculation methods and the list of conversion factors adopted for the environmental indicators disclosure included in this chapter.

⁷ Please note that data referring to fiscal years 2023-4 and 2022-23 have been revised due to the availability of updated data on gas and diesel consumption

⁸ Please note that data referring to fiscal years 2023-4 and 2022-23 have been revised due to the availability of updated data on gas and diesel consumption

Direct (Scope 1) GHG emissions [GRI 305-1]⁹				
Scope 1	Unit of measure	as of February 28th, 2023	as of February 29th, 2024	as of February 28th, 2025
Natural Gas	tCO ₂ e	313	1,300	1,235
Diesel (for heating or productive process)	tCO ₂ e	1	1	1
Diesel (for company vehicles, owned or in long-term leasing)	tCO ₂ e	232	447	358
Gasoline (for company vehicles, owned or in long-term leasing)	tCO ₂ e	-	13	9
F-gases	tCO ₂ e	-	273	287
Total Scope 1	tCO₂ e	547	2,034	1,890
Energy indirect (Scope 2) GHG emissions [GRI 305-2]				
Scope 2	Unit of measure	as of February 28th, 2023	as of February 29th, 2024	as of February 28th, 2025
Electricity purchased from national grid - Location based	tCO ₂ e	3,667	5,854	4,654
Electricity purchased from non-renewables - Market based	tCO ₂ e	5,081	8,908	6,421
Total emissions				
Total emissions (Scope 1 + Scope 2 - Location based)	tCO ₂ e	4,213	7,888	6,544
Total emissions (Scope 1 + Scope 2 - Market based)	tCO ₂ e	5,628	10,942	8,311

Over the reporting period, Scope 1 emissions have been reduced by -7% compared to 2023-24 thanks to the lower use of fossil fuels explained previously, which has offset a slightly higher leakage of F-gasses (+5%). Scope 2 emissions computed according to the location-based method have decreased (-20%), but the renewable energy certificates led to a more substantial decrease of emissions according to the market-based method (-28%). Therefore, summing Scope 1 and 2, according to the location-based method the Group's emissions have fallen by 17% since last year's, while in the market-based method emissions have decreased by -24%.

Morellato is allocating many resources to initiatives aimed at reducing its GHG emissions. The most relevant ones are sustainable energy procurement and the photovoltaic plant that is in place on the roof of the headquarters in Santa Giustina in Colle (PD), which can approximately provide about the 50% of the energy demand of the headquarter buildings.

Considering the electricity consumption of Morellato S.p.A. only, which includes the Group headquarters and other offices in Milan, it slightly increased during the three-year reporting period (from 701,947 kWh in the fiscal year 2022-23 to 716,684 kWh in the fiscal year 2024-25). However, thanks to the installation of the solar panels, over the three-year period the electricity purchased from the national grid decreased, reaching the value of 481,737 kWh.¹⁰ The photovoltaic panels generated a total amount of 308,328 kWh (of which 234,847 kWh has been consumed), +55% compared to 2023-24.

Indeed the reporting period 2024-25 saw the plant finally increasing its production, as the photovoltaic system did not regularly work during the fiscal year 2023-24 due to extreme atmospheric events: in the period August-October 2023 the plant did not produce solar energy at all since it was damaged by hail.

⁹ Please see Methodological Note for calculation methods and the list of emission factors adopted for the environmental indicators disclosure included in this chapter.

¹⁰ Please note that the figure has been revised compared to a previous version of this Report, as the energy provider made available figures related to actual consumption.

The relamping projects in Morellato Group

Morellato Group's effort in GHG emissions reductions is directed to relamping projects as well. Most of the old lighting system have been gradually replaced with LED ones in the **shops** in France and in Italy, in the headquarter in Santa Giustina in Colle (PD) and the same initiative has been introduced in German shops 2022-23 and is in progress. In 2024-25 all the shops in Italy are equipped with LED systems and almost all those in France, while In Germany the relamping has interested or is occurring in over 80% of the shops.

4.2 Water Management

The manufacturing processes throughout the Morellato supply chain require relevant use of water, and its discharge may contaminate the soil with chemicals and heavy metals if not adequately managed. However, Morellato Group own activities do not involve the use of water and the Group withdraws a limited quantity of water, mainly for sanitary purposes.

Nevertheless, Morellato is committed to a responsible use of water resources, generating a minimum environmental impact thanks to the constant monitoring of its consumption and the implementation of actions aimed at reducing water use. Moreover, the Group has developed awareness-raising activities among the employees.

During the reporting period, water withdrawal amounted to 13.79 megaliters, achieving a reduction from the previous reporting period of -12%. Of the total, 80% is third-party municipal water and the 20% is groundwater, which is the primary source of withdrawal for the companies located in the headquarter in Italy, Santa Giustina (PD). In order to assess the impact of its water consumption and identify company's sites located in water stress areas, the Group has performed an analysis based on the guidelines provided by the Aqueduct Water Risk Atlas of the World Resources Institute. From this analysis has emerged that there are no relevant activities in areas with high water stress.

Concerning the water consumption by geographical area, it should be noted that the water withdrawal of the French and German companies is 100% from third-party (aqueduct); while, in relation to the Italian companies, 65% of the withdrawal is groundwater, and 35% comes from third party.

Water withdrawal [GRI 303-3]							
Water withdrawal by source	Unit of measure	as of February 28 th , 2023		as of February 29 th , 2024 ¹¹		as of February 28 th , 2025	
		All areas	All areas	All areas	Of which from areas with water stress	All areas	Of which from areas with water stress
Groundwater	Megaliters	2.52	-	2.33	-	2.76	-
Third-party water	Megaliters	6.98	-	13.38	-	11.03	-
Total	Megaliters	9.51	-	15.71	-	13.79	-

¹¹ Please note that data referring to fiscal year 2023-4 have been reassessed due to new, more accurate information provided by Christ.

The groundwater withdrawal in Italy is regularly analyzed, through qualified external bodies, to verify that the water quality is compliant to the sector regulations. Starting from 2022 the plants have increased the frequency of this analysis to every six months, to monitor water quality more accurately, in accordance with the Italian law D. Lgs 18/2023 and following the indication of the UNI EN ISO 19458:2006 standard. Water for sanitary use is discharged into the sewer system.

4.3 Sustainable Waste Management

Morellato is dedicated to ensuring that all of its activities have a reduced impact on the environment and are consistent with the expectations of its stakeholders, including those related to the treatment of the raw materials and natural resources. To this purpose, the Group is committed to the correct management of waste in terms of production, recovery, and disposal. Morellato adopts a strategy based on the research of more efficient solutions and the use of eco-friendly materials to achieve the reduction of waste generated and thus the minimization of the environmental impact.

The Group has implemented a waste management system that favors, wherever possible, the recycling or the reuse of the waste. Where recycling or re-use is not possible, waste is sent to disposal based on the waste type as stipulated by local legislation. All the waste generated by the Group is recovered or disposed externally by qualified and certified third parties, who operate in compliance with the contractual or legal requirements established by the local regulation of each country in which the Group's Companies are located.

The increase in the quantity of waste generated shown by the following table is also due to the inclusion in the data collection of entities previously excluded. However, the waste typologies have not changed, and they include:

- paper and cardboard;
- plastic;
- dry undifferentiated/unsorted waste;
- exhaust recyclable watches battery;
- other typologies of waste such as iron and steel and electrical equipment at the end of life.

These categories are collected and stocked in defined areas and specific containers in all the plants and shops of the Group, according to the type of waste and country-specific legislation.

Regarding the exhaust recyclable watches battery, Morellato has implemented a collecting service for them in all its shops. Exhausted watch batteries and silver oxides are collected in all shops and, once a year, the Group gives them to a specialised supplier for the recovery of some materials and the final disposal. This service is available not only to those who buy Morellato products but to all consumers who come to the shops to change the batteries in their watches.

The following table shows all waste generated broken down into two different categories: hazardous wastes and non-hazardous wastes.

Waste generated [GRI 306-3] ¹²										
Waste composition	Unit of measure	as of February 28 th , 2023			as of February 29 th , 2024			as of February 28 th , 2025		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Paper and carton	t	-	50.21	50,21	-	140,69	140,69	-	220.91	220.91
Plastic	t	-	8.56	8,56	-	9,05	9,05	-	11.10	11.10
Dry undifferentiated/unsorted (urban) waste	t	-	108.77	108,77	-	209,85	209,85	-	276.67	276.67
Dry undifferentiated/unsorted (urban) waste ¹³	t	0,20	-	0,20	0,50	-	0,50	0,33	-	0,33
Batteries	t	0,04	-	0,04	0,12	-	0,12	0,28	-	0,28
Other	t	-	1,24	1,24	-	5,16	5,16	-	-	-
Total	t	0,20	168,82	169,02	0,50	364,87	365,36	0,61	508,68	509,29
Percentage	%	0.1	99.9		0.1	99.9		0.1	99.9	

During the reporting period, Morellato generated about 509 tons of waste, observing an increase of 39% in relation to the previous reporting period. This partially is due to the adoption of new measurement methods of the amount of waste produced by shops, especially those located in shopping centers, over which the Group has no direct overview of the quantities of waste disposed of. However, the growth in the amount of paper waste can be explained by the increasing use of such material in place of plastics, as will be detailed in Chapter 7 regarding product responsibility.

It should be noted that, following the trend of past fiscal years, out of the total waste generated during the reporting period the majority belongs to the category of non-hazardous waste, and accounts for 99.9% of the total, while the category of hazardous waste is represented by a very limited share. Indeed, most of waste produced by the Group consists of paper and cardboard packaging, plastic wrappers, and other kinds of envelopes and boxes.

¹² Please note that data about waste do not cover Clear for fiscal year 2023-24 and do not include Christ and Clear for fiscal year 2022-23.

¹³ Packaging containing residues of or contaminated by hazardous substances.

5. People responsibility

5.1 Diversity and Equal Opportunities

Human capital is considered a primary factor in achieving Morellato's objectives, because of the professional contribution made by each worker in a relationship based on loyalty, fairness and mutual trust. The workers are a fundamental resource for the development and the growth of the Group and their heritage of knowledge and experiences has constantly been enhanced and increased.

In order to enable the human capital to express its full potential, Morellato has always been committed to the promotion of a pleasant working environment for all of its workers. Morellato guarantees full compliance with the applicable regulatory requirements, as well as with the most stringent international standards, as for example the I.L.O. (International Labor Organization) principles, that promote the protection of the dignity and rights of all workers involved in the production chain.

At the end of the period covered by this Report, Morellato Group counts **4,681 employees worldwide**, of which 46% in Germany, 33% in Italy, 18% in France and the remaining 3% in the Asia Pacific region, which includes the offices in Hong King, China, Dubai and Thailand. In the fiscal year 2024-25 there have been no significant changes in the total number of employees, which has remained almost steady compared to the previous reporting period, growing by just 1.4%.

Regarding the breakdown of Morellato workforce by gender, 85% of employees are women and 15% men (as in the previous reporting period). The prevalence of women is a common characteristic of the jewelry labor market, in which the retail workforce (which makes up 82% of the Group's total workforce) usually sees a large majority of female employees. Breaking down the statistic by region, in Italy women are 91% of employees, 88% in France, 81% in Germany and 74% in the Asia Pacific companies.

In the reporting year, employees covered by **collective bargaining agreements** are 2,391, 51% of the total number of employees, in line with the previous year's percentage. All the employees of the Italian and French companies are covered by collective bargaining agreements. Italian employees are covered by four different contracts: *Dirigenti Industria*, *Dirigenti terziario*, *Industria Pelli e Cuoio* and *Commercio Terziario*. On the other hand, French employees are divided as follows: MisterWatch's employees are covered by the collective agreement *Horlogerie – Commerce de Gros* (IDCC 1044), while Cleor's employees (97% of the total French employees) are covered by the collective agreement *Horlogerie Bijouterie – Commerce de detail* (IDCC 1487). Even if collective bargaining agreements are not adopted in Germany and in the Asia Pacific region, contracts applied by Morellato Group in these areas fulfill the obligations imposed by national regulations.

In performing its activities, Morellato does not only rely on its own employees but also on **workers who are not employees** whose work is controlled by the Group, who are 335 as of February 28, 2025. The most common types of non-employee workers are sales agents and interns, other types are company directors, temporary workers and other external collaborators. Most of them (320) are located in Italy and are mainly employed in sales support, 11 external collaborators are employed in France and 4 in the Asia Pacific area. The total number of these workers has slightly increased from the previous reporting year (+5.3%).

Employees [GRI 2-7]									
Total number of employees by employment contract (permanent, temporary and non-guaranteed hours), by gender and region									
Type of contract	as of February 28 th , 2023			as of February 29 th , 2024			as of February 28 th , 2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Region: Italy									
Permanent	85	779	864	106	865	971	118	958	1,076
Temporary	27	272	299	31	343	374	19	303	322
Non-guaranteed hours	22	380	402	3	164	167	3	167	170
Total	134	1,431	1,565	140	1,372	1,512	140	1,428	1,568
Region: France									
Permanent	80	606	686	98	664	762	89	640	729
Temporary	19	118	137	13	75	88	9	85	94
Non-guaranteed hours	-	-	-	-	-	-	-	-	-
Total	99	724	823	111	739	850	98	725	823
Region: Asia Pacific (Hong Kong, China, Dubai and Thailand)									
Permanent	33	73	106	38	99	137	35	102	137
Temporary	-	-	-	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-	-	-	-
Total	33	73	106	38	99	137	35	102	137
Region: Germany									
Permanent	265	1,127	1,392	249	1,192	1,441	256	1,151	1,407
Temporary	132	398	530	132	346	478	131	400	531
Non-guaranteed hours	-	-	-	23	174	197	24	191	215
Total	397	1,525	1,922	404	1,712	2,116	411	1,742	2,153
MORELLATO GROUP									
Permanent	463	2,585	3,048	491	2,820	3,311	498	2,851	3,349
Temporary	200	1,168	1,368	176	764	940	159	788	947
Non-guaranteed hours	-	-	-	26	338	364	27	358	385
Total Morellato Group	663	3,753	4,416	693	3,922	4,615	684	3,997	4,681

As of February 28, 2025, the majority of Morellato employees are hired with a permanent contract (72%), 20% is hired with a temporary contract and the remaining quota (8%) is hired with a non-guaranteed hours contract as sales assistants in shops. The proportions are the same as last year.

Considering the breakdown of contract types by country, Italian employees with a permanent contract represent the 69% of the local workforce, a higher share compared to last year's 64%, whereas the share of temporary contracts has diminished from 25% to 21% and workers with a non-guaranteed hours contracts are stable at 11% of local employees. These changes maintain a positive trend that has led the share of permanent contracts in Italy rise from 46% in the fiscal year 2021-22 to the current 69%, proving Morellato commitment in offering **stable working**

opportunities. Germany has a similar distribution as Italy, with 65% of permanent contracts (from last year's 68%), 25% temporary contracts (from 23% in 2024) and 10% of non-guaranteed hours contracts (up from 9%). In France there is a larger quota of permanent contracts (89% of the total workforce, slightly less than the previous 90%) and no non-guaranteed hours contracts, while in the Asia Pacific area all employees are hired with a permanent contract.

Employees [GRI 2-7]									
Total number of employees by employment type (full-time, part-time and non-guaranteed hours), by gender and region									
Type of contract	as of February 28th, 2023			as of February 29^h, 2024			as of February 28th, 2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Region: Italy									
Full-time	88	402	490	99	438	537	104	600	704
Part-time	24	649	673	38	770	808	33	661	694
Non-guaranteed hours	22	380	402	3	164	167	3	167	170
Total	134	1,431	1,565	140	1,372	1,512	140	1,428	1,568
Region: France									
Full-time	97	666	763	107	682	789	90	647	737
Part-time	2	58	60	4	57	61	8	78	86
Non-guaranteed hours	-	-	-	-	-	-	-	-	-
Total	99	724	823	111	739	850	98	725	823
Region: Asia Pacific (Hong Kong, China, Dubai and Thailand)									
Full-time	33	73	106	38	99	137	35	102	137
Part-time	-	-	-	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-	-	-	-
Total	33	73	106	38	99	137	35	102	137
Region: Germany									
Full-time	359	756	1,115	347	820	1,167	339	811	1,150
Part-time	38	769	807	34	718	752	48	740	788
Non-guaranteed hours	-	-	-	23	174	197	24	191	215
Total	397	1,525	1,922	404	1,712	2,116	411	1,742	2,153
MORELLATO GROUP									
Full-time	577	1,897	2,474	591	2,039	2,630	568	2,160	2,728
Part-time	86	1,856	1,942	76	1,545	1,621	89	1,479	1,568
Non-guaranteed hours	-	-	-	26	338	364	27	358	385
Total Morellato Group	663	3,753	4,416	693	3,922	4,615	684	3,997	4,681

As of February 28, 2025 the majority of employees (58%) are employed under full-time contracts, while 34% have a part-time contract and 8% a non-guaranteed hours contract, a situation close to that of the previous reporting period. In Italy 45% of employees work full-time while 44% part-time (the remaining quota are non-guaranteed hours contracts). Compared to the previous reporting period Italy has seen a large increase in full-time contracts, which have moved from 36% to 45% of the total, again a demonstration of Morellato's commitment to improve as employer. In France most employees have a full-time contract (90%) and only 10% have a part-time, a situation similar to that of last year. In the Asia Pacific area full-time contracts are the only contract typology. In Germany the situation has remained stable, as most employees have full-time contract (53%) and 37% have a part-time one, while 10% is employed with a non-guaranteed hours contract.

The gender distribution of contracts type shows some imbalance that the Group is actively seeking to correct. Indeed as mentioned before female employees are 85% of the total at Group level, however they hold 94% of part-time contracts, 93% of non-guaranteed hours contracts and 79% of full-time contracts. This is due to the higher proportion of women in the retail workforce (89%), which sees a much larger resort to part-time and non-guaranteed hours compared to other roles. It has to be noted that in comparison to fiscal year 2023-24 the situation has improved, as the share of women working part-time has dropped by 2 percentage points and that of full-time female employees has increased accordingly.

Diversity of governance bodies and employees [GRI 405-1] ¹⁴									
Percentage of employees by employee category and gender									
Percentage	as of February 28 th , 2023			as of February 29 th , 2024			as of February 28 th , 2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managers	1.1%	1.1%	2.1%	1.2%	1.1%	2.3%	1.1%	1.3%	2.4%
White Collars	10.1%	67.3%	77.4%	11.7%	79.9%	91.6%	11.4%	80.5%	91.9%
Blue Collars	3.8%	16.7%	20.5%	2.1%	3.9%	6.1%	2.1%	3.7%	5.8%
Total	15.0%	85.0%	100.0%	15.0%	85.0%	100.0%	14.6%	85.4%	100.0%

The composition of Morellato's workforce shows a predominance of **white-collars** workers, who represent 92% - 4,300 in absolute terms - of the total number of employees. This category is mostly represented by sales assistants in direct shops, and it also includes headquarters employees of the different Group companies. The category of **blue collars** amounts to 6% of the total employees and it includes the Italian operators in the laboratory for watches straps production and the French and German logistic operators. Lastly, **managers** are 2% of the total workforce, including the C-level members of the Group companies. Proportions are unchanged compared to last year.

Looking at gender diversity, women are 88% of white-collars, 64% of blue-collars and 53% of managers. While their representation among blue and white collars has remained nearly constant from the previous reporting period, female managers have gone from 49% to 53% of the category.

¹⁴ Please note that in the fiscal year 2023-24, sales assistants in French stores have been reclassified from blue collar to white collar workers to align the categorization of French sales assistants with that already adopted in Italy and Germany. Thanks to this reclassification, all Group sales assistants are included in the white-collar category starting from the fiscal year 2023-24.

Diversity of governance bodies and employees [GRI 405-1] ¹⁵									
Percentage of employees by employee category and age group									
Percentage	as of February 28 th , 2023			as of February 29 th , 2024			as of February 28 th , 2025		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Managers	0.0%	1.5%	0.6%	0.2%	1.4%	0.7%	0.2%	1.5%	0.7%
White Collars	30.0%	33.1%	14.3%	36.8%	36.8%	18.0%	38.3%	36.4%	17.2%
Blue Collars	9.3%	7.9%	3.3%	1.1%	3.1%	1.8%	0.9%	3.1%	1.8%
Total	39.3%	42.4%	18.3%	38.2%	41.3%	20.5%	39.4%	40.9%	19.7%

In terms of age distribution, as of February 28, 2025, the majority of Morellato employees are between 30 and 50 years old (1,916), 41% of the total; this group is followed by the lower age range, under 30, which includes 39% of employees (1,845 employees). Lastly employees over 50 years represent 20% of the total (920 employees). Compared to the previous fiscal year, the youngest group has increased both in terms of size and relative proportion, while the oldest has decreased in number and in share.

Considering employee categories, most managers are in the intermediate age range (71 out of 111) as it is for blue collars (143 out of 270), on the other hand white collars are represented mostly by under 30 (1,793 out of 4,300).

Diversity of governance bodies and employees [GRI 405-1] ¹⁶			
Percentage of employees by employee category and other indicators of diversity			
Percentage	as of February 28 th , 2023	as of February 29 th , 2024	as of February 28 th , 2025
Managers	-	-	1.8%
White Collars	2.6%	2.6%	3.0%
Blue Collars	2.0%	4.6%	4.8%
Total	2.4%	2.6%	3.1%

Looking at Morellato's employee diversity, as of 28th of February 2025 there are a total of 145 (from 122 in 2024) employees belonging to **vulnerable groups**, a category that include people with disabilities and young workers under 18 and represents 3.1% of the total employees of the Group. The percentage of employees belonging to vulnerable groups is higher among blue collars (4.8%), who are located mainly in Italy. In terms of absolute number however the majority of these employees are white collars, working mostly in Germany and Italy. In Italy, they belong to the protected categories according to Italian law 68/99, which is aimed at integrating people with disabilities in companies' workforce. In Germany, the total number of vulnerable employees is 87,

¹⁵ Please note that in the fiscal year 2023-24, sales assistants in French stores have been reclassified from blue collar to white collar workers to align the categorization of French sales assistants with that already adopted in Italy and Germany. Thanks to this reclassification, all Group sales assistants are included in the white-collar category starting from the fiscal year 2023-24.

¹⁶ Please note that in the fiscal year 2023-24, sales assistants in French stores have been reclassified from blue collar to white collar workers to align the categorization of French sales assistants with that already adopted in Italy and Germany. Thanks to this reclassification, all Group sales assistants are included in the white-collar category starting from the fiscal year 2023-24.

of which some are young workers under 18 years and others are employees with disabilities, as it is defined respectively by German youth protection law and Germany labor law.

5.2 Human Rights

Morellato strongly believes that respect for people and the local communities is an essential pillar of its business model. As described in the Code of Ethics, the Group is committed to respecting the rights of workers, ensuring a working environment in which freedom of expression and full respect for diversity prevail. Furthermore, no form of discrimination is permitted at Morellato, based on age, state of health, gender, religion, ethnicity, political and cultural opinions; practices aimed at advantaging interest groups or individuals are also not permitted. The recruitment process is also carried out ensuring non-discrimination, in fact it is based exclusively on the match between expected and required profiles; all employees and collaborators in Morellato are recruited only based on skills, attitude and experience.

Moreover, the Group fully respects diversity, prohibiting any type of harassing or damaging behavior towards third parties both inside and outside the workplace.

As stated in the Code of Ethics, Morellato prohibits the use of child labor and refuses to engage in contracts with suppliers or subcontractors that use child labor; it fights against forced or compulsory labor and practices such as withholding original identity documents or requiring payment of deposits at the beginning of the employment relationship.

The Group's objective is to value its resources above all in the sphere of their rights, guaranteeing them the right to form, participate in and organize trade unions of their own choice and to bargain collectively with the Company. Morellato observes the current legislation and national labor contracts, as regards working hours, holidays and working permits. It also guarantees all its employees a decent salary, proportionate to the quality and quantity of the work performed, that is adequate to meet their needs. The Group also sets working hours that protect workers' right to rest and that comply with the laws in force in each country in which it operates.

The risk of non-protection of fundamental human rights and non-compliance with international human rights regulations and national labor laws are constantly monitored by the HR Departments located in the Headquarter in Padua and in the Subsidiaries. In 2024 there have been no incidents of discrimination reported to the Group. Despite the effort in preventing any conduct that might undermine the dignity, rights, and security of Morellato employees, an incident of discrimination occurred during the previous reporting period, specifically in May 2023. Following the receipt of a complaint, internal inquiries confirmed an episode of sexual harassment in the Italian headquarter. Morellato decided to remediate the incident concluding the employment of the worker involved.

5.3 Occupational Health and Safety

Workplaces in Morellato are designed and managed to ensure safe and healthy environments in compliance with national and international directives. The culture of safety is conveyed by promoting responsible behaviors and developing risk awareness, through customized training courses and ensuring that each employee and collaborator does not expose others to risks and dangers that may cause damage to health and physical safety.

The Group is aware of the health and safety of its workers in all their activities and is committed to pursuing the purpose of continuous improvement of the health and safety conditions of the workers. To further improve its preparedness in this matter, the Group is working to improve its Health and Safety procedure and has undertaken a renovation of fire safety systems in the HQ

building and its warehouse shelving. The usual medical examinations were carried out, as per health protocol.

In Italy, France and Germany, even if a certified Health and Safety management systems is not in place, there is a **regulatory framework** that disciplines the **occupational health and safety management** according to national legislation and it involves all the employees. In the other facilities located in the Asia Pacific area the national laws do not require companies to adopt structured health and safety management system. However, the Human Resources department ensures the respect of health and safety standards, and supplementary health insurance is provided to employees.

In Italy, this system implies the identification of responsible figures, such as the responsible for Prevention and Protection Service (RSPP, one external collaborator for Morellato, Arca e Kronoshop, another one for DIP) and the workers' safety representatives (RLS). Occupational health and safety risks are also managed, and the processes are summarized in a specific **risk assessment document** (DVR) in which all risks are identified (on a routine or non-routine basis, external or internal factors). The results of these processes are periodically monitored, and corrective actions are identified and implemented to eliminate risks. Accident and near misses monitoring is carried out monthly in the production departments, and this analysis is used to monitor possible areas of intervention, and it is also made visible to all workers. In the Italian plants there is also a prevention and protection service that contributes to the elimination of risks and hazards through periodic analysis, also carried out by third parties, which is committed to the continuous updating of processes or equipment. Moreover, when an injury occurs, it is timely communicated to the RSPP and an INPS (*Istituto Nazionale della Previdenza Sociale*) procedure is initiated according to the Italian regulation. The quality of the service is ensured by periodic monitoring of accidents and near misses and continuous dialogue with the RLS. Finally, Morellato ensures that personal health data of employees are not used for potential discrimination in the workplace. Sensitive information is safeguarded and processed by the designated company DPO (data protection officer) who coordinates the activities of information security management, according to the GDPR UE 2016/679.

On the other hand, in France, as stated by national law, each facility of Cleor and Misterwatch must implement a **risk assessment document**, which is annually updated and brings together the inventory of risks identified in the facility, classifying them by their level of severity and by frequency. Employees are regularly updated by the Human Resources department, which carries out internal communications on health and safety at work. In Cleor, there is also a **security commission** composed of four members which was set up to take over most of the health and safety responsibilities. It regularly meets four times per year, but extraordinary meetings can be organized at the request of a member in case of dangerous situations. Its aim is to analyze the working conditions and occupational risks faced by employees and to update the company's risk prevention plan by reassessing the existing measures, implementing preventive measures and analyzing possible areas of improvement. In particular, the work-related hazards that pose a risk of injuries in Cleor facilities are the storage of combustible or the presence of hazardous premises together with verbal and physical aggressions or robbery in shops and offices. Each employee is asked to communicate the complaint to managers, that are in charge of initiating the process of corrective action implementation. When an employee reports hazards, he is protected against dismissal. Moreover, an **occupational physician** is available to all French employees that receive a visit on hiring and every 5 years in order to assess whether they are medically fit to perform their working activities.

In Germany, the health and safety issues are managed for all the employees in compliance with the German laws of labor. The most relevant roles are the **occupational safety specialist** and the

company physician that collaborate in the risk assessment activities aimed at identifying and minimizing possible hazards in operations. Moreover, workers can report work related hazards to their managers or the occupational safety specialist through the completion of risk assessment forms. All the hazards identified are analyzed at least four times per year in meetings that involve the occupational safety specialist, the company physician, the employer and employee representatives. The health and safety issues that are discussed during the meetings are summarized in documents that serve as the basis for workplace inspections and the implementation of corrective actions. In particular, a relevant initiative put in place to eliminate hazards and minimize risks consists in the **medical care** set up by the provider for occupational health services in accordance with German labor security law and within the framework of regular operating **site inspections**. Moreover, workers are protected under German labor law to be able to refuse unsafe work conditions and report violations.

In all Italian companies, workers are kept up to date on all possible health and safety risks and receive regular **health and safety training**, supported by external consultants including an occupational physician. Training hours vary according to the level of risk attributed to the activity and cover all generic and company-specific risks: 4 hours are offered to headquarter and sales assistant workers while 12 hours for those working in production and warehouse departments. Moreover, mandatory training is provided to new employees through an e-learning platform within 60 days from the hiring date, according to the Italian regulation. Additionally, one or two sales assistants per store are designated for fire prevention and first aid training.

Also, in Cleor training is provided for employees on occupational health and safety issues, e-learning training is organized on fire risks and awareness modules on road risk, gestures, postures and psychosocial risks are also available in the e-learning modules. At the logistic hub, specific training for forklift driving has been organized.

On the other hand, in Christ Group, new employees complete a series of mandatory training courses via an e-learning platform covering the topics of occupational safety and crisis management. Moreover, some selected employees receive training for first aid techniques and others for fire safety.

Italian companies are also committed to facilitating workers' access to **non-occupational medical and health services** by providing two different non-occupational medical and health services regulated by Collective Agreements. The Group also provides private medical insurance for Hong Kong office staff, external inspection insurance for Chinese CQC staff and travel insurance for all staff who have to travel.

While in the French Mister Watch company, regular medical examinations are carried out in accordance with official occupational health care calls and the company contributes to a compulsory health insurance and forwards occupational health care calls when it receives one. In addition, in the France Cleor company compulsory medical examinations, which are performed by an occupational health service, are carried out for all employees in accordance with the French labor code. The employer has a legal obligation to take out supplementary insurance (i.e., *mutuelle*) for all his employees through a collective agreement since 2016, and to pay a minimum of 50% of the premium. On the other hand, the employee has the obligation to take the insurance offered by the company. The French *mutuelle* is not compulsory for other people such as the self-employed, freelancers, short-term contracts. Finally, Cleor offers a complementary health insurance to all its employees providing other medical services such as dieticians, to advise employees on their food and nutritional choices.

In Germany the health insurance offered by companies and required by law provide several services and preventive examinations for their members. A relevant example is the annual

ophthalmological visit offered for free to employees with VDU (Visual Display Unit) workstation carried out by the company physician. Other initiatives offered to workers for health promotion are the possibility of leasing a company subsidized bicycle and health tips shared to all employees via the intranet about various health related topics.

Employees – Work related injuries [GRI 403-9]¹⁷			
	as of February 28th, 2023¹⁸	as of February 29th, 2024	as of February 28th, 2025
Hours worked	2,451,492	5,910,262	5,835,832
Total number of recordable work-related injuries	22	69	32
of which: total number of high-consequence work-related injuries (excluding fatalities)	-	2	-
of which: total number of fatalities as a result of work-related injury	-	-	-
Commuting incidents	-	1	1
Rate of recordable work-related injuries	8.97	11.84	5.65
Rate of high-consequence work-related injuries (excluding fatalities)	-	0.34	-
Rate of fatalities as a result of work-related injury	-	-	-

Workers who are not employees – Work related injuries [GRI 403-9]¹⁹			
	as of February 28th, 2023	as of February 29th, 2024	as of February 28th, 2025
Hours worked	561,440	550,880	576,200
Total number of recordable work-related injuries	-	2	-
of which: total number of high-consequence work-related injuries (excluding fatalities)	-	-	-
of which: total number of fatalities as a result of work-related injury	-	-	-
Commuting incidents	-	-	-
Rate of recordable work-related injuries	3.85	3.63	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-	-
Rate of fatalities as a result of work-related injury	-	-	-

¹⁷ High-consequence work-related injuries are those that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months. Commuting incidents are those ones that occurs on the way between the workplace and a place belonging to the private sphere and when the transport has been organized by the organization. The rate of injuries (or fatalities) of employees are calculated as the total number of injuries (or fatalities) divided by the number of hours worked, multiplied per 1,000,000.

¹⁸ Data referring to the fiscal year 2022-23 do not include Christ, while data from the fiscal year 2023-24 onwards refer to the entire Morellato Group, including Christ.

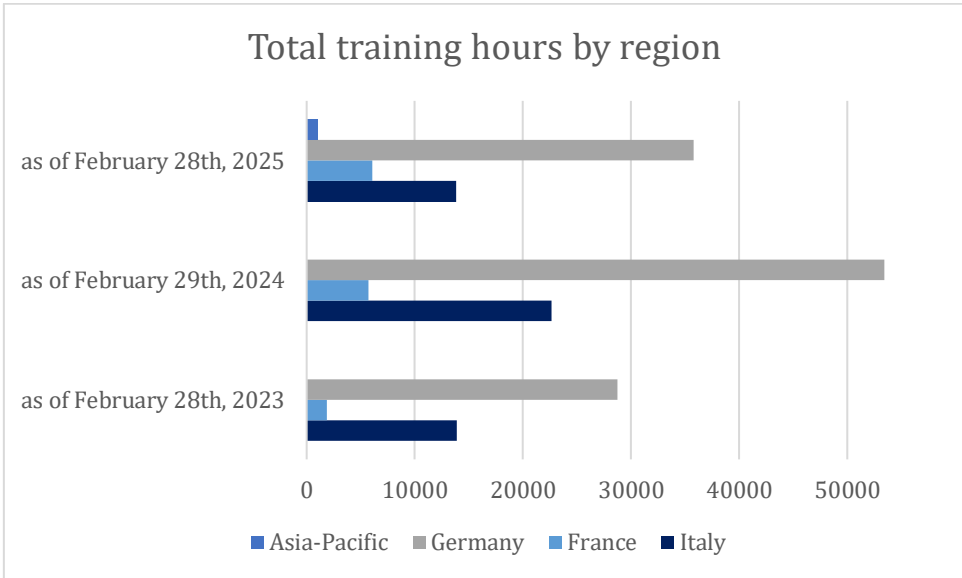
The health and safety measures that Morellato Group puts in place to minimize work-related risks have contributed to a sharp decrease in the number of injuries recorded during the reporting period: 32, less than half of year’s 69, plus a commuting incident²⁰. As a result, the rate of recordable work-related injuries is 5.65, a reduction of over 52% compared to 2023-24. The most frequent type of injury is accidental, and most are related to legs, feet and ankles, hands and back or neck. Moreover, also thanks to improvements in health and safety training for new hires, no injuries with high consequence occurred. Furthermore, no fatality took place.

Similarly, with regards to external workers the situation has also improved, as no injuries were recorded (compared to 2 in 2023-24).

5.4 Human Capital Development

The Group firmly believes in the contribution that its employees can make to the success of its business. For this reason, there is a constant process of strengthening the technical and managerial skills of the human resources, to guarantee to everyone equal opportunities and the chance to express their attitudes and potential to the best of their ability. Employees training and assessment procedures are constantly being updated so that all Morellato’s employees can access increasingly challenging and stimulating career prospects and objectives.

Investments in training play an important role in the Group's social responsibility activities. After important efforts by the Group to increase the **training offering** in 2023-24, the fiscal year 2024-25 has seen a stabilization of training hour, resulting in a total of **56,785 training hours** provided (81,778 the previous year). Compared with the precedent reporting period the total training hours have decreased by -31%, mainly because of the reduction in health and safety and non-mandatory training for the sales workforce (which is the majority of Morellato employees).



Considering the geographical distribution, a total of 13,839 training hours were provided to Italian employees, -39% compared to the previous year. Moreover, a total of 6,097 hours of training were provided in the French sites (+6% since last year). It should be noted that, in this case, training hours provided by Cleor have been increasing since fiscal year 2022-23, highlighting the commitment of the Group in strengthening the skill development of employees.

²⁰ The commuting incident has been considered because, aligned with the GRI Standards indications, it occurred on the way between the workplace and a place belonging to the private sphere and the transport was organized by Morellato.

In Germany a total of 35,810 training hours were provided (-33% compared to 2023-24). In the Asia Pacific region a total of 1,039 hours have been provided.²¹



The technical training in Morellato Group in Italy

In Italy, at the beginning of the 2023-24 fiscal year a dedicated function for training the retail workforce was created: the **Retail Training Manager**, highlighting the Group's commitment to developing technical competence within the sales personnel.

The primary focus of training activities is on retail-level sales techniques, with sessions conducted both in presence and through e-learning. Courses deal in a first phase with **selling techniques of jewelry and watches**. The different phases of a standard client transaction - from the welcoming to the product selection and the payment - are analyzed and several insights presented. The objective of this phase is the acquisition of competences needed to effectively support each client in its shopping experience. The topics covered during the second session consist in the **different services offered in shops**: used gold withdrawal, instant jewelry engraving, watch battery or strap replacement and jewelry cleaning. For each service a procedure and tips are shared to make the personnel more aware and confident in offering the services to consumers.

In 2024-25 training has continued, both in physical and virtual classes. Moreover, an external **Mystery shopping** provider has been engaged to identify potential weaknesses and further improve training.



Lower training for the retail workforce has caused average training hours to be lower than in the fiscal year 2023-24, at 12.13 hours per employee (-32%), but still higher than in earlier periods (+20% compared to 2022-23).

Average training hours per year per employee [GRI 404-1]

Average training hours per employee category and gender

Average Hours	as of February 28 th , 2023			as of February 29 th , 2024			as of February 28 th , 2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managers	1.12	1.26	1.19	1.18	0.31	0.76	4.69	2.67	3.61
White Collars	29.27	10.47	12.93	21.29	18.06	18.47	14.77	12.67	12.93
Blue Collars	0.48	0.17	0.22	4.59	17.24	12.81	4.31	2.10	2.90
Total	19.93	8.33	10.07	17.33	17.79	17.72	12.50	12.07	12.13

²¹ Thanks to improvement in data collection methods, for fiscal year 2024-25 it has been possible to obtain solid data for the Asia Pacific region, which was not possible in previous years.

6 Social Responsibility

6.1 Local Communities Engagement

Morellato believes that respect for people and local communities is an essential pillar of its strategy, in fact, for years the Group has been actively involved in important solidarity and charity projects and initiatives.

For many years Morellato Group has been supporting “**Medici con l’Africa Cuamm**” (Doctors with Africa), an important Italian NGO that since 1950 promotes healthcare in Africa and manages four hospitals and several health care facilities in Sud Sudan.

The Group has been supporting for many years the program “**Prima le Mamme e i Bambini**” (mothers and children first), carried out by the NGO in sub-Saharan Africa to reduce childbirth deaths, which is the highest in the world in the area. The project aims to help women survive childbirth and guarantee children health in the first 1,000 days of life, i.e. the time from the beginning of pregnancy until the child is two years old.



The program has evolved into “*Prima le Mamme e i Bambini. Persone e Competenze*” (mothers and children first: people and skills), with the additional objective of improving training and capacity of local healthcare professionals, boosting the performance of health facilities, specifically maternal and childcare. This program seeks to assist childbirth to 320,000 women and nutritional assistance to 60,000 children in nine African countries: Angola, Ethiopia, Mozambique, Tanzania, Central African Republic, Sierra Leone, South Sudan and Uganda. During the reporting period Morellato Group supported the program at the **Wolisso Hospital in Ethiopia**, with 200 seats that guarantee over 15,000 admissions, 10,000 prenatal visits and 4,600 deliveries in a year. Over 1,200,000 people refer to the hospital and the surrounding network of 20 health centers. In Wolisso there is also a school for nurses and midwives, which guarantees staff and continuous training.



Morellato’s support is not limited to the Wolisso Hospital. Since 2014, Medici con l’Africa Cuamm has also been present at the **Cueibet Hospital in South Sudan**, which serves 178,000 people. Thanks to Morellato’s support, the NGO has engaged with the local government for the

improvement of the structures in order to offer complete assistance in case of childbirth-related emergencies.

Moreover, in 2023-24 Morellato has financed the renovation of the Rumbek Stet Hospital in South Sudan, which serves over 545,000 people, particularly by supporting the following areas:

- the facility's needs in terms of consumable **medical supplies** such as disposable gloves, masks, disinfectants, and syringes;
- the hospital's needs in terms of **essential medicines** such as antipyretics and antibiotics;
- purchase of **fuel** to ensure the electrical continuity of the facility and the availability of hospital ambulances;
- supplementing the **monthly salary of the local staff** working at the facility.

Morellato has planned for the 2025-26 period to support also another Medici con l’Africa Cuamm project: the foundation of a new obstetrician and nurse school in Bossangoa, Centrafrican Republic.



Besides this, Morellato has kept supporting, as in the previous reporting year, the Italian association **Nuovi Orizzonti**, that aims to intervene in all areas of social distress through acts of solidarity that support those in serious trouble, with special attention paid to the many problems characterizing street youth and the world of young people.

In Germany, Christ has carried out for the seventh consecutive year its **CHRIST-KIND** campaign, which collected donations for families in need during the 2024 Christmas season, in cooperation with the social enterprise Wellcome. For many years, the CHRIST-KIND chain campaign has been an integral part of the pre-Christmas period and stands for the values of charity and giving. For every necklace sold, CHRIST donated €10 to the Wellcome charity to help families and children in difficult situations. Wellcome is committed to giving every child a loving and fulfilling childhood – a mission that CHRIST supports with complete conviction, in particular during the Christmas season as a symbol of sharing joy and hope.

In February 2025 Christ has launched another charity campaign for International Women's Day: "**A statement for strength**". Christ supported the 'FrauenOrte NRW' project of the Women's Council of North Rhine-Westphalia, an association that represents the interests of over two million local women and stands for diversity, independence and the promotion of women's rights, with the goal of achieving gender equality in all areas of life. The FrauenOrte NRW project plans to place commemorative plaques at 52 locations in North Rhine-Westphalia, remembering historical examples of extraordinary women, from resistance fighters to artists. These inspiring personalities show how women have changed the world and offer young girls strong role models. To support the initiative Christ has realized a dedicated bracelet in 375 gold and for each bracelet

sold during the campaign period, 10 euros have been donated to the FrauenOrte NRW project. Thanks to the support of numerous customers, a total of 3,000 euros was raised.

6.2 Youth empowerment

In 2024-25 has taken place the fourth edition of the **Morellato Next Talent** contest, a project to celebrate passion and creativity of young talents in the field of image and communication, in the areas of photography, content creation, set design, make-up & hair, and styling.

The initiative is aimed at supporting youth empowerment, offering to young professionals the opportunity of a training on the job experience. The winners of sectorial contests had the possibility to participate in the creative process and the shooting of Morellato photographic campaign with the brand ambassador Giulia Salemi. Moreover, the chosen young professionals had the opportunity to independently create and produce contents for the social media channels of the brand, living a 360° training experience.

#MORELLATO
NEXT TALENT₃
Dimostra il tuo talento



7. Responsibility to our customers and products

7.1 The Group supply chain

Morellato is aware that offering products that fully reflect the values of ethics and sustainability requires action beyond its ordinary scope. Indeed, for the Group, promoting a responsible business conduct at all stages of the value chain has become a priority. As presented in the “Sustainability approach” chapter, two relevant actors of Morellato supply chain are its **suppliers** and its **customers**. Between them Morellato acts as orchestrator and, thanks to a direct production structure that allows full control of production, its business model can be implemented by all the Group's brands, including those produced under license.

The architecture of the company's supply chain allows for a strategic mix and coexistence between the two directions of integration (suppliers and customers), and it enables Morellato to realize various synergies that support the company in establishing itself as a major player in the watch and jewellery sector.

Starting from the first step of the supply chain, the creation of the idea and the initial design of the products takes place in the headquarters, where the design team gathers information from various sources to start working on the projects. The indications come from a careful study of the market and other competitors, to understand which collections and trends are in vogue at a particular time or year. The Group's focus is on environmental and social sustainability, which involves also the supply chain with various projects. Attention to the environment and human rights to build a greener product and corporate image is an important path that the Morellato Group has been following in recent years.

Morellato is committed to asking its suppliers to share its specific approach to sustainability, which is represented by continuous performance improvement on three objectives: **accountability, traceability** and **transparency**. This approach ensures that the Group achieves one of its most important objectives, to have a responsible and sustainable supply chain. Morellato has created a specific section in its Code of Ethics dedicated to its suppliers and the supply chain. Following this approach, the Group during the reported period has shared the Code to the strategic suppliers, requesting them to be in compliance with the principles set out in the document, in particular with the section "Responsibilities in the supply chain".

Moreover, the Group is committed to ensuring that all potential suppliers have an **equal opportunity to participate in the selection processes**; in fact, the stipulation of conditions for the purchase of goods and services is based on values and parameters of competitiveness, objectivity, legality, impartiality, fairness in prices, quality of the goods and/or services. Morellato assesses in detail the guarantees offered in terms of assistance and the general range of offers.

Starting from the fiscal year 2022-23, Morellato has implemented a formalized procedure that defines the process of valuation and qualification of the suppliers, which include environmental and social criteria. That guidelines are continuously updated and improved to ensure compliance with new regulations and quality standards.

A specific section of the Code of Ethics is dedicated to customers, in which it is included Morellato's commitment in satisfying the customers' needs and preferences. This objective is pursued through a **transparent communication** and the **respect of the health and safety standards**.

Focus Box on 'Responsibilities in the supply chain'

Morellato presents a series of provisions that it expects its suppliers to comply with, mainly concerning the following points:

Threatened species

The use of sources of supply that ensure compliance with international and local regulations, in particular the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora" (CITES), regarding the sourcing, import, use and export of raw materials from endangered or protected species used for the realization of watches stripes.

Diamond policy

Participation for diamond suppliers, as a prerequisite, in the Kimberly Process Certification Scheme (KPCS) and the World Diamond Council's voluntary system of warranties, which aim to end the trade in conflict diamonds and support similar future initiatives to protect human rights and promote the integrity of diamond supply chains. In addition, sourcing is prioritized through suppliers certified by the Responsible Jewellery Council (RJC).

Precious metals - gold, silver and platinum

Recognition of Responsible Jewellery Council (RJC) codes of conduct and certifications: giving priority to materials from RJC certified mines and recycled metal refiners.

Other standards may be considered if it can be clearly demonstrated that they are equivalent. In any case, suppliers must guarantee that the precious metals they supply have been extracted in a responsible manner that respects human and workers' rights. Furthermore, these precious metals must not come from conflict zones and their extraction must not cause environmental damage, either directly or through subsequent contamination by tailings or waste rock.

Forest products

The use of paper, packaging and other wood-based products from responsible or recycled sources or from ecologically, socially beneficial and economically sustainable managed forests, giving priority to FSC or PEFC certified materials.

Coloured gemstones

Encourage the sourcing of gemstones from RJC-certified sources. Sources of supply must ensure that gemstones have been extracted in a manner that respects human rights and workers' rights. In addition, they must not come from conflict zones and their extraction must not cause environmental damage. Full information on the physical characteristics of gemstones (including detailed information on processing) is always required, in accordance with national and international laws and industry best practice.

Hazardous substances

Only use sources that ensure their products comply with applicable international laws:

- REACH
- Proposition 65

Conflict Minerals

Use only sources of supply that make use of materials from companies operating in compliance with the US "Dodd-Frank Wall Street Reform and Consumer Protection Act" (2010) which requires manufacturers to monitor their supply chain and report on the use of conflict materials, and the European Union Regulation 2017/821 which sets out obligations in terms of duty of care in supply chains for EU importers of tin, tantalum and tungsten, their ores, and gold, from conflict zones or high-risk areas.

7.2 Product Stewardship and Circular Economy

Morellato's products are an expression of the Group's identity, each of them representing, on the one hand, the connection to the past, tradition and craftsmanship, and, on the other hand, the vision for an innovative and sustainable future.

Morellato has developed over the years a great experience in **quality control**. Each stage of the production, from the selection of the materials to their development and manufacture, is constantly monitored by laboratories, where specific tests - like the gold title and the presence of nickel - are carried out for technical and aesthetic control, in order to verify the conformity to the expected resistances and characteristics.

Compliance with European regulations on chemical elements requires Morellato to carry out chemical tests on the materials used in the production, which are performed at specialized laboratories. In addition, the company has adopted a **system of control and classification of suppliers** that guarantees, through appropriate certifications, compliance with the parameters established by the best practices in the sector and the national and international regulations. All supplies, even of materials that have been used for a long time, are tested before being accepted.

Procurement procedures are adopted at Group level, and they are monthly updated to ensure the adherence to the highest quality standards. A total of six procedures are in place covering all the business areas of the Group: gold jewellery, silver jewellery, watches, smartwatches, watches straps and packaging. They are shared with each supplier at the beginning of the commercial relationship with the objective of explaining the tests that will be conducted by Morellato Group on the purchased products. In case of non-conformity an **action plan** is designed in collaboration with the supplier for the identification of the improvements needed to respect the quality criteria of the final product requested by Morellato Group's procedures.

As of February 2025, over 200 suppliers over the Group have been involved in the evaluation process, and for each one a **failure rate** has been measured based on the result of the several performed quality tests explained in the procedures manuals. That KPI is associated to a comprehensive dashboard that summarizes macro-characteristics of each supplier like financial turnover, certifications, transport conditions, country of origin and lead time. Suppliers with the highest performances will be preferred for future orders.

Moreover, all the Morellato Group's suppliers regularly receive inspections managed by the Procurement Office. The **audits** focus on technical aspects, such as whether machineries are suitable to realize products that can meet the quality standards requested by Morellato Group. They also represent an opportunity to ensure greater awareness about the evaluation process and monitor the suppliers' improvements. The social accountability area is covered as well, asking suppliers to sign a letter of acceptance of and compliance with Morellato Group's Code of Ethics, to ensure that the same principles and values are shared.

Moreover, Morellato is committed to reduce the environmental impacts of its products: they are all conceived with the awareness that "*the needs of current generations must not compromise the opportunities of future generations*". In fact, the Group fully embraces the principles of the **circular economy**, considered as an economic system designed to reuse materials in subsequent production cycles, with the aim of minimizing waste.

With reference to the total quantity of materials used in the reporting period to produce and package Morellato products, it should be noted that the Group has structured a system for the timely monitoring of the raw materials (i.e., natural resources used to transform them into products), intermediate products and other materials used in the production process, distinguished between recycled and non-recycled.

Materials used by weight or volume [GRI 301-1-2]							
		as of February 29 th , 2024			as of February 28 th , 2025		
Raw materials	Renewable	Total quantity of material (kg)	Quantity of recycled material (kg)	% of recycled material	Total quantity of material (kg)	Quantity of recycled material (kg)	% of recycled material
Steel	No	153,000	1,330	1%	127,520	300	0%
Gold	No	1,337	69	5%	915	33	4%
Silver	No	7,075	593	8%	7,378	3,420	46%
Diamonds & Precious Stones	No	30	-	0%	30	3	11%
Of Which Lab Grown Diamonds & Precious Stones	No	5	-	0%	3	3	99%
Semi-manufactured parts							
Leather, Fabric, Apple Skin, Plastic, Corn	No	46,152	7,881	17%	22,854	1,634	7%
Movements	No	4,618	-	0%	3,814	-	0%
Of which Solar Powered Movements	No	43	-	0%	10	-	0%
Finished products							
Gold Jewellery	No	473	204	43%	589	157	27%
Silver Jewellery	No	669	298	45%	1,201	1,159	97%
Materials for packaging							
Paper and paperboard	Yes	1,066,677	8,416	1%	1,083,535	266,625	25%
Of which FSC paper	Yes	24,453	1,733	7%	246,313	246,313	100%
PU Material and plastic	No	390,989	970	0%	382,340	-	0%
Styrofoam	No	1,200	-	0%	2,046	-	0%
Wood and pallet	Yes	231,885	-	0%	553,828	1,740	0%
Total		1,904,105	19,761	1%	2,186,051	275,072	13%
Total renewable materials used		1,298,562	8,416	1%	1,637,363	268,365	16%
Total non-renewable materials used		605,543	11,345	2%	548,688	6,707	1%

Morellato's commitment to sustainability is embodied in a true path towards circularity undertaken by the Group, which has led to concrete results, such as, for example, a relevant quantity of purchased **recycled silver and silver jewelry** (respectively 46% and 97% out of the total quantity of silver and silver jewels purchased) and recycled paper (25% of the total). Moreover, the packaging and the communications materials of the jewels and watches are

increasingly made of **FSC certified paper** (23% of the total paper used, over nine times the quantity purchased in 2023-24), which is now entirely recycled.

Comparing the current reporting year to 2023-24, it is possible to note that recycled materials have increased considerably, from 1% to 13% of the total weight. Moreover, the weight of total materials employed has grown by 15%, but recycled materials have increased over 12 times since last year. This trend is due mainly to three factors. First, the ongoing replacement of common paper with FSC paper (such as for jewel packaging of Bluespirit, Cleor, Christ and Morellato), both in retail and wholesale. Second, the use of wood expositors in place of plastic ones (as an example, for the Live Diamond collection), which has caused a relevant increase in the amount of wood employed. In this regard, in the future the Group will seek to increase its supply of FSC certified wood. Finally, an increased use of recycled silver, which will be detailed later in this chapter.

There have been significant changes since 2023-24 in the quantities of steel, leather (in particular recycled leather), gold and watch movements due to market trends, stock management, and the lower weight of individual pieces employed in production processes, which has led to smaller orders.

Morellato is focusing its attention on sustainability, also sharing it with its **partners**. In particular, a continuous improvement project has been set up on the **materials used for packaging**, seeking to implement increasingly sustainable solutions.

Already in 2022 important measures were implemented, which led to:

- the use of FSC materials with regard to paper and cardboard;
- plastic stretch film and plastic fillers 100% recyclable.

Practical examples include plastic adhesive tape, which will go from non-recyclable to being 100% recyclable and 85% recycled, and plastic filler, which will go from 100% recyclable to being 100% recyclable and 50% recycled.

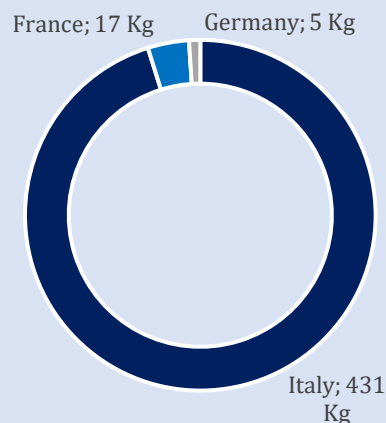
At the same time, the company is proposing packaging solutions that avoid material waste, in an attempt to reduce its overall use, a fundamental action for sustainability. Just to cite one example, solutions with self-closing boxes are being studied to avoid filler.

Particular attention is given to precious metals, for which the commitment to reduce the Group's environmental impact began in 2021 with the adoption of recycled gold and silver for jewellery and recycled steel for watches. During 2022 the Live Diamond brand became 100% made of recycled gold, in addition to the use of sustainable lab-grown diamonds and precious stones. Starting from the collection Spring/Summer 2024, the brands Morellato and Christ pledged to exclusively adopt **100% recycled silver**. Furthermore, from 2025-26 also Bluespirit and Cleor will use recycled silver only. The effort that Morellato puts into the adoption of recycled silver is evident looking at the previous table: recycled silver made up almost half of the total silver employed by the Group, from 8% in 2023-24.

Recycling gold

From a circular economy perspective, it is worth mentioning the **ROU (= Retirement of Used Gold)**, the withdrawal of used gold that is carried out in several stores of Morellato brands. It encourages the customers to recycle precious materials with the primary objective of minimizing the gold mining for the creation of new precious jewels. A procedure is shared with all employees, who are required to review and comply with all specific points in the used gold pickup activity. The circular process finishes with the withdrawn gold that is sent to the suppliers to **realize jewels for Morellato brands** through the manufacturing account system (*conto lavoro* in Italian). In 2024-25 **453 kg of gold have been collected**, up from 346 kg in 2023-24.

**453 Kg
of withdrawn gold
in the fiscal year 2024-25, by country:**



All reptiles leather suppliers used in the production of the straps by Morellato have adopted the Washington Convention on International trade in endangered species of wild fauna and flora (CITES certificate), an important document that protects the controlled exploitation of the environment and restricts trade worldwide, keeping the list of protected species constantly monitored and updated.

The selection of sources respects the Kimberly Process Certification Scheme (KPCS) and the World Diamond Council voluntary system of warranties, the aim of which is to end the trade in diamonds from conflict zones and support similar future initiatives for protecting human rights and the **integrity of diamond supply chains**.

Moreover, all Morellato products comply with REACH Regulation 1907/2006 and are therefore **hypoallergenic** and **free from dangerous substances**. For example, gold and silver are naturally non-reactive and safe, but when used in jewelry, they are mixed with different metals and that could potentially lead to skin irritation or allergic responses, depending on their composition and quantity. Morellato focuses its efforts on respecting health and safety standards to offer jewels and watches that can be worn by everyone, including customers with allergies. To ensure this, Morellato is RJC certified and prefers RJC certified suppliers. The standard covers, among several sustainability thematic, the Product health and safety information topic requesting organizations to establish product safety policies, or operational procedures to manage their operation and quality controls.

During fiscal year 2024-25, as well as in 2022-23 and 2023-24, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services.

As February 28, 2025, 36 out of 49 active suppliers for precious metals 36 of them are RJC certified, corresponding to the percentage of 73% (up from 39% registered in 2023-24). Within European suppliers in addition to the actual 16 already certified, other two of them are under application. Similarly, beyond the 20 Asian suppliers that are already certified, other 7 have been

implemented the certification process. However, for what concerns not-certified suppliers, they source gold, silver, diamonds, and precious stones only from RJC certified sources, leading to 100% of the precious raw materials from certified sources. Considering the country of origin, China presents the highest number of certified suppliers (6) while Thailand the lowest (5). Future efforts will be directed to Chinese suppliers in order to support them in the certification obtainment. Eventually, thanks to all these preventing actions during the reporting period no incidents of non-compliance concerning the health and safety impacts of products and services occurred within Morellato Group.

Area	N° of RJC precious metals certified suppliers	N° of total active precious metals suppliers	% RJC certified precious metals suppliers
Europe	16	20	80%
Asia Pacific	20	29	69%
Morellato Group	36	49	73%

The goal with its brand portfolio is to offer products that embrace a philosophy of transparency as well as respect for the environment and people. The Group can include **eco-sustainable brands**, among its brand portfolio, in particular OUI&Me, dedicated to eco-friendly watches made with recycled or recyclable materials, and Live Diamond, the sustainable jewel with lab-grown precious stones and recycled gold.

OUI & ME
FRANCE

OUI&Me France

The French brand acquired in 2019, presents timepieces made from sustainable materials, eco-friendly watches. It is a wholesale and retail brand that is distributed worldwide and in all the group's stores.

For the production process, OUI&me uses only sustainable diamonds and stones, regenerated leather straps and, from 2022, 100% recycled steel for making the cases and bracelets in order to reduce the impact on the ecosystem. In the pouch - also made of regenerated leather - there are three certificates: one for the ecological diamonds, which attests their characteristics, one for the regenerated leather of the straps, and another one for the recycled steel.

The commitment to the topic of sustainability is not only focused on the product, but also on its packaging and on the communication material of the brand, which are sustainable, thus ensuring the product stewardship.

Thanks to the use of recycled materials, OUI&ME actively contributes to the respect of society and the environment, being committed to the efficient use of energy, water and emissions.

LIVE DIAMOND

Live Diamond

Morellato Group is committed to respecting human rights, in fact, with Live Diamond Brand, it differentiates itself from all those brands that in the process of metal mining often involve exploited and poorly paid workers and sometimes even minors. At the same time, Morellato recognizes the respect for the environment and is committed to preventing diamonds and gold from being extracted with the help of mercury and arsenic, a process that can leave traces on the

earth and affect the animal life, plants and communities that inhabit those places, by using alternative and environmentally friendly processes.

Live Diamond is the brand of 100% sustainable jewels, in fact, the Morellato group, with its owned brand Live Diamond, was the first to introduce this type of jewelry to the Italian market. Live Diamond is a wholesale and worldwide brand.

The Group's brand manages diamonds, rubies, emeralds and sapphires with an eco-friendly connotation, creating precious jewels that respect the territory and the environment. These jewels are characterized by a unique realization process which takes place within a laboratory, starting from a small fragment of precious stone inside a high-pressure chamber. In this way, carbon atoms are developed which, by crystallizing, make the stone grow until it reaches the desired carat. From this process the lab-grown diamonds of Live Diamond are born, which have the same physical and chemical characteristics of a diamond mined, but produced in a sustainable way for the planet. Through the recreating the same conditions in which traditional gems are formed, the particular lab-grown process limits the extraction process, significantly reducing the environmental impact: no deep excavations and no harmful gas emissions, less energy consumption. The lab-grown process also ensures greater safety conditions for workers. The result is sustainable diamonds, rubies, emeralds and sapphires with the same characteristics of brilliance and purity of the gems extracted certified by IGI (International Gemological Institute).

From Spring-Summer 2022, all Live Diamond jewels are made only with 100% recycled gold, produced by the fusion of metals and goldsmith processing residues. RJC (Responsible Jewellery Council) certification in progress: to certify the origin of the gold recycling chain. In addition, Live Diamond boxes and packaging are made with certified FSC (Forest Stewardship Council) materials.



Sector No Limits

The Morellato Group has always been committed to respecting the environment and, in particular, considers water as one of the most important resources to be safeguarded. In fact, the Sector No Limits brand has developed a special project called "Save the Ocean", through which it demonstrates its commitment to protecting the environment, starting with one of its most important elements: the sea.

In order to reduce ocean pollution and the resulting environmental impact, Sector No Limits has made a concrete commitment to use recycled plastic (recovered by the Californian NGO Envision Plastics).

In fact, Sector is the first Italian brand to launch in the Italian market a watch that has all its components the case, the

bezel, the buckle and the strap derived from recycled material.

The result is "Save the Ocean", a collection of entirely eco-sustainable watches. The case and bezel are made of plastic recovered from the oceans, as well as the strap buckle, which is made of PET. The remaining (minimal) components are made of steel: an infinitely recyclable material. Moreover, thanks to battery-free technology, also the movement respect the environment, in fact Sector utilizes a solar movement: a chronograph powered by solar cells that capture light - natural and artificial - transforming it into energy, with a charge autonomy of about 100 hours.

In 2022 the brand presented the Sector 230 Automatic Recycled watch, made with a 100% recycled and certified steel case and bracelet, powered by an automatic movement (therefore without the use of batteries). Even the packaging is made with entirely recycled materials.



Morellato

Morellato, starting from 2023, launched "Essenza" its first sustainable precious jewels collection made entirely in 100% recycled sterling silver.

Morellato straps offer a range of watch straps made from 100% ecological materials.

Through 'Save The Nature', the name of the line of watch straps with a green soul, Morellato is committed to giving new life to materials at the end of their life cycle, transforming them into products of greater value. The aim of Morellato is to transform what was previously a waste, into a new raw material and a new resource for the eco-friendly industry.

Six ecological materials make up the Save The Nature proposal:

- Regenerated leather - produced by processing leftover leather from manufacturing processes or recycling post-consumer leather goods;
- Recycled polyester - (Gabardine Recycled) fabric made with a yarn made from 100% plastic bottles recovered from the Mediterranean Sea and processed entirely in Italy;
- Appleskin - material obtained from the processing of apple residues from Trentino used in the production processes of the food industry (100% Made in Italy);
- Recyclable corn - material obtained from the processing of corn, grown specifically for the industrial and chemical sector;
- Recycled cotton;
- Recyclable paper - innovative material derived from the processing of cellulose from FSC certified forests. Recyclable, washable and of vegetable origin.

Not only the product, but also the packaging and Save The Nature communication materials are eco-sustainable, made of FSC certified recycled paper.

Morellato is committed to increase the share of recycled leather compared to virgin leather. Moreover, it offers alternative to real leather through the line of watch straps, named 'Green Collection', realized in eco-leather.

7.3 Customer relationship

Following the principles of its code of ethics, the Morellato Group takes care of its customers with the upmost fairness and transparency.

In the Group's journey towards sustainability, Morellato places its customers and their expectations at the center of its strategy, aiming to satisfy them through its products. The customer is therefore considered not just as a mere consumer, but as a true travelling companion on the journey towards sustainability. Morellato focuses on the satisfaction of the final consumer with long-term relationships, based on trust and mutual benefit.

Thanks to the diversification strategy and the new acquisitions, Morellato can offer a complete service from the purchase, that can be done through different channels, to the after-sales phase, supporting the customer in each step. In addition, Morellato offers a special customization service to its customer, who can choose to modify the products to his preference, for example by making personalized incisions.

The engagement of the customers takes place both in the physical stores, located in Italian and International large cities, and also through the website. In order to manage and satisfy the requests of the customers, Morellato has structured a CRM system by brand, for the sales and retail the office is located in Padua, and for the web part, it is managed by Kronoshop in Rome. The crucial aspect of this system is the fact that the CRM offices, located in different geographical areas, constantly interact with each other, with the aim of providing a comprehensive customer support. Through the CRM service, customers can contact the group for the repairs of the products.

The repairing service is offered for precious jewelry and watches, both under warranty, that means products with factory defect / production purchased in the last 2 years and also broken brand products of the store, and out of warranty.

The repairs of precious jewelry are carried out thanks to a collaboration between the Group and a highly specialized network of local goldsmiths. On the other hand, repairs of the non-precious jewelry and watches are received by the CRM system and then handled by CAM's own service center.

Morellato, in order to encourage the recycling of precious materials, is committed to the collection of used jewelry at its stores and offers a substantial discount for the corresponding purchase of new products. In particular, Morellato offers to its customers the withdrawal service of used gold, by adopting a specific procedure called ROU (= Retirement of Used Gold). The compliance with the procedure on ROU and the proper compilation of documents serve the precise will of the Group to comply with the law and ensure reliability to customers.

GRI Content Index

Statement of use	Morellato has reported the information cited in this GRI content index for the period from 1 March 2023 to 29 February 2024 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	1.2. The Group profile
	2-2 Entities included in the organization's sustainability reporting	1.2. The Group profile
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Restatements of information	Methodological note
	2-5 External assurance	Methodological note
	2-6 Activities, value chain and other business relationships	1.3 Markets and products
	2-7 Employees	5.1 Diversity and Equal Opportunities
	2-8 Workers who are not employees	5.1 Diversity and Equal Opportunities
	2-9 Governance structure and composition	2.1 Corporate Governance
	2-11 Chair of the highest governance body	2.1 Corporate Governance
	2-13 Delegation of responsibility for managing impacts	2.1 Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	2.1 Corporate Governance
	2-22 Statement on sustainable development strategy	Letter to stakeholders
	2-27 Compliance with laws and regulations	2.3 Ethics, Business Integrity and regulatory compliance
	2-28 Membership associations	3.4 Certifications, and associations
	2-29 Approach to stakeholder engagement	3.1 Stakeholder Engagement
	2-30 Collective bargaining agreements	5.1 Diversity and Equal Opportunities
GRI 3: Material Topics 2021	3-1 Process to determine material topics	3.2 Materiality Analysis
	3-2 List of material topics	3.2 Materiality Analysis

Ethics and business integrity		
GRI 3: Material Topics 2021	3-3 Management of material topics	2.4 Anti-corruption
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	2.4 Anti-corruption
Product Stewardship		
GRI 3: Material Topics 2021	3-3 Management of material topics	7.2 Product Stewardship and Circular Economy
GRI 301: Materials 2016	301-1 Materials used by weight or volume	7.2 Product Stewardship and Circular Economy
Circular Economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	7.2 Product Stewardship and Circular Economy
GRI 301: Materials 2016	301-2 Recycled input materials used	7.2 Product Stewardship and Circular Economy
Energy consumption and GHG emissions management		
GRI 3: Material Topics 2021	3-3 Management of material topics	4.1 Energy, Emissions and Climate Change
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.1 Energy, Emissions and Climate Change
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.1 Energy, Emissions and Climate Change
	305-2 Energy indirect (Scope 2) GHG emissions	4.1 Energy, Emissions and Climate Change
Water Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	4.2 Water Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.2 Water Management
	303-2 Management of water discharge-related impacts	4.2 Water Management
	303-3 Water withdrawal	4.2 Water Management
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	4.3 Sustainable Waste Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.3 Sustainable Waste Management

	306-2 Management of significant waste-related impacts	4.3 Sustainable Waste Management
	306-3 Waste generated	4.3 Sustainable Waste Management
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	5.3 Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5.3 Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	5.3 Occupational Health and Safety
	403-3 Occupational health services	5.3 Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Health and Safety
	403-5 Worker training on occupational health and safety	5.3 Occupational Health and Safety
	403-6 Promotion of worker health	5.3 Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Occupational Health and Safety
	403-9 Work-related injuries	5.3 Occupational Health and Safety
Training and Development of Human Resources		
GRI 3: Material Topics 2021	3-3 Management of material topics	5.4 Human Capital Development
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.4 Human Capital Development
Equal Opportunities and Non-discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	5.1 Diversity and Equal Opportunities

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	5.1 Diversity and Equal Opportunities
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.2 Human Rights
Customer Relations		
GRI 3: Material Topics 2021	3-3 Management of material topics	7.2 Product Stewardship and Circular Economy
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	7.2 Product Stewardship and Circular Economy
	416-2 Incidents of non- compliance concerning the health and safety impacts of products and services	7.2 Product Stewardship and Circular Economy
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non- compliance concerning product and service information and labeling	7.2 Product Stewardship and Circular Economy
Responsible Sourcing		
GRI 3: Material Topics 2021	3-3 Management of material topics	7.1 The Group supply chain
Local Communities Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1 Local Communities Engagement