

MORELLATOGROUP

Sustainability Report
2023

Sustainability Report 2023

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Letter to stakeholders

We are extremely proud to publish the second edition of the Morellato Group's Sustainability Report. This document describes the strategies developed, the action taken, and the results achieved in the context of sustainable economic growth. We are committed to the reduction of the environmental and social impact of our activities and to maximizing value creation for our stakeholders. Morellato has worked daily, for years, to ensure that our products and processes have less and less environmental and social impact, and this effort has led to the creation of eco-sustainable brands, in particular Oui&Me, the eco-friendly watches made with recycled or recyclable materials, and Live Diamond, the eco-friendly jewels with lab-grown precious stones. We are dedicated to continuous improvement based on core principles such as the enhancement and training of our people, the promotion of diversity and the development of strong, lasting relations with the community and our suppliers. Aware of the fact that a stable and skilled workforce is essential in order to maintain our competitive edge and generate value in the long-term, we are investing in human resources, and as of 28 February 2023, there were more than 3,500 employees involved in the training program for around 155,000 hours of training.

Interpreting the great tradition of Italian manufacturing, of precious jewelry and watch making, our mission is 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 of over 4,400 people: to create beautiful things and offer an unforgettable experience to all our customers. With the acquisition of the German CHRIST Group, the main omnichannel player in the jewelry and watchmaking sector in Europe, 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. The purpose of this document is to be a starting point for reporting on both the impacts generated and those suffered by the Group in the ESG area, in order to meet the information needs of our stakeholders in a clear and transparent manner.

The key numbers, which sum up our fiscal year are:

- Consolidated revenue of € 392,5 million (+27% compared to FY 2021-22);
- Consolidated net profit of € 26,5 million;
- EBITDA of € 90,3 million.

Thank you all for your contribution and commitment during this particular year, we are confident that together we can continue along this path to ensure a sustainable growth and find new solutions that will enable us to take a step forward towards a more sustainable and ethical future for the Morellato Group and our stakeholders.

Padua, 30 June 2023

Massimo Carraro - President and CEO

Cristina de' Stefani -

Corporate Social Responsibility Officer

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Methodological note

The Morellato Group's¹ second Sustainability Report is a communication tool that describes, in a transparent and articulate way, the results achieved by the Group during the 2022-2023 financial year (from March 1, 2022 to February 28, 2023) in the economic, social and environmental fields. The Report also represents 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 will be published annually, has been prepared with reference to the Global Reporting Initiative's (GRI) Sustainability Reporting Standards published in 2021. The GRI Standards enables 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.

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 on pages 71 to 74 of this document.

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 and its stakeholders; for the details on the materiality analysis conducted, please refer to the section "Materiality Analysis" of this document.

The process of collecting data and information for the purpose of drafting this document has been managed in collaboration with Morellato's corporate functions, with the aim of enabling clear and precise disclosure of material information, in 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 its subsidiaries consolidated on February 28, 2023 on a line-by-line basis. Any limitations to the reporting boundary are indicated in the relevant sections of the document. The reporting period of the sustainability reporting is aligned to the financial reporting.

During the reporting year 2022-23 there are no significant changes in the structure and ownership of the organization and the supply chain, although the Management was intensively committed in the negotiations to acquire Christ Group, the leading player in the jewelry and watches retail German market.

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

The acquisition was finalized at the end of January 2023 and from that date the new Christ Company has been consolidated in the Morellato Group financial reports. ESG data of Christ Company are excluded from this reporting apart from data HR figures, which are consolidated at the Group level. To enable data and information comparability over time and assess the Group's performance, comparison with the previous financial year is given. The new presentations of the comparative 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 presents, are appropriately reported and based on the best available methodologies.

The document has been approved by the Board of Directors of Morellato Group S.p.A. on June 30, 2023.

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

sustainability@morellato.com



MORELLATO
VENEZIA 1930

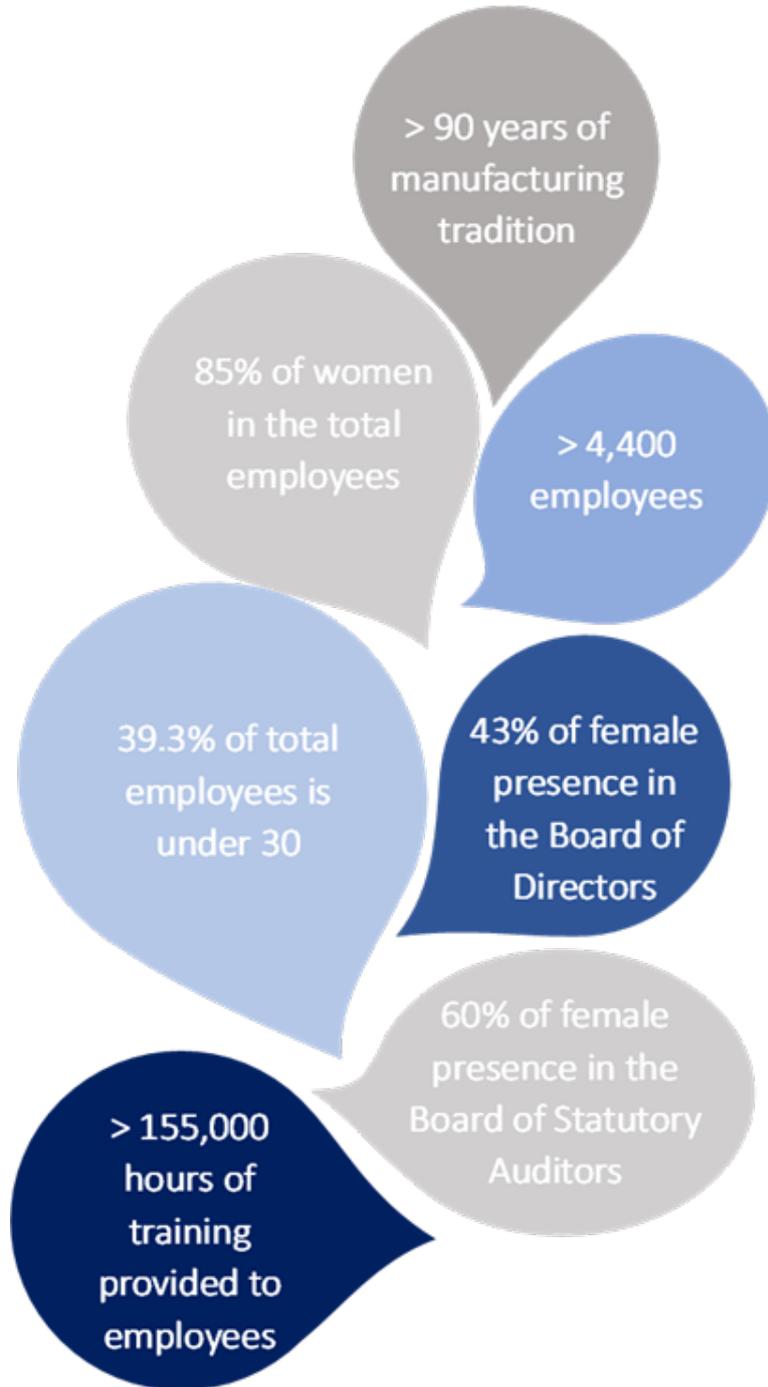
AURORA RAMAZZOTTI

#GIOIELLIDAVIVERE
COLLEZIONE ESSENZA
Sustainable Sterling Silver 925‰

3

The Morellato Group

3.1 Highlights



3.2 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 255 direct shops in Italy, 200 in Germany and Austria and 170 in France with the Bluespirit, D'A-mante, 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

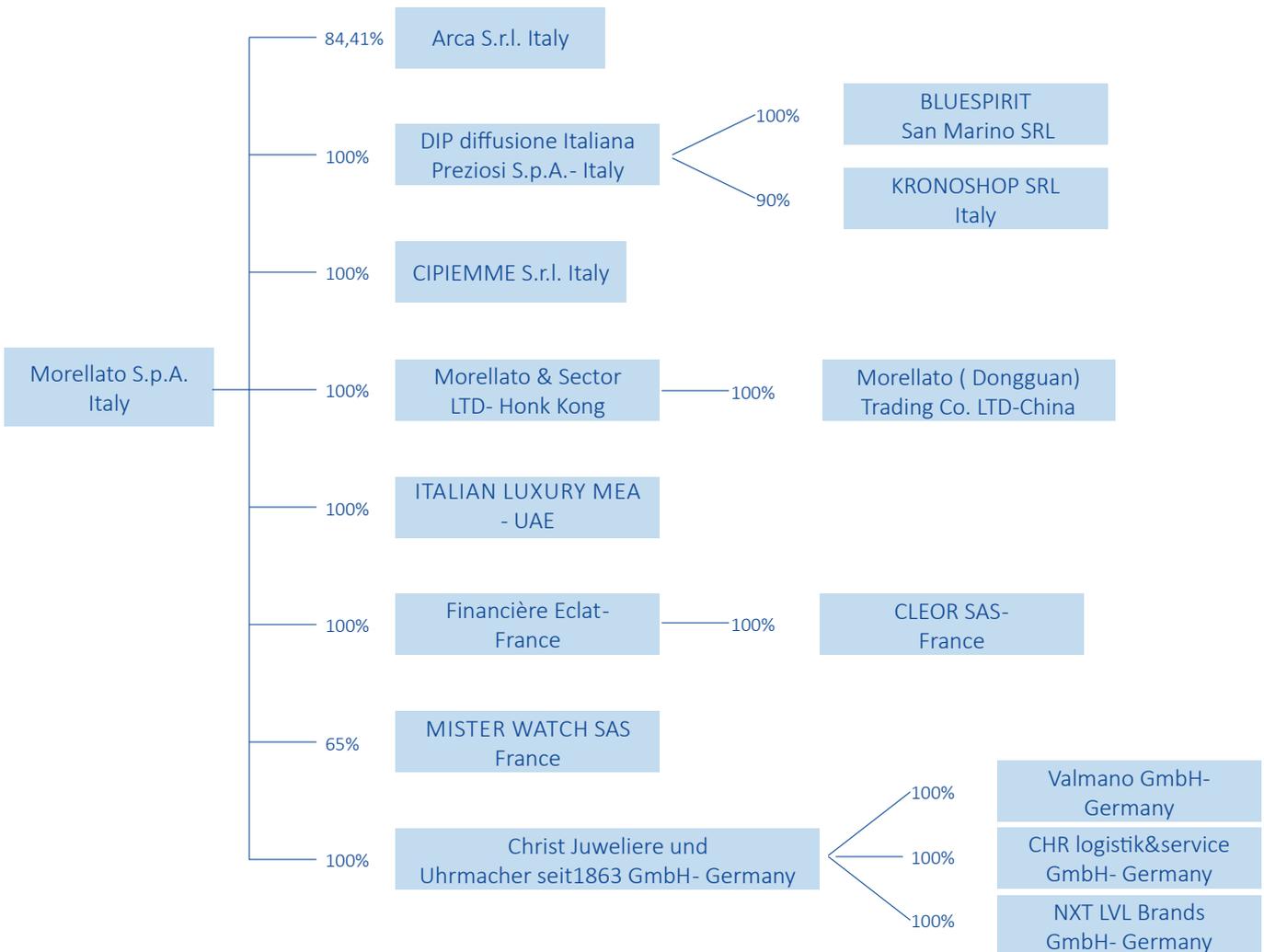
of watches, jewelry and straps and a widespread distribution worldwide, made possible by a strong distribution know-how both at wholesale and retail level.

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, together with the competitive price positioning, have contributed to the success of Morellato.

Morellato Group counts 4,416 employees worldwide and the presence of women is around 85% of the total in all departments and 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.

At 28/02/2023 the Group is composed by:



As of 28 February 2023, Morellato S.p.A. holds 726,594 treasury shares with a nominal value of

one euro each, representing 6.5% of the share capital.

3.3 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, as well as worldwide licensed brands: Maserati, Trussardi, Chiara Ferragni, ESPRIT, Jette and Guido Maria Kretschmer.

Own Core Brands



Licensed Brands



TRUSSARDI



CHIARA FERRAGNI



JETTE 

GUIDO MARIA KRETSCHMER 

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 Felice Cavallotti, 13
20122 Milan

Rome - Italy
Via Crotone, 2a
00182 Rome

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

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,
GuangdongProvince, China

3.4 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, 250 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.

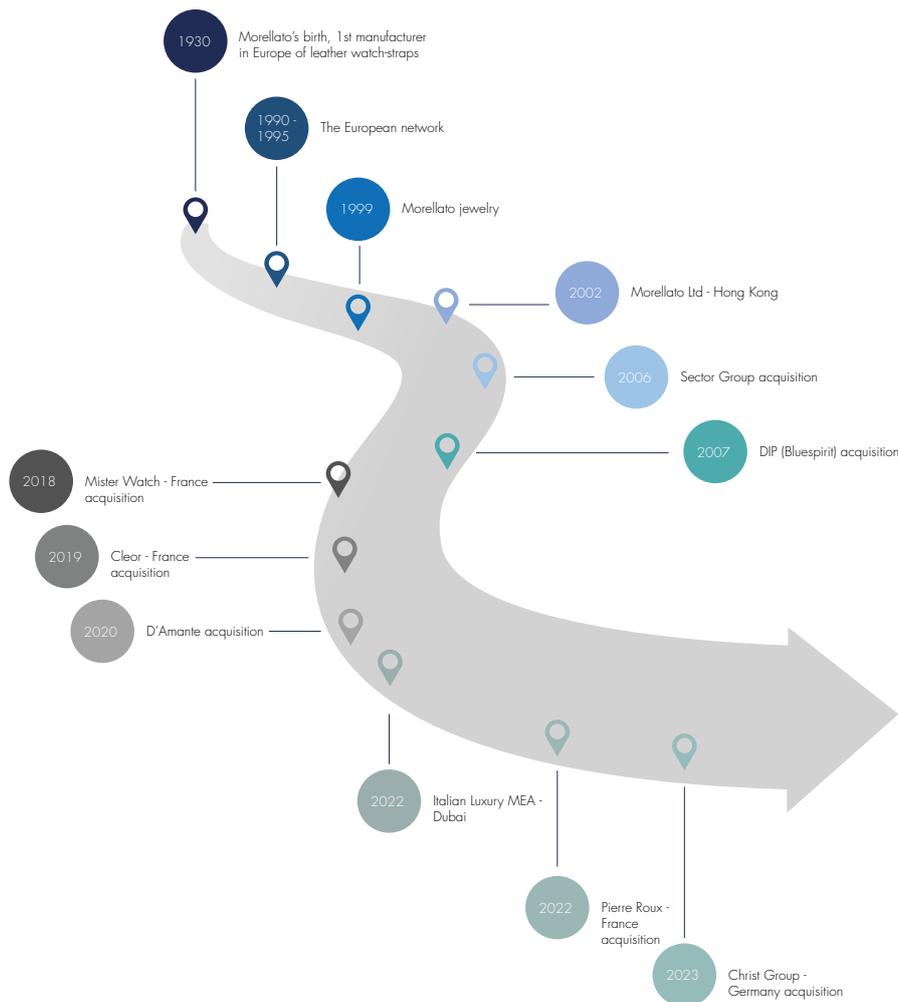
In January **2019**, Morellato Group joined **Mister Watch**, one of the most important players in the French watchmaking market. In November of the same year, Morellato announced the acquisition of the CLEOR retail chain, one of the leading French players in ready-to-wear jewelry, with over 140 points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

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 jewelery and watches, with a unique omnichannel platform in Europe.



3.5 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 of over 4,000 people: to create beautiful things and offer an unforgettable experience to all of our customers.»

Massimo Carraro, President

SECTOR

NO LIMITS



230 AUTOMATIC COLLECTION

AUTOMATIC MOVEMENT | CERAMIC INSERT | WATER RESISTANT 10 ATM

Day-date automatic movement. Ceramic bezel. Sapphire coated crystal.
Stainless steel case and bracelet. Screw caseback. Water resistant up to 10 ATM

4

Governance, Business Ethics and Anti-corruption

4.1 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.

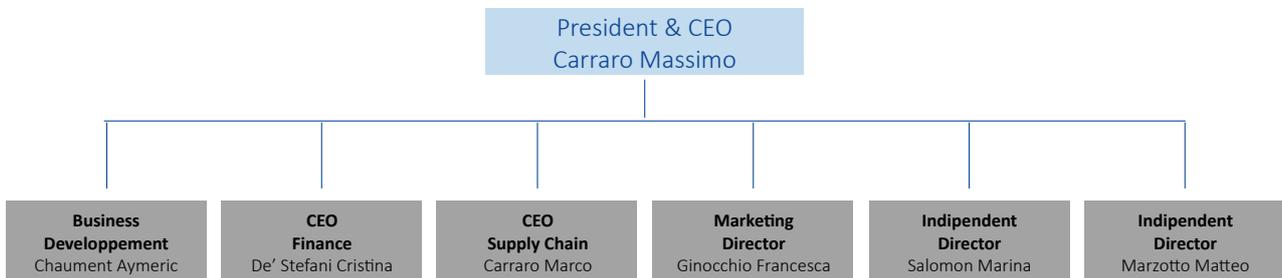
The Governance system is oriented towards the best interpretation of the impulses originating from the sector and the reference territory, allowing an open and transparent dialogue with the Administrations and the public and private bodies. During the reporting period, the pursuit of the objective of "sustainable success" was 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.

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 28th, 2023 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 Director) Salomon Marina (Independent Director), Marzotto Matteo (Independent Director).

The composition of the Board of Directors at 28 February 2023 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 , 2022			
	<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 represented by 60%.

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

Members of the Board of Statutory Auditors (as of February 28 th , 2022)	
Gianna Adami	President
Alessandro Ricci	Auditor
Andrea Valmarana	Auditor
Arianna Checchinato	Alternate Auditor
Camilla Porzi Camerini	Alternate auditor

4.2 Green finance



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

- On 23 December 2020, a ten million ESG linked loan was issued by Banca Intesa.

The 36-month loan includes an ESG-linked clause which establishes the targets for each year for the following two KPIs:

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

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

- On 26 November 2021, another ten million ESG linked loan was issued by Crédit Agricole FriulAdria 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:

- o Hours of training provided to employees
- o 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.

4.3 Ethics, Business Integrity and regulatory compliance

The responsibility for the protection of life, safety and health, and the protection of the environment is fundamental for the 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. 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.

4.4 Anti-corruption

Morellato monitors and promotes the responsible management of its business activities, in fact in the reporting year, the most important Italian companies of the Group (Morellato and DIP) have undertaken a path towards the definition of the organization, management and control 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.

Morellato opposes and rejects all forms of corruption in the sense of “giving or receiving unjustified advantages” and in the reporting period there were no cases of corruption.

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.



PHILIP WATCH

SWISS MADE SINCE 1858



CARIBE DIVING COLLECTION

AUTOMATIC DAY-DATE MOVEMENT | SAPPHIRE CRYSTAL | WR 30 ATM

5

Sustainability approach

5.1 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. For the drafting 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 8 stakeholder categories emerged as relevant from the analysis are:



The group periodically adopts practices of dialogue and engagement of the main stakeholders. The methods and frequency of stakeholder invol

vement 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:

<p>Employees</p>	<p>Induction programs for new hired;</p> <p>Training activities on safety in the working environment and training for the development of professional skills;</p> <p>Job posting to foster professional growth;</p> <p>Morellato Web Magazine, company newsletter to foster internal communication;</p> <p>Projects of 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>
<p>Financial Institutions and Investors</p>	<p>Periodical financial information;</p> <p>Institutional communication (website);</p> <p>Periodic meetings.</p>
<p>Business Partner</p>	<p>Regular meetings.</p>
<p>Communication Partners</p>	<p>Discussion organized during the year.</p>
<p>Local Communities</p>	<p>Participation in events promoted by local associations;</p> <p>Projects supporting social initiatives.</p>
<p>Customers</p>	<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>
<p>Sector associations</p>	<p>Participation in regulatory committees, webinars, conferences;</p>
<p>Suppliers</p>	<p>Periodic meetings;</p> <p>Quality audits and assessments.</p>

5.2 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 through a specific process, involving the representatives of the Group's management, taking into consideration the topics emerged from the benchmark activity that evaluated the sustainability topics reported by the main players and those identified in the principal sector publications. After the analysis of the sustainability trends and Morellato specific aspects, a set of 15 relevant topics was selected and evaluated through a stakeholder engagement process, involving both external and internal ones. The Group involved two categories of stakeholders using an online survey: top management and customers.

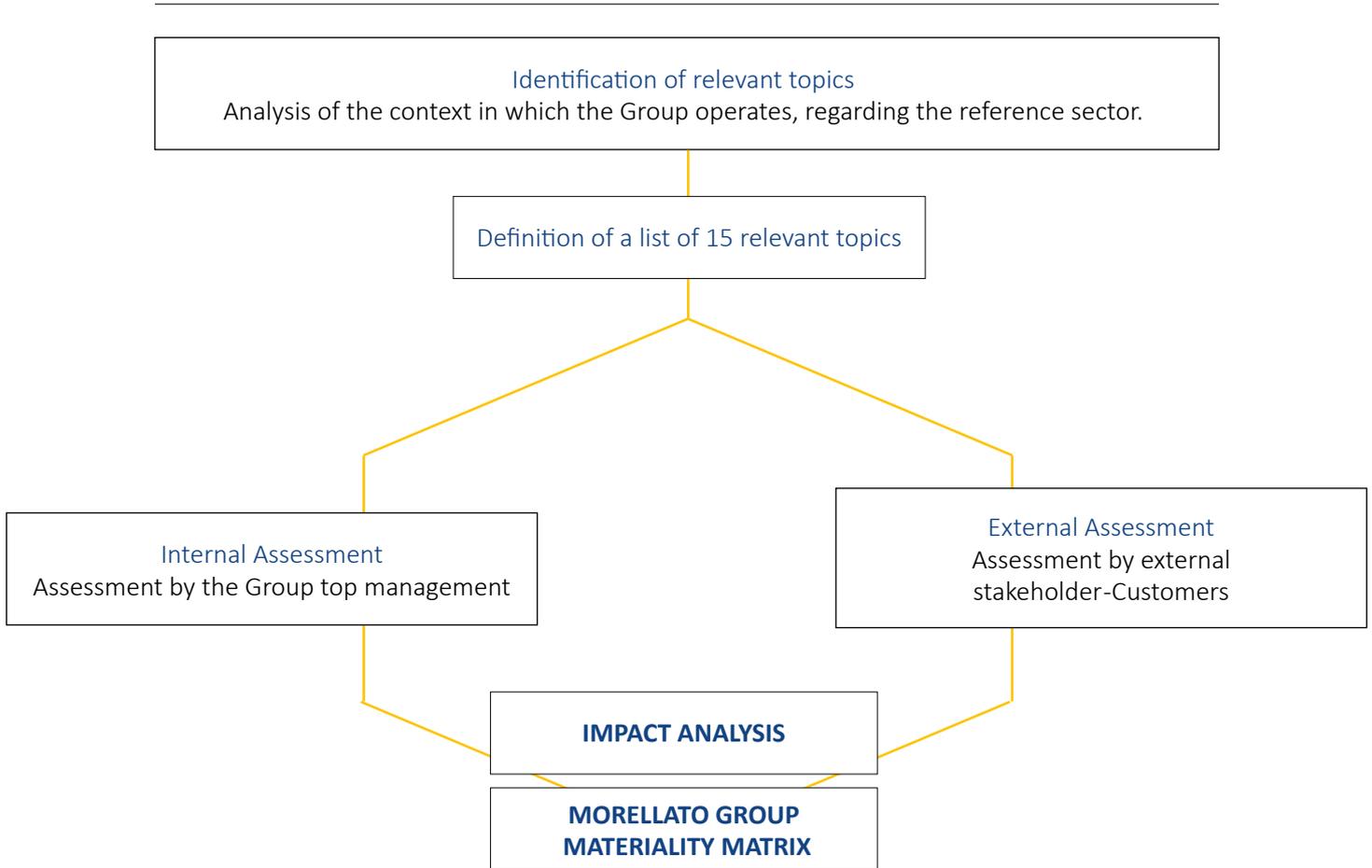
The customers of the stores, located throughout Italy and in France, were involved directly in the shops by the Area Managers to obtain their perception on the sustainability issues that directly and indirectly impacted the Group.

These two categories of stakeholders assessed the importance of the 15 relevant topics that emerged from the analysis, by giving each topic a score

from 1 (not important) to 5 (very important).

The results of the survey were then processed and aggregated to create the materiality matrix of the Group. The feedback gathered has confirmed as material and "highly relevant" all the 15 topics previously identified. The results of the materiality analysis process were discussed and approved for the Sustainability Report 2021/22 by the Board of Director at the meeting held on 21/04/2022.

The main steps followed by the Group are reported clearly in the chart below, in order to understand better the process phases.



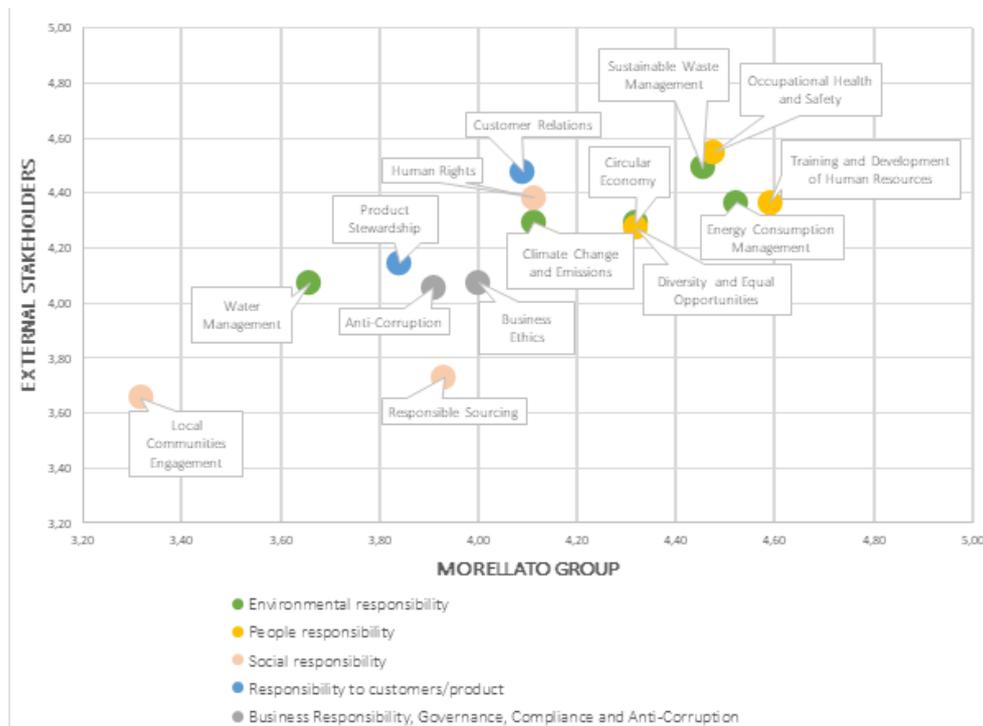
During the reporting year, the materiality analysis was integrated with the definition of the actual and potential, positive and negative, short- and long-term impacts the Morellato has on the economy, the environment, and people, including the impact on human rights.

The following tables shows the relevant topics in the order of importance, as defined by the materiality analysis, and their relative impacts that will be included in this Sustainability Report.

Materiality Analysis Results		
Material Topics	Impacts	Nature of the impacts
Occupational Health and Safety	Workplace injuries	Negative
Training and Development of Human Resources	Employee training and growth	Positive
Sustainable Waste Management	Waste generation	Negative
Energy Consumption Management	Energy consumption	Negative
Circular Economy	Resource circularity and waste reduction	Positive
Diversity and Equal Opportunities	Employee satisfaction and well-being	Positive
	Discrimination and non-inclusive practices in the workplace	Negative
Customer Relations	Customer satisfaction	Positive
	Product not meeting quality and safety standards	Negative
Human Rights	Violation of human rights	Negative
Climate Change and Emissions	Generation of direct and indirect energy GHG emissions (Scope 1 and 2)	Negative
Business Ethics	Corporate culture and corporate choices based on high standards of transparency and ethics	Positive
	Non-compliance with laws and regulations	Negative
Product Stewardship	Sustainable management and minimization of product impacts along all stages of its life cycle	Positive
Anti-Corruption	Incidents of corruption and other unethical business conduct	Negative
Water Management	Water consumption	Negative
Responsible Sourcing	Supplier evaluation and promotion of a controlled, transparent and ethical supply chain.	Positive
	Violation of human rights along the supply chain	Negative
Local Communities Engagement	Recruitment of workers from the local communities	Positive
	Supporting local development through contributions and donations to associations	Positive

The materiality assessment allowed the Group to identify 15 topics across five areas: environmental responsibility, people responsibility, social responsibility, business responsibility, governance,

compliance and anti-corruption, and responsibility to customers/product. These are considered as highly relevant for Morellato, as illustrated in the materiality matrix below.



The materiality matrix confirms the centrality, for both the Group and its stakeholders, of the issues of **Occupational Health and Safety, Training and Development of Human Resources, Sustainable Waste Management** and **Energy Consumption Management**. 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.

From this analysis has emerged that Morellato’s customers are very interested in choosing products that are increasingly sustainable from an environmental point of view. In order to meet this need, the Group will continue to plan a series of sustainability-related actions for the future. In addition, the Research and Development department is at the forefront of devising and proposing increasingly eco-sustainable product solutions.

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 each material topic that emerged from the stakeholder engagement.

5.3 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.

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 below shows the connection between the material topics and the Sustainable Development Goals (SDGs).



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
1 Occupational Health and Safety			●					●								●
2 Training and Development of Human Resources				●	●			●		●						
3 Sustainable Waste Management			●			●					●	●			●	
4 Energy Consumption Management							●	●				●	●			
5 Circular Economy								●	●			●				
6 Diversity and Equal Opportunities			●		●			●		●						
7 Customer Relations												●				●
8 Human Rights					●			●								
9 Climate Change and Emissions			●									●	●	●	●	
10 Business Ethics																●
11 Product Stewardship												●				●
12 Anti-corruption																●
13 Water Management						●						●				
14 Responsible Sourcing								●								
15 Local Communities Engagement	●	●														

5.4 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:



Confimprese	Association of the enterprises of the modern commerce - franchising, gdo, and direct nets operating on the Italian territory.
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.
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.
ASCOM	An Italian body representing companies engaged in trade and commerce.
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 become a member of the RJC on March 2022 and is planning to obtain the COP certification (Code of Practices) ² in 2024.
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.

² <https://www.responsiblejewellery.com/membership/find-an-rjc-member/?bycountry=&rjccategories=&rjccertification=&search-box=morellato%20&pagenum=1>



6

Environmental responsibility

6.1 Energy, Emissions and Climate Change

Morellato has identified in the materiality analysis the topics of “Energy Consumption Management” and “Climate change and emission” as highly relevant, proving its sensibility and commitment towards these issues. The Group is committed to constantly monitor its energy consumption, in order to map the main areas of consumption and to obtain a correct picture of the Group consumption. In addition, the Group is trying to implement energy efficiency actions, with the aim of achieving a reduction in the amount of energy consumed. Indeed, during the reporting period, various strategies were adopted to reduce energy consumption, such as, for example, the installation of LED lighting systems in the shops in France e Italy and the optimization of the organization of logistics. A new project for replacing the old lighting system with a new LED one is already underway also for the Christ shops in Germany and Austria. Morellato, with the aim of making its energy consumption more efficient, has implemented a photovoltaic system at its headquarters in Santa Giustina in Colle (PD). The final authorization for using the new system arrived in February 2023. This photovoltaic plant has been sized in such a way that the internal consumption will be satisfied as much as possible by the energy produced. It is estimated the plant will provide about the 50% of the energy demand and that the plant will produce at 90% of its capacity.

In addition to the photovoltaic project, Morellato is implementing a study on monitoring consumption of the shops, in order to increase the energetic efficiency and maximize consumption savings. Morellato promotes a careful and responsible management of its own consumption, which mainly derives from lighting, heating, and cooling of working environments. The energy vectors used by the Group are the electricity, diesel, and natural gas. The electricity is the main source of energy used in production processes (87%), and it is purchased mostly from the national grid. The consumption of diesel is due to the company cars, while the natural gas is used for the heating of the buildings.

It should be noted that the Morellato Group is not an energy-intensive company.

The sources of energy consumed within the organization in the reporting period are shown below.

Energy consumption within the organization [GRI 302-1] ³				
	as of February 28 th , 2022		as of February 28 th , 2023	
Type of consumption	Total	Total GJ	Total	Total GJ
Natural Gas	154,274 m ³	5,557	155,516 m ³	5,538
Diesel (for heating or productive process)	440 l	16	440 l	17
Diesel (for company's vehicles (owned or in long-term leasing))	62,806 l	2.257	90,785 l	3,467
Electricity purchased from national grid	12,001,472 kWh	43.205	16,449,848 kWh	59,113
Electricity self-produced from renewable energy sources	-	-	24.028 kWh	86
Total		51.036		68,241
Direct (Scope 1) GHG emissions [GRI 305-1] ⁴				
Scope 1	Unit of measure	as of February 28 th , 2022	as of February 28 th , 2023	
Natural Gas	tCO ₂ eq	313.91	313.48	
Diesel (for heating or productive process)	tCO ₂ eq	1.21	1.21	
Diesel (for company's vehicles (owned or in long-term leasing))	tCO ₂ eq	157.79	232.21	
Total Scope 1⁵	tCO₂ eq	472.91	546.91	
Energy indirect (Scope 2) GHG emissions [GRI 305-2]				
Scope 2 ⁶	Unit of measure	as of February 28 th , 2022	as of February 28 th , 2023	
Electricity purchased from national grid – Location based	tCO ₂	2,806.65	3,674.12	
Electricity purchased from non-renewables – Market based	tCO ₂ eq	3,954.44	5,091.79	
Total emissions				
Total emissions (Scope 1 + Scope 2 – Location based)	tCO ₂ eq	3,297.02	4,221.03	
Total emissions (Scope 1 + Scope 2 – Market based)	tCO ₂ eq	4,427.35	5,638.70	

³ Source: DEFRA 2022 and 2021- energy consumption is reported in GJ according to GRI guidelines. It should be noted that the energy consumption refers to the consumptions of all shops of the Group. The 2022 data were revised for comparison purposes following improvement of the information gathering process.

The electricity purchased from national grid by Morellato S.p.A. in the reporting year is 677.919 kWh, a slight increase (3%) compared to the previous year, which was equal to 660.419 kWh.

Electricity purchased from national grid by Morellato S.p.A.	as of February 28 th , 2022		as of February 28 th , 2023	
	Total kWh	Total GJ	Total kWh	Total GJ
Electricity purchased from national grid	660.419	2.378	677.919	2.441

⁴ The 2022 data were revised for comparison purposes following improvement of the information gathering process.

⁵ These figures have been calculated using DEFRA 2022 and 2021 emissions factors, according to the GHG Protocol methodology. Figures refer to CO2 equivalent when available.

⁶ For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used. The Market-based methodology is based on the CO2 emissions emitted by the energy suppliers from which the organization purchases electricity through a contract and can be calculated by considering guarantee of origin energy certificates and direct contracts with suppliers, supplier-specific emission factors, emission factors related to the “residual mix”, i.e. energy and emissions not monitored or claimed. (AIB- European Residual Mixes 2021 or Terna 2019 for country outside European perimeter). The location-based method is based on average emission factors related to power generation for well-defined geographical boundaries, including local, sub-national or national boundaries (Terna 2019). Scope 2 emissions are expressed in tonnes of CO2, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO2 equivalent) as can be seen from the relevant technical literature.

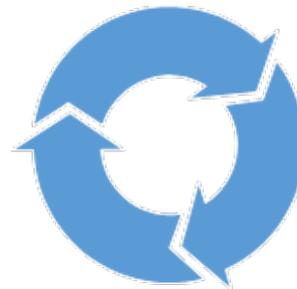
6.2 Circular Economy

Morellato is committed to respecting the environment and therefore, it promotes sustainable development in all its activities, increasing the efficiency and reducing the use of materials and waste.

All actions and all products are conceived with the awareness that “the needs of current generations must not compromise the opportunities of future generations”. In fact, the Morellato 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) and other materials used in the production process, distinguished between recycled and non-recycled.

The main recycled materials used by the Group are paper, recycled leather, fabric, apple skin, plastic, corn, and recycled PU materials (which are transparent bags for jewelry packaging).



⁷ According to the definition of the OECD, the renewable natural resources are those that, after exploitation, can return to their previous natural stock levels by natural processes of growth or replenishment, therefore there are no renewable natural resources used in the production of the Morellato Group. The 2022 data were revised for comparison purposes following improvement of the information gathering process.

Materials used by weight or volume [GRI 301-1] ⁷							
Type of material	Unit of measure	as of February 28th, 2022			as of February 28th, 2023		
		Recycled material	Non-recycled material	% of recycled material out of total	Recycled material	Non-recycled material	% of recycled material out of total
PAPER	tons	-	1.001	0%	17	617	3%
<i>of which FSC PAPER</i>	tons	-	-	0%	7	-	100%
LEATHER, FABRIC, APPLE SKIN, PLASTIC, CORN	tons	17	48	26%	18	59	23%
PU MATERIAL	tons	1	290	0%	0	248	0%
MOVEMENTS	pcs	-	964.884	0%	-	590.626	0%
<i>of which solar powered movement</i>	pcs	-	36.450	0%	-	6.200	0%
USED GOLD WITHDRAWED	Kg	236	-	100%	360	-	100%
<i>of which REUSED</i>	Kg	112	-	100%	126	-	100%
GOLD	Kg	-	587	0%	36	588	6%
SILVER	Kg	-	3.420	0%	152	3.420	4%
STEEL	tons	-	116	0%	1	87	1%
LAB GROWN PRECIOUS STONES	carats	-	8.159	0%	-	12.420	0%
NATURAL DIAMOND & PRECIOUS STONES	carats	-	28.586	0%	-	71.942	0%

Since 2021 Morellato Group, demonstrating the commitment to reducing its environmental impact, has encouraged the use of recycled metals in the production of products: gold and silver for jewels and steel for watch. During 2022 Live Diamond Brand became 100% made of recycled gold in addition to the sustainable lab grown diamonds and precious stones.

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 the stores, that encourages the customers to recycle precious materials, in order to minimize the gold mining for the creation of new precious jewels.

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.

Further steps will be taken in 2023, as recycled elements will also be introduced.

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.

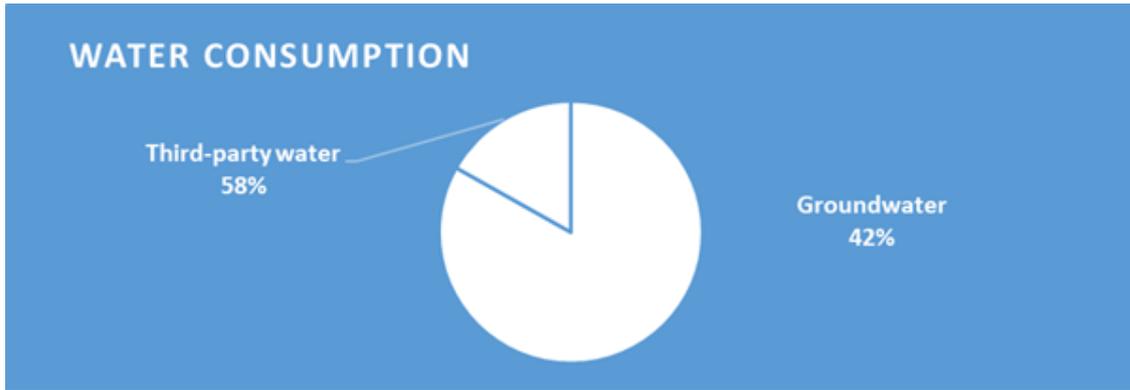
6.3 Water Management

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 6,014 cubic meters, of which the 58% is third-party municipal water and the 42% is from groundwater, which is the primary source of withdrawal for the companies located in the headquarter in Italy, Santa Giustina (PD).

The consumption of water is mainly due to sanitary purposes.

To be noted, in 2021 an important water loss occurred, due to a fault of the water provider, for which Morellato has been partially reimbursed.

In order to assess the impact of the water consumption, the Group has identified its companies that are located in water stress areas, 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 areas with high water stress.



Concerning the water consumption by geographical area, it should be noted that the water withdrawal of the French companies is 100% from third-party (aqueduct); while, in relation to the Italian companies, the 99% of the withdrawal is groundwater, and only a small part of the water

comes from third party, for the sites located in Milan and Rome.

Water withdrawal [GRI 303-3] ⁸							
Water withdrawal by source	Unit of measure	as of February 28th, 2022			as of February 28th, 2023		
		All areas	Area with water stress	Total	All areas	Area with water stress	Total
Groundwater	Mc	1,625	-	1,625	2,522	-	2,522
Third-party water	Mc	7,109	-	7,109	3,492	-	3,492
Total	Mc	8,734	-	8,734	6,014	-	6,014

The Italian plants every year carry out water analysis, through qualified external bodies, to verify that the water quality is compliant to the sector regulations.

In 2022 the plants have increased the frequency of this analysis to every six months, to monitor water quality more accurately.

Water for sanitary use is discharged into the sewer system.

⁸ The water withdrawal of the Group is only related to freshwater ($\leq 1,000$ mg/L Total Dissolved Solids). The data on water consumption do not include the consumption of the Group's shops as the data are not available and are not relevant. The 2022 data were revised for comparison purposes following improvement of the information gathering process.

6.4 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 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 are 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.

During the reporting period, Morellato generated about 95 tons of waste which are mainly composed of:

- paper and cardboard;
- plastic;
- dry undifferentiated/unsorted waste;
- exhaust recyclable watches battery.

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 their 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.

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

Total weight of waste generated [GRI 306-3] ⁹							
Waste composition	Unit of measure	as of February 28th, 2022			as of February 28 th , 2023		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Paper and carton	t	-	23.00	23.00	-	49.92	49.92
Plastic	t	-	10.70	10.70	-	8.50	8.50
Dry undifferentiated/unsorted (urban) waste	t	-	32.66	32.66	-	36.00	36.00
Dry undifferentiated/unsorted (urban) waste ¹⁰	t	0.27	-	0.27	0,49	-	0.49
Exhaust recyclable watches battery	t	0.04	-	0.04	0.04	-	0.04
Total	t	0.31	66.36	66.67	0.53	94.42	94.95
Percentage	%	0.46%	99.54%	100%	0.56%	99.44%	100%

It should be noted that out of the total waste generated during the reporting period, the majority belongs to the category of non-hazardous waste,

and accounts for 99.54% of the total, while the category of hazardous waste is represented by a very limited part.

⁹ The 2022 data were revised for comparison purposes following improvement of the information gathering process.

¹⁰ Packaging containing residues of or contaminated by hazardous substances.



7

People responsibility

7.1 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.

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 worker. The workers are a fundamental resource for the development and the growth of the Group and their heritage of knowledge and experiences has always been enhanced and increased. Morellato guarantees full compliance with the applicable regulatory requirements, as well as the most stringent international standards, as for example in compliance with 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.

In the reporting year, employees covered by collective bargaining agreements are 2,393, which represent the 54% of the total number of employees. All the employees of the Italian and French companies are covered by collective bargaining agreements. Regarding the type of collective bargaining agreements, Italian employees are covered by three different collective bargaining agreements: Dirigenti Industria, Industria Pelli e Cuoio, Commercio Terziario.

On the other hand, French employees are divided as follows: MisterWatch's employees are covered by CCN des commerces de gros d'horlogerie (IDCC 1044) and Cleor's employees, which represent the 97% of the total French employees, are covered by CCN Commerce de détail de l'horlogerie bijouterie (IDCC 1487) and a supplementary agreement on working Sundays in the shops is also applied.

Morellato Group actually counts 4,416 employees worldwide, of which 1,565 in Italy (35.4%), as of 28 February 2023. 10% of the workforce is represented by non-guaranteed hours employees¹¹ which, as of 28/02/2023, are 402 employees located in Italy, divided into 95% of women (380 and 5% of men (22).

In developing its activities, Morellato does not only count on its own employees, but also on workers who are not employees [GRI 2-8]. The most common types of workers are interns, sales agents, temporary workers, company directors and external collaborators, most of whom (325) are located in Italy and mainly employed in sales support. These workers represent about 6.9% of the group's total workforce (327 out of 4,743).

¹¹ Employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required.

Employees [GRI 2-7]						
Total number of employees by employment contract (permanent and temporary), by gender and region						
Type of employment contract	as of February 28th 2022			as of February 28th, 2023		
	Male	Female	Total	Male	Female	Total
Region: ITALY						
Permanent	34	622	656	85	779	864
Temporary	72	703	775	49	652	701
Total Italy	106	1,325	1,431	134	1,431	1,565
Region: FRANCE						
Permanent	95	620	715	80	606	686
Temporary	11	101	112	19	118	137
Total France	106	721	827	99	724	823
Region: HONG KONG						
Permanent	29	63	92	30	71	101
Temporary	0	0	0	0	0	0
Total Hong Kong	29	63	92	30	71	101
Region: DUBAI						
Permanent	0	0	0	3	2	5
Temporary	0	0	0	0	0	0
Total Dubai	0	0	0	3	2	5
Region: GERMANY						
Permanent	0	0	0	265	1,127	1,392
Temporary	0	0	0	132	398	530
Total Germany	0	0	0	397	1,525	1,922
MORELLATO GROUP						
Permanent	158	1,305	1,463	463	2,585	3,048
Temporary	83	804	887	200	1,168	1,368
Total Morellato Group	241	2,109	2,350	663	3,753	4,416

The data refer to the entire Morellato Group, including Christ Group.

As of 28/02/2023, Morellato has 4,416 employees: 663 men and 3,753 women. The majority of the employees are hired with a permanent contract, the 30.98% is hired with a temporary contract, a category represented for the 85.38% by women. Considering the breakdown by country, Italian employees show a slight minority of those with a fixed-term contract, which represent

44.79% of total employees located in Italy, and those who have a permanent contract, which represents 55.21%. In France, there is a prevalence of employees hired with permanent contracts (686 employees out of 823), as well as in Germany (1,392 employees out of 1,922). Finally, 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 and part-time), by gender and region						
Type of employment contract	as of February 28th 2022			as of February 28 th , 2023		
	Male	Female	Total	Male	Female	Total
Region: ITALY						
Full Time	85	752	837	88	402	490
Part time	21	573	594	46	1.029	1.075
Total Italy	106	1,325	1,431	134	1,431	1,565
Region: FRANCE						
Full Time	102	634	736	97	666	763
Part time	4	87	91	2	58	60
Total France	106	721	827	99	724	823
Region: HONG KONG						
Full Time	29	63	92	30	71	101
Part time	0	0	0	0	0	0

Total Kong	Hong Kong	29	63	92	30	71	101
Region DUBAI							
Full Time		0	0	0	3	2	5
Part time		0	0	0	0	0	0
Total Dubai		0	0	0	3	2	5
Region GERMANY							
Full Time		0	0	0	359	756	1,115
Part time		0	0	0	38	769	807
Total Germany		0	0	0	397	1,525	1,922
MORELLATO GROUP							
Full Time		216	1,449	1,665	577	1,897	2,474
Part time		25	660	685	86	1,856	1,942
Total Morellato Group		241	2,109	2,350	663	3,753	4,416

The data refer to the entire Morellato Group, including Christ Group.

In terms of contract type, as of February 28th 2023, the majority employees (56%) are employed under full-time contracts. A minority of employees (44%) have a part-time contract; in particular, this category is predominantly represented by women.

In Italy the majority of the employees is hired with a part-time contract (69%); it should be noted that both full-time and part-time employees are mainly represented by women, as 91.44% of Italian

employees are women. On the other hand, in France most employees have a full-time contract and only around 17% have a fixed-term contract, of which around 86% are women. In the Asia Pacific area, as seen above for the type of contract (permanent or fixed term), all employees have a full-time contract, of which around 70% are women. In Germany most employees have full-time contract (58%) and only 28% have a fixed-term contract, of which around 75% are women.

Percentage of employees by employment category and gender [GRI 405-1]						
Percentage	as of February 28th 2022			as of February 28 th , 2023		
	Male	Female	Total	Male	Female	Total
Managers	1.5%	1.2%	2.7%	1.1%	1.1%	2.1%
White Collars	5.1%	61.0%	66.1%	10.1%	67.3%	77.4%
Blue Collars	3.6%	27.6%	31.2%	3.8%	16.7%	20.5%
Total	10.3%	89.7%	100.0%	15.0%	85.0%	100.0%

The data refer to the entire Morellato Group, including Christ Group.

The composition of Morellato’s workforce shows a predominance of White-collar workers, who represent 77.4% - 3,417 in absolute terms - of the total number of employees; this category is predominantly female, with 2,970 women against 447 men.

This is followed by the category of blue collars with 20.5% of the total, and managers with 2.1% of the total. Managers are 47 men and 47 women. Looking at gender diversity, women represent 85% of total employees and are primarily represented by the white collars category with 67.3% (2,970 women) of the total in the relevant category.

Total number of employees per employee category and age range [GRI 405-1]								
Percentage	as of February 28th 2022				as of February 28 th , 2023			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Managers	0.0%	1.8%	0.8%	2.7%	0.0%	1.5%	0.6%	2.1%
White Collars	29.7%	31.4%	4.9%	66.1%	30.0%	33.1%	14.3%	77.4%
Blue Collars	16.6%	10.6%	4.0%	31.2%	9.3%	7.9%	3.3%	20.5%
Total	46.4%	43.8%	9.7%	100.0%	39.3%	42.4%	18.3%	100%

The data refer to the entire Morellato Group, including Christ Group.

As of 28/02/2023, Morellato has a predominance of employees between 30 and 50, which represent 42.4% of the total employees (1,874 employees); this category is followed by the lower age range,

under 30, which represent 39.3% of the total employees (1,735 employees) and those over 50 years represent 18.3% (807 employees).



Considering the category of managers and white collars, most of these employees are placed in the intermediate age range (respectively: 65 out of 94 total managers, and 1,460 out of 3,417 white

collars). On the other hand, as far as the category of blue collars is concerned, most of these are under 30 years of age (out of 905 blue collars).

Percentage of employees by vulnerable groups or other indicators of diversity [GRI 405-1]						
Percentage	as of February 28th 2022			as of February 28 th , 2023		
	Male	Female	Total	Male	Female	Total
Managers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
White Collars	3.3%	1.6%	1.7%	2.7%	2.6%	2.6%
Blue Collars	2.4%	0.8%	1.0%	1.8%	2.0%	2.0%
Total	2.5%	1.3%	1.4%	2.3%	2.5%	2.4%

The data refer to the entire Morellato Group, including Christ Group.

Looking at Morellato's employee diversity, as of February 28, 2023 there are a total of 107 employees belonging to the vulnerable groups, representing 2.4% of the total employees of the Group (4,416). Considering the breakdown into gender, men belonging to vulnerable groups re

present 2.2% of the total men employees, and women are represented by 2.4% of the total women employees. Also, there is a predominance of white collars belonging to vulnerable groups, representing 2.02% of the total employees.

7.2 Human Rights

Morellato strongly believes that respect for people and the local communities is an essential pillar of its business model, and 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 enter contracts with suppliers or subcontractors that use child labor; it fights against forced or compulsory labor and the practice of withholding original identity documents and/or the 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 and working hours that protect their 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.

7.2 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. With this aim, during the reporting period, the following risk assessment documents were reevaluated and eventually updated in Morellato Group: Manual handling of loads, Repetitive movements and stress to the upper limbs, Chemical risk, Fire risk, ATEX Explosive Atmospheres, Specific risk for pregnant workers and Work-related stress risk. Also, adaptations of machinery were carried out according to the plan and conformity assessment verifications. In addition, the assessment of the obligation to use personal protective equipment (PPE), which emerged from the risk assessment by task, was verified and updated. Finally, the usual medical examinations were carried out, as per health protocol.

Concerning the occupational health and safety management, in Italy and in France there is a regulatory framework that disciplines it, that involves all the employees.

In Italy, this system implies the identification of responsible figures, such as the responsible for Prevention and Protection Service (RSPP, one employee for Morellato and Arca, one external collaborator for DIP and Kronoshop) 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. The quality of the service is ensured by periodic monitoring of accidents and near misses and continuous dialogue with the RLS.

On the other hand, in France, Cleor has established, with the involvement of shop stewards and members of the Health, Safety and Working Conditions Committee, a single risk assessment document, for each Cleor Store and its head office, made compulsory by decree in 2021. This document, which is updated annually, brings together the inventory of risks identified in the company by the work units, using a specific risk classification methodology. Employees are regularly updated by the HR department, which carries out internal communications on health and safety at work. In Cleor, there is also an occupational health and safety service which includes an occupational physician and a prevention manager. The service is responsible for monitoring the health and safety of employees, supporting employers, workers and their representatives in order to avoid or reduce occupational risks and improve working conditions. Finally, there is a Health, Safety and Working Conditions Committee (HSCT), which was set up to take over most of the health and safety responsibilities; it is represented by 3 elected members and it meets periodically: there are 4 ordinary meetings per year and extraordinary meetings can be organized at the request of the 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 for improvement.

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. 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. 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. In addition, at the level of voluntary health promotion services and programs offered to workers, during the pandemic period, insurance cover was activated for Covid 19.

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 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, in order to advise employees on their food and nutritional choices.

Employees – Work related injuries [GRI 403-9]¹²	as of February 28th, 2022	as of February 28th, 2023
Total number of recordable work-related injuries	24	22
of which: total number of high-consequence work-related injuries (excluding fatalities)	2	0
of which: total number of fatalities as a result of work-related injury	0	0
Rate of recordable work-related injuries	10.44	8.97
Rate of high-consequence work-related injuries (excluding fatalities)	0.87	0
Rate of fatalities as a result of work-related injury	0.00	0
Hours worked	2,297,759	2,451,492
External workers – Work related injuries [GRI 403-9]¹³	as of February 28th, 2022	as of February 28th, 2023
Total number of recordable work-related injuries	1	0
of which: total number of high-consequence work-related injuries (excluding fatalities)	0	0
of which: total number of fatalities as a result of work-related injury	0	0

The data refer to the entire Morellato Group, excluding Christ Group.

During the reporting period there were 22 work-related injuries with a rate of recordable work-related injuries of 8.97. There was no injury with high consequence nor resulting in the death of the injured person and the most frequent type of accident was accidental.

On the other hand, with regard to external workers, no injuries occurred at the Italian sites during the reporting period.

¹² *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.
The rate of recordable work-related injuries is calculated as the total number of recordable work-related injuries divided by the number of hours worked, multiplied per 1,000,000.
The rate of high-consequence work-related injuries is calculated as the number of high-consequence work-related injuries divided by the number of hours worked, multiplied per 1,000,000.
The rate of fatalities as a result of work-related injury is calculated as number of fatalities as a result of work-related injury divided by the number of hours worked, multiplied per 1,000,000.*

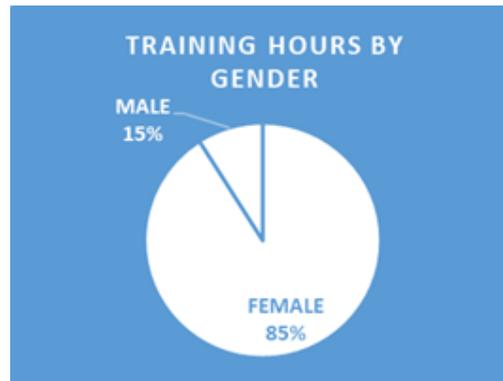
¹³ *The Group does not currently monitor data on hours worked by external workers.*

7.3 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.

New employees training and assessment procedures have been implemented and are being updated so that all Morellato's employees can access increasingly challenging and stimulating prospects and objectives.

Investments in training play an important role in the Group's social responsibility activities. The 2021 marked a major effort by the Group to increase the number of training hours provided to employees. In fact, in 2022 around 155.000 hours of training were provided, involving more than 3,500 employees worldwide. The majority of the training hours were provided to the women of the group, specifically about 85% of the total, whereas men participated in 15% of the total group training hours.



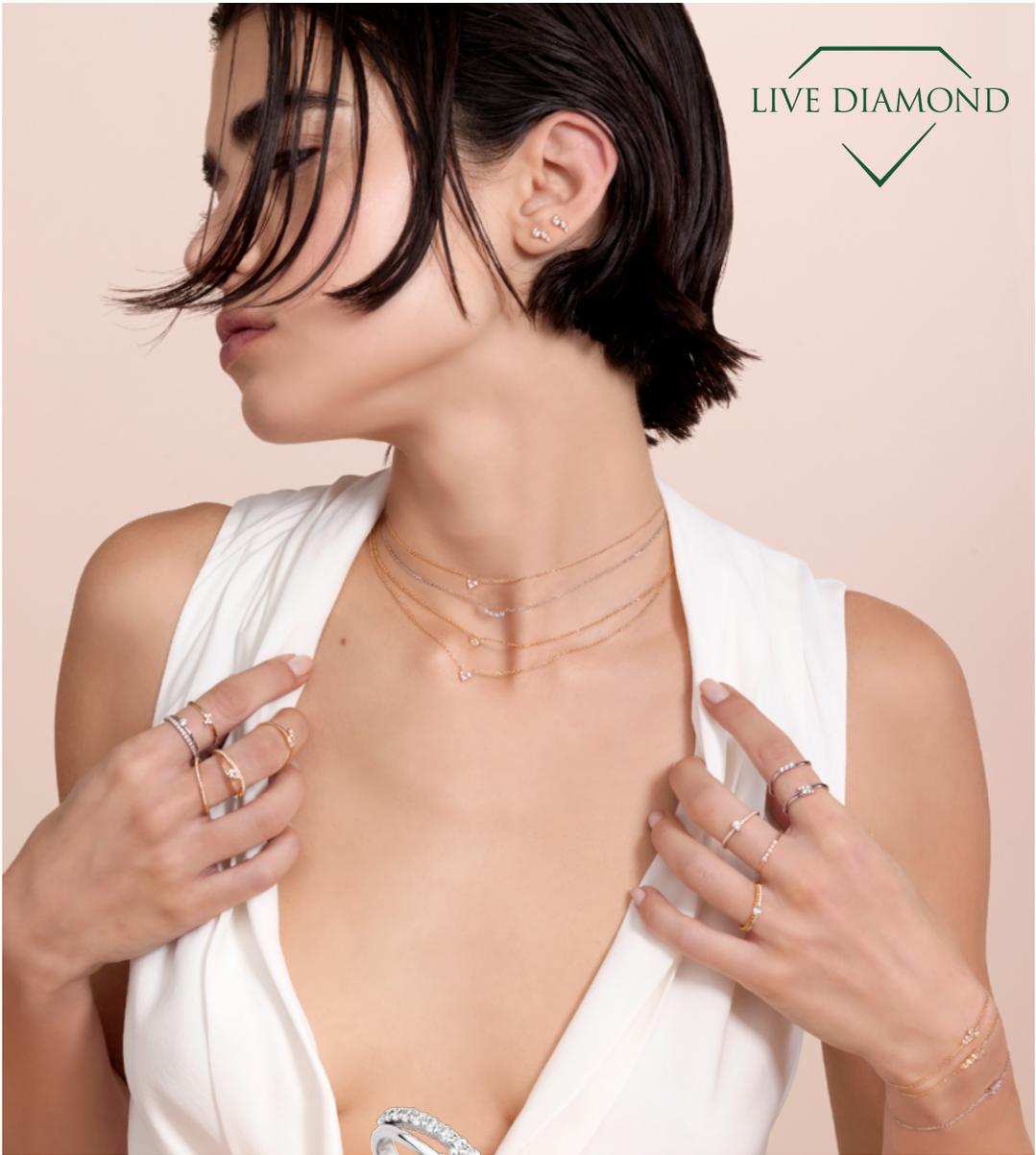
Considering the geographical distribution, a total of 112,778 hours of training were provided in the French sites, of which 91% were delivered to women and 9% to men. To be considered that in 2022 a new e-learning platform has been introduced for the Stores employees.

In contrast, a total of 13,885 training hours were provided to Italian employees, of which 92% were provided to women and 8% to men. In Germany a total of 28,718 training hours were provided, of which 58% were provided to women and 42% to men.

Average training hours per employee category and gender [GRI 404-1]						
Average Hours	as of February 28th 2022			as of February 28 th , 2023		
	Male	Female	Total	Male	Female	Total
Managers	18.87	17.43	18.23	14.23	38.20	26.21
White Collars	38.17	35.95	36.12	49.10	44.03	44.69
Blue Collars	1.93	1.20	1.29	0.48	0.17	0.22
Total	22.59	25.03	24.78	34.23	35.35	35.19

Training activities relating to annual safety and environmental plans were guaranteed in the reporting period for all Group Companies, in line with the provisions of the State-Regions agreement. These initiatives are aimed at minimizing the risk of accidents and injuries in the workplace in compliance with Legislative Decree no. 81 of April 9, 2008, for Italian companies, and in compliance with specific regulations in force in the other countries in which Morellato operates.

A great deal of attention has been paid to the creation of Internal Coaching and Action Learning sessions, which are extremely useful in ensuring that the process of learning and developing technical and specialist skills continues.



SUSTAINABLE LUXURY

SUSTAINABLE DIAMONDS AND PRECIOUS STONES, 100% RECYCLED GOLD

8

Social Responsibility

8.1 The Group supply chain

Thanks to a direct production structure that allows full control of production, Morellato is able to organize a strategy that 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, 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 that particular time or year. The company's focus is on environmental sustainability, involves also the supply chain with various projects. Attention to the environment and pollution 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 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. 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".

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.

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 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.

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.

During the reported period (1 March 2022 - 28 February 2023), Morellato has implemented a formalized procedure that defines the process of valuation and

qualification of the suppliers. The screening involves social and environmental criteria, with a focus on respect for human rights.

8.2 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.

Together with Doctors with **Africa Cuamm**, an important Italian NGO active in Africa, Morellato Group supports the program “Prima le Mamme e i Bambini”. The aim of the project is to guarantee safe childbirth and nutritional interventions to support mothers and their children in the first 1,000 days of life, i.e. the time from the beginning of pregnancy until the child is two years old. Morellato and the Doctors with Africa Cuamm made possible to complete the renovation of the hospital located in **Rumbek County Centre**, the heart of Lakes State.

Rumbek State Hospital is the only referral structure for four counties, serving an estimated population of 542,000. It also receives patients from the remaining four counties of Lakes State as the main health center for the area, which has a population of just over one million. The hospital has 144 beds in four wards and is also a training center for about 100 students from the nearby Institute of Health Sciences. This gives the facility a huge relevance for the country.

The Group, starting in 2019 supported the NGO in helping to strengthen and renovate this hospital. From November 2021, following a perspective of sustainable development of the hospital, it participated in another project in 2022 that allowed the renovation of four lodgings available to the hospital’s doctors and the presence of qualified medical personnel in the Pediatrics Department of the Rumbek hospital.



In addition, Morellato Group supported the program at the hospitals of **Wolisso** in Ethiopia and **Cueibet** in South Sudan.

A mobile clinic of the WelferCare Association was available in the main square of Santa Giustina to perform free examinations.



Morellato has always believed in the development and valorization of its employees, and it is committed to implementing different initiatives in favor of its employees.

One of these, in particular, is dedicated to female employees of the Group and it concerns the initiative proposed by @WelfareCare and the Municipality of Santa Giustina in Colle dedicated to the prevention of breast cancer, of which Morellato is an official partner.

The project related to the event called “Free Mammography and Ultrasound” CareReady Mobile Diagnostic, was developed in the reporting period and the event itself took place in March 2022

This initiative was addressed to all Morellato Group female employees and to all the women residing in the town of Santa Giustina in Colle, aged between 35 and 49 years old and who have not already performed examinations in the previous 12 months.

The event was successfully concluded, with a total of 83 examinations being carried out, including 49 ultrasound tests and 34 mammography tests.

OUI & ME

FRANCE



THE SUSTAINABLE WATCHES

- 100% recycled stainless steel
- 100% reconstituted leather strap

9

Responsibility to customers/product

9.1 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. Moreover, 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 regulations. This procedure is shared with all employees, who are required to review and comply with all specific points in the used gold pickup activity. 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.

1.2 Product Stewardship

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.

Product stewardship has always been at the forefront of Morellato's production philosophy. The first in Europe to have its own internal laboratory, 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 our laboratories, where specific tests 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 guarantee, through appropriate certifications, in 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.

All Morellato products comply with REACH Regulation 1907/2006 and are therefore hypoallergenic and free from dangerous substances. All reptiles 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, in the selection of sources of supply, Morellato prioritises suppliers certified by the Responsible Jewellery Council (RJC).

Morellato Group guarantees environmental sustainability auto-certification according to ISO 14021.

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.

Morellato's commitment to sustainability is embodied in a true path of sustainability undertaken by the Group, which has led to concrete results, such as, for example, a steady increase in the use of recycled materials in the production of straps, the introduction of recycled gold and silver for jewelry and recycled steel for watches. Moreover, the packaging and the communications materials of the jewels and watches are made of FSC certified recycled paper.

As evidence of its attention and respect towards environmental and social responsibility, Morellato adopts production processes aimed at increasing the efficiency of water and the use of energy resources and materials.

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.

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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.



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.



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, 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.

Four ecological materials make up the Save The Nature proposal:

1. Regenerated leather - produced by processing leftover leather from manufacturing processes or recycling post-consumer leather goods;

2. Recycled polyester- (Gabardine Recycled) fabric made with a yarn made from 100% plastic bottles recovered from the Mediterranean Sea and processed entirely in Italy;

3. Appleskin- material obtained from the processing of apple residues from Trentino used in the production processes of the food industry (100% Made in Italy);

4. Recyclable corn – material obtained from the processing of corn, grown specifically for the industrial and chemical sector

5. Recycled cotton

6. 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.

During the reporting period, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

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GRI Content Index

Statement of use	Morellato has reported the information cited in this GRI content index for the period from 1 March 2022 to 28 February 2023 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI STANDARD	DISCLOSURE	LOCATION	NOTES
GRI 2: General Disclosures 2021	2-1 Organizational details	9-10	
	2-2 Entities included in the organization's sustainability reporting	5-6	
	2-3 Reporting period, frequency and contact point	5-6	
	2-4 Restatements of information	70	
	2-5 External assurance	70	This Report was not subject to external assurance.
	2-6 Activities, value chain and other business relationships	11-12	
	2-7 Employees	45-46	
	2-8 Workers who are not employees	45	
	2-9 Governance structure and composition	18-20	
	2-22 Statement on sustainable development strategy	4	
	2-27 Compliance with laws and regulations	70	No significant instances of non-compliance with laws and regulations have been registered during the reporting period.
	2-28 Membership associations	33	
	2-29 Approach to stakeholder engagement	25-26	
	2-30 Collective bargaining agreements	45	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	27-32	
	3-2 List of material topics	29	

Anti-Corruption			
GRI 205: Anti-corruption 2016	3-3 Management of material topics	23, 29	
	205-3 Confirmed incidents of corruption and actions taken	23	No incidents of corruption were registered during the reporting period.
Product Stewardship			
GRI 301: Materials 2016	3-3 Management of material topics	29, 66-67	
	301-1 Materials used by weight or volume	66-67	
Energy Consumption Management			
GRI 302: Energy 2016	3-3 Management of material topics	29, 35	
	302-1 Energy consumption within the organization	35-37	
Water Management			
GRI 303: Water and Effluents 2018	3-3 Management of material topics	29, 40-41	
	303-1 Interactions with water as a shared resource	40-41	
	303-2 Management of water discharge-related impacts	40-41	
	303-3 Water withdrawal	40-41	
Climate Change and Emissions			
GRI 305: Emissions 2016	3-3 Management of material topics	29, 35-37	
	305-1 Direct (Scope 1) GHG emissions	35-37	
	305-2 Energy indirect (Scope 2) GHG emissions	35-37	
Sustainable Waste Management			
GRI 306: Waste 2020	3-3 Management of material topics	29, 42-43	
	306-1 Waste generation and significant waste-related impacts	42-43	
	306-2 Management of significant waste-related impacts	42-43	
	306-3 Waste generated	42-43	
Occupational Health and Safety			
GRI 403: Occupational	3-3 Management of material topics	29, 52-55	

Health and Safety 2018	403-1 Occupational health and safety management system	52-55	
	403-2 Hazard identification, risk assessment, and incident investigation	52-55	
	403-3 Occupational health services	52-55	
	403-4 Worker participation, consultation, and communication on occupational health and safety	52-55	
	403-5 Worker training on occupational health and safety	52-55	
	403-6 Promotion of worker health	52-55	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52-55	
	403-9 Work-related injuries	54-55	
Training and Development of Human Resources			
GRI 404: Training and Education 2016	3-3 Management of material topics	29, 56-57	
	404-1 Average hours of training per year per employee	56-57	
	403-5 Worker training on occupational health and safety	52-53	
Diversity and Equal Opportunities			
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	29, 45-50	
	405-1 Diversity of governance bodies and employees	45-50	
Human Rights			
GRI 406: Non-discrimination 2016	3-3 Management of material topics	29, 51	
	406-1 Incidents of discrimination and corrective actions taken	51, 70	No incidents of discrimination were registered during the reporting period.
Local Communities Engagement			
GRI 413: Local Communities 2016	3-3 Management of material topics	29, 62-63	

GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	62-63	No significant actual or potential negative impacts on local communities were registered during the reporting period.
Customer Relations			
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	29, 65	
	416-1 Assessment of the health and safety impacts of product and service categories	70	In the reporting period, the 100% of Morellato products are assessed under health and safety impacts.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	70	No incidents of non-compliance concerning the health and safety impacts of products and services were registered during the reporting period.
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	29, 65	
	417-2 Incidents of non-compliance concerning product and service information and labeling	70	No incidents of non-compliance concerning product and service information and labeling were registered during the reporting period.
Circular Economy	3-3 Management of material topics	29, 38-39	
Responsible Sourcing	3-3 Management of material topics	29, 60-61	
Business Ethics	3-3 Management of material topics	29, 21-22	

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