



Sustainability Report 2023

Santoni

Sustainability Report 2023

Santoni S.p.A

**“As inhabitants of the planet,
we are all called to operate responsibly.”**

GIUSEPPE SANTONI

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Letter To Our Stakeholders

We are proud to submit the 2023 Sustainability Report to you, that reflects not only our progress, but above all the unfailing commitment of Santoni Group towards a more responsible and sustainable future. In recent years, our company has invested significant resources in order to strengthen its global presence, while maintaining strong ties with the artisan tradition that distinguishes us. Sustainability is not only a guiding principle, but a strategic lever on which we base our growth, while embracing innovation and respect for the environment, people and communities in which we operate.

In 2023, significant progress was made in our sustainable transition, and many projects that combine craftsmanship and technology were started. In line with our vision of responsible and circular manufacturing, the “CALZARE 4.0” project consolidated our commitment to greener products, promoting the durability and circularity of materials. We have also continued to develop our digitalization programme, perfecting innovative integrations such as product traceability based on NFC technology, which allows our customers to access information about the product they purchase and ensures more efficient and personalized production. The environmental dimension of entrepreneurship is today, as in the past, a priority for Santoni Group. This year important steps were taken to reduce energy consumption and CO₂ emissions by 13% with respect to 2022; we also strengthened our efforts to optimize the use of water resources and waste management. This environmental commitment is a concrete response to global climate challenges and is a step forward towards an increasingly circular and sustainable economy. People are at the core of our success. Santoni continues to ensure the well-being and training of its employees, who are the heart of our company. In line with our values of inclusion and equal opportunities, we have extended our welfare programs and developed training and development programmes for all our employees, consolidating

our commitment to professional and personal growth. At the same time, we are committed to supporting local communities at all times, through collaborations with schools and training institutes in order to pass on artisan skills to the new generations. Our governance structure is designed to ensure integrity and transparency in every aspect of our business management. We have strengthened our ethics and anti-corruption policies and have introduced risk management and cybersecurity measures to protect the data and privacy of our stakeholders. The fact that Santoni ensures compliance with good governance standards reflects its commitment to responsible management and its willingness to respond to the needs of the market and investors in a transparent, correct manner.

In compliance with the latest European regulatory requirements, we are working towards a gradual alignment with the European Sustainability Reporting Standards (ESRS). This transition reflects our determination to consolidate sustainability practices in our business model and respond to the expectations of our stakeholders in a transparent manner. Alignment with the ESRS, which will be completed by 2025, is an opportunity to further develop our reporting system, in order to ensure an increasingly complete and measurable overview of our environmental, social and governance impact.

Looking forward, we are aware of the challenges that lie ahead and our responsibility to encourage positive change. With the hard work and commitment of all concerned, we will continue to strengthen our contribution to a sustainable, fair and innovative supply chain, where each and every choice reflects our corporate values and respect for future generations.

Giuseppe Santoni

Giuseppe Santoni
Chairman and CEO
Santoni S.p.A.



Highlights of the 2023 Sustainability Report

ECONOMIC-FINANCIALASPECTS

Production and revenues: In 2023, Santoni Group's revenues were up by 15% with respect to 2022, reaching a total of EUR 113.6 million, with 47% of sales generated on non-EU markets.

Economic value distributed: the economic value distributed to the main stakeholders was equal to EUR 102.9 million, representing approximately 89% of the economic value produced.

Growth of its product lines: significant increases of the Classic Woman's (+25.3%) and Casual Men's (+22.7%) lines consolidated the brand's positioning in the luxury and lifestyle segments.

THE ENVIRONMENT

Reduction of emissions: Santoni has reduced its CO₂ emissions by 13% as a whole with respect to 2022, thanks to the increased use of renewable energy and the optimization of consumptions.

Water management: Water consumption was reduced by 3.5% with respect to the previous year, thanks to streamlining measures introduced in production.

The circular economy and waste management: the waste produced was reduced by 10%, with 97% of non-hazardous waste sent for recovery.

SOCIAL

Development of human resources: our training and corporate welfare programs for the 700 artisans and collaborators were further improved and developed, focusing above all on well-being and the development of skills.

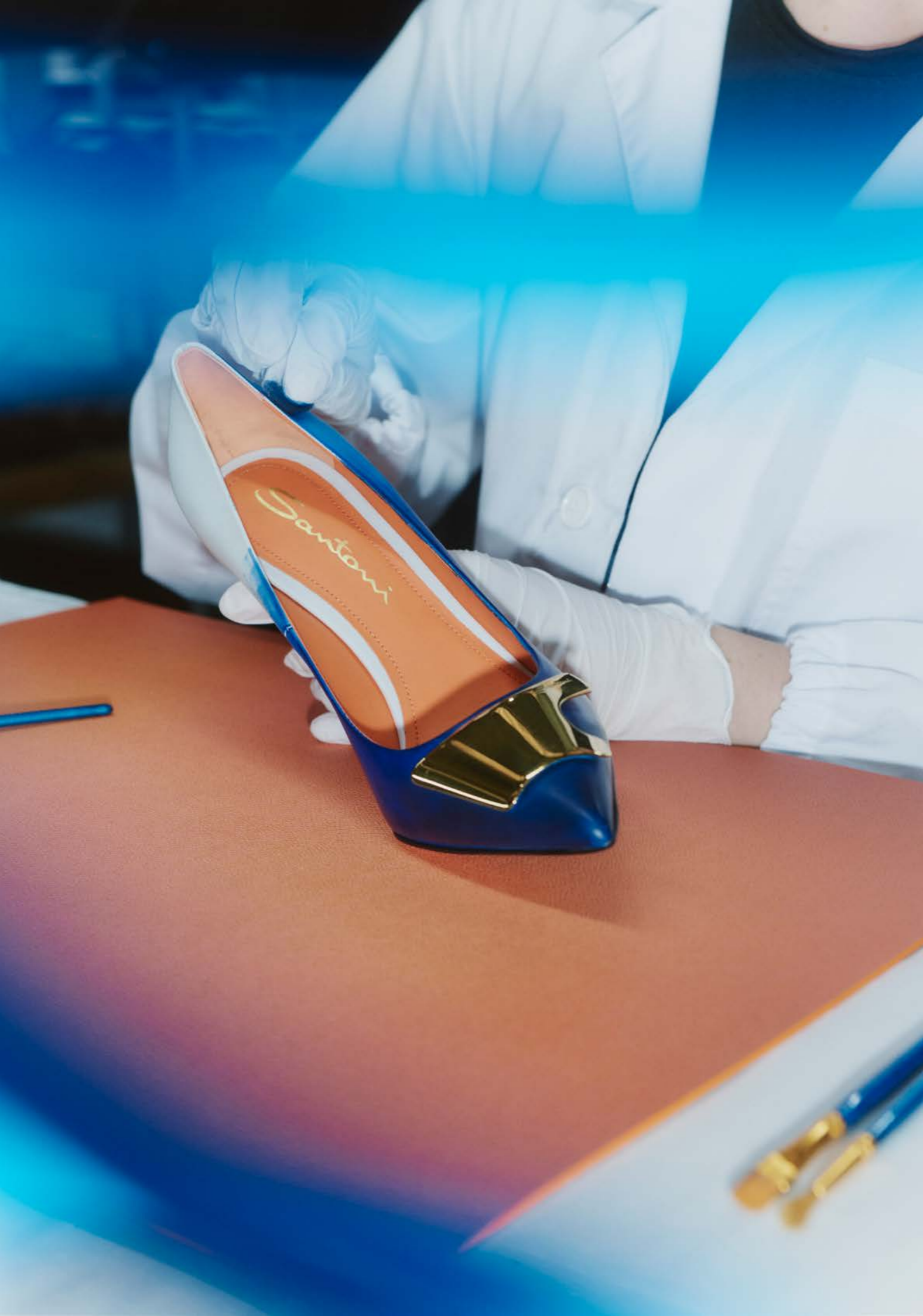
Support to the community: Active partnerships were started with local schools and training institutions to develop and pass on artisan skills.

Inclusion and equal opportunities: Santoni is committed to inclusion and gender equality policies, supported by targeted initiatives to improve representation at all levels of the company.

GOVERNANCE

Cybersecurity and data management: Cybersecurity measures have been strengthened and improved to protect sensitive customer and stakeholder data, with the introduction of new protection systems.

Alignment with ESRS: the alignment process with the European Sustainability Reporting Standards (ESRS) has now been started, in consideration of the fact that its introduction will be mandatory in the 2025 financial year.



I. Identity

I.1 About Us

Santoni Group was founded in 1975 in Corridonia, in the heart of **Marche region**, and has become a symbol of Italian craftsmanship in the luxury footwear sector. Santoni was originally founded from the vision of Andrea Santoni; the company's artisan laboratory has since kept intact its invaluable traditional know-how, which has been handed down from one generation to the next, integrating this know-how with innovation and creativity.

Santoni Group, a historic family business, is today a global and innovative brand whose roots are still firmly embedded in its and the vision of the company as a family: "**business, ars et familia**" are the three words that eloquently reflect its identity and commitment.

From the time it was founded, the company's strategy has been to **create beauty through the unique expertise of its artisan-artists** whose knowledge has been passed on from generation to generation. Each creation reflects the magic touch of these skilled hands thanks to artisan techniques that have been handed down in time, while protecting this unique know-how.

At the heart of the Group's success are its **people**: skilled craftsmen, designers and collaborators who share a passion for quality and excellence. Santoni does not merely create products, it also creates values, and is committed to promoting a corporate culture based on **integrity, transparency and respect for the environment**. This commitment is reflected in each and every aspect of its work, from its production processes to relationships with partners and customers.

1.2 Our History

In Italy, the bond between business, art and family is a deep and inseparable one: cultural and territorial roots are not a limit, but seen as a springboard for innovation. Santoni is the expression of this unique balance, where entrepreneurship becomes a creative act, that enhances the local heritage, transforming it into a distinguishing product. The company, whose roots lie deep in Marche region, draws on the spirit of the place, the “genius loci”, to develop creations that reflect beauty and quality.

The history of the Santoni Group begins in 1975 in **Corridonia**, thanks to the vision of **Andrea Santoni**. His goal was an ambitious one: that of industrializing the artisan process without sacrificing the quality of design, selecting fine materials while ensuring attention to detail, characteristics that have always distinguished the brand. The Group's identity is also reflected in the choice of its distinguishing color, a vibrant orange inspired by the landscapes of Marche region and the works of local artist Tullio Pericoli, that evoke nature as a palette of emotions.

Today, the Group is led by **Giuseppe Santoni**, who inherited his father's passion and dedication, transforming the company into a global group and brand while remaining faithful to its origins. Under his leadership, Santoni Group has taken a leap into the future: it has renovated its head offices, by moving to modern premises designed to meet the challenges of today's market, without however relinquishing the fundamental principle of craftsmanship. Each and every Santoni shoe is created with meticulous care: sewn, dyed and finished by hand by expert craftsmen, who ensure that tradition and innovation are evident in each and every detail. In the management of the Group, Giuseppe is supported by his son Gabrio Santoni, confirming the Group's history that has endured in time and a heritage of values that has been handed down from generation to generation.

The heart of the Group today, as in the past, continues to be its artisan know-how, handed down from generation to generation. The most experienced craftsmen train new workers, ensuring that the company's unique techniques and know-how continue to be an integral part of production. This process of passing down know-how is indeed the very the essence of “Made in Santoni”.



In **2023**, Santoni Group accelerated its international expansion by opening new luxury boutiques. These include the “resort” boutiques in Forte dei Marmi and on the island of Capri, as well as the Boutique in Kuwait and a new boutique in the prestigious Harrods Department Store in London. These new stores opened bear witness to Santoni's consolidation as a global luxury brand, while maintaining the heart of its production firmly rooted in Italy.

1.3 Our Mission, Vision and Values

Our Mission and vision

To spread a culture of beauty and excellence, offering footwear of high stylistic content, made with the finest quality materials. This is Santoni Group's goal. A goal pursued through innovative processes, while respecting tradition and the environment. The Group recognises the importance of its ethical-social responsibility in conducting its business and corporate activities and therefore intends to pursue its goal by balancing the interests involved in the best possible way.

Everything that Santoni Group does, is therefore done with the awareness of the moral and social responsibility that the Company has towards its shareholders, employees, consultants, commercial partners and, indeed, anyone that in any way collaborates with the Group. Santoni believes that attaining the company's goals must go hand in hand with complying not only with its specific corporate values but also with applicable regulations and the duties of honesty, integrity, fair competition, correctness and good faith.

Santoni Is

Santoni Group is characterized by strong values of humanism, reflecting the profoundly Italian essence of the brand. At the heart of its philosophy is the value of people, considered to be a cornerstone of the Group as a whole. Santoni is a large **family**, with almost 700 artisans including employees and external collaborators, linked by authentic and meaningful relationships. This family structure is the source of its authenticity that guides the search for Beauty, shared with customers to improve the quality of daily life. In Italy, business, art and family are inextricably linked, and Santoni embodies this unique and locally rooted approach. Territorial roots are the starting point for creating beauty, fuelled by the *genius loci*, which enhances tradition and innovates.

Santoni Group has deep ties with the **territory**, which represents its origins and its source of inspiration. Innovation starts from tradition, and this continuous stimulus drives artisans to create products that join past and future, tradition and innovation.

The hands of Santoni Group artisans are the heart of the creative process: through their know-how that is passed down from generation to generation, each product takes shape, acquiring an unmistakable identity that lasts in time. **Beauty** is not only the result, but also the process, a way of doing things that makes Santoni a manufacturing company where the art of craftsmanship goes hand in hand with modern design.

Human value is the mainstay of the Group which is well known for its authentic humanism that is also the profoundly Italian essence of the brand.

1.4 Santoni Products

Santoni Group produces men's and women's shoes of high quality and a recognisable elegant style, that may be customised. In **2023**, the Group improved its products by introducing innovative and sustainable materials, with a view to combining technical progress and environmental responsibility. After researching non-animal alternatives, Santoni started using cotton and linen in some collections, responding to the needs of customers who care about animal welfare, while keeping the same values of quality and luxury that characterize the brand.

Santoni shoes for Men. Classic, timeless shoes. The Santoni Men's collection places emphasis on the values of the Maison, where tradition fuels innovation. Craftsmanship, the pursuit of elegance, a style that goes beyond fashion, colours that speak through materials: the Santoni Men's collection is an icon for the formal wardrobe. The typical opaque layer, an artistic technique for colouring each shoe by hand, gives each and every product a deep, nuanced and unique colour. The brand's signature double-buckle is a recurring aspect of all its creative interpretations. The **models in this line** are subdivided into the following lines: double-buckle shoes, loafers, lace-ups and boots.



Santoni shoes for Men

Santoni shoes for Women

Santoni shoes for Women. Shoes that represents the quintessence of Italian sophistication and femininity, with an innate sense of elegance and beauty. The Santoni Women's collection imagines a woman in the vast range of her expressions, far from written rules or clichés: a modern, self-confident, global woman. The brand promotes an idea of conscious and inclusive femininity. The art of workmanship, care to detail, the unique use of colour and the choice of sophisticated materials become sensual and sophisticated creations, designed for different moments of the day, with a sense of coherence and elegance, and an idea of authentic beauty. 2023 marked a year of growth for women's shoes and accessories segment, which to date has been a marginal part of the target, but is now acquiring increasingly



Santoni's Casual Shoes



Accessories

importance. The **models in this line** fall under three groups: court shoes, boots and ankle boots.

Santoni's Casual Shoes. Santoni sneakers embody the style and tradition of the brand, combining craftsmanship and innovation. Manufactured with the finest materials, and featuring bold colours and hand-finished details, these shoes not only offer a sophisticated design but advanced soles and modern volumes. In 2023, Santoni expanded its sneaker segment, in response to market changes and new consumer tastes, while maintaining the identity that characterises the Group. Comfort, quality and design continue to be the cornerstones of the collection, whose aim is to bring together the elegance of luxury sports shoes and practicality, allowing customers to experience their free time with style and personality. The **models in this line** fall under the following groups: sneakers, low shoes, sandals and slippers.

Our Accessories: leather goods, belts, bags and backpacks. High quality leathers are combined with comfort to meet everyday needs.

Customisable products

Handmade to order: the result is a truly unique object that reflects the individual style of the person who wears the shoes.

Santoni Made-to-Order: allows customers to play a very personal role in the creative design process, allowing them to choose the perfect style, leathers of the highest quality and the finish.

#MySantoniColours: the icon of the Maison may be customised: the characteristic double-buckle model. The colour range includes 16 colours with over 500 combinations.

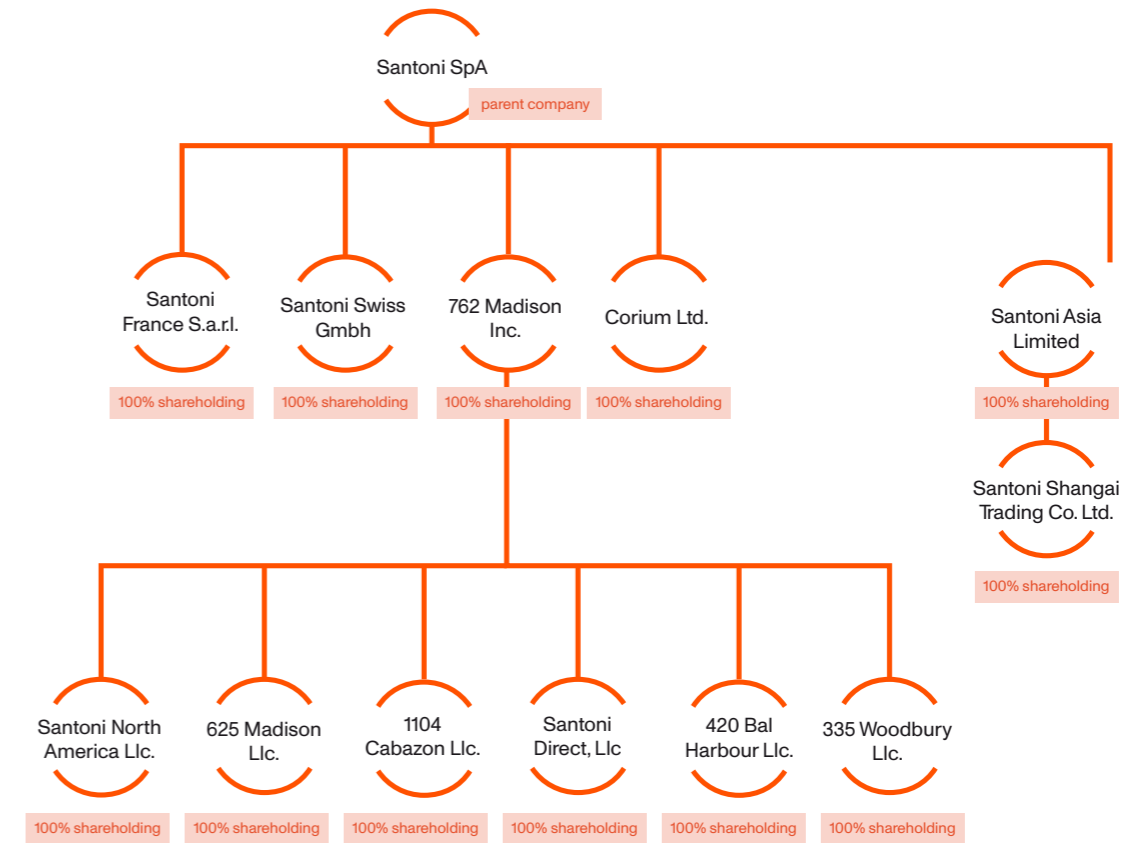
Initials: customers may add their initials to make the product totally unique.

1.5 The Structure of the Santoni Group

Santoni S.p.A. leads the Santoni Group.

Santoni Group is controlled by the company **SAGI S.a.p.a.**, under Mr. Giuseppe Santoni. It should be noted that although this relationship of control exists, Santoni S.p.A. is not subject to the management and coordination of other companies pursuant to sections 2497 et sequitur of the Italian Civil Code.

Santoni controls the following commercial companies that are responsible for the various markets. In each company, under its direct or indirect control, Santoni S.p.A. holds 100% of the share capital.



Santoni Group's Structure

1.6 Corporate Ownership and Bodies

Santoni S.p.A's share capital, as of 31 December 2023, was EUR 1,800,000.00, divided into shares with a nominal value of EUR 1.00.

Shareholder	No. of shares	Value	%
SAGI Sapa	1,116,000	1,116,000	62%
Santoni Holding S.r.l.	684,000	684,000	38%
Total	1,800,000	1,800,000	100%

Santoni's Ownership Structure

Santoni's governance is based on traditional administration and a control model with the following corporate bodies:

- the **Shareholders' Meeting** (that decides the matters provided by law and the Articles of Association);
- the **Board of Directors**, that is responsible for the management of the Company;
- the **Board of Statutory Auditors**, that has a supervisory role.

The structure of the board of directors as at 31 December 2023 was as follows:

Chairman of the Board of Directors	Santoni Giuseppe
CEO	Antinori Alessia
CEO	Poletto Eraldo
Director	Tanoni Paolo
Director	Rinallo Fausto
Director	Pianesi Riccardo

Composition of the Board of Directors

The structure of the board of auditors as at 31 Director 2023 was as follows:

Chairman	Valentini Piero
Auditor	Capecchi Daniele
Auditor	Stizza Paolo
Alternative Auditor	Bruni Francesco
Alternative Auditor	Ciarmatori Dario

Structure of the Board of Statutory Auditors

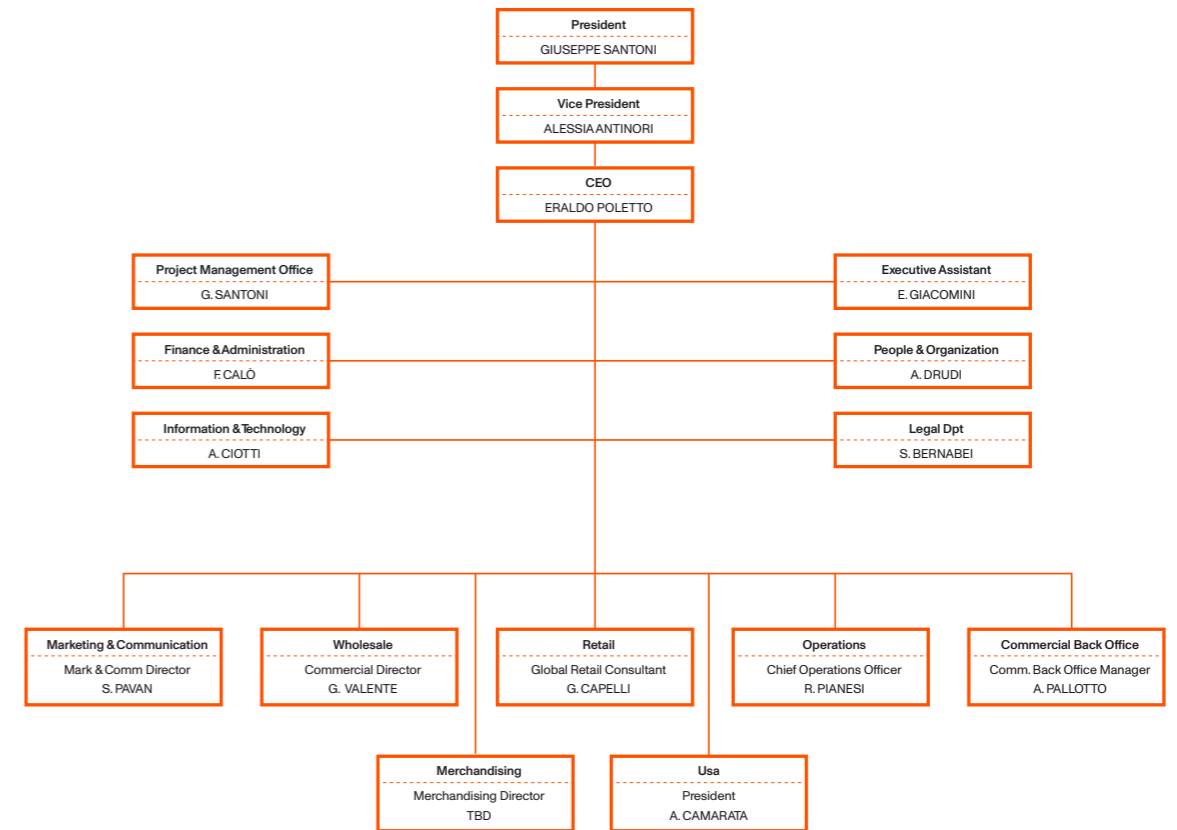
The independent audit is entrusted to EY S.p.A.

1.7 Organization structure

The organization structure of Santoni Group establishes the system of functions, powers, delegations, decision-making processes and company procedures, ensuring a clear allocation of duties and responsibilities.

Its functional **organization structure** allows Santoni to operate in synergy with its operational mechanisms, supporting governance and ensuring the dissemination and adoption of corporate principles at all levels. This approach facilitates process management and encourages an efficient and effective use of resources.

In **2023**, several areas of the company saw significant growth, above all in the creative sector, which plays a central role in protecting the brand's identity.



The Organisation Structure of Santoni Group



2. Strategy And Sustainability

2.1 Our Reference Market

2023 proved to be a complex year for the footwear market both globally and nationally, and was characterized by contrasting dynamics and significant challenges.

At a **global level**, footwear production fell by 6% to 22.4 billion pairs, the lowest level in a decade excluding the pandemic periods. This decrease was caused by a decrease in demand on the most important markets, with the United States, China and the European Union showing significant decreases of consumption equal to 749 million, 398 million and 399 million pairs, respectively. Global exports, at 14 billion pairs, also declined and dropped by 9.1% with respect to 2022. The value of exports however reached USD 168 billion, the second highest ever, confirming an increase of the average selling prices. Production remained heavily concentrated in Asia (87.1% of the total), with China leading and India growing.¹

According to data from the World Footwear Yearbook 2024, **Europe** continues to be an important market for footwear consumption; the ranking of the main markets in terms of shoe purchases sees Asia in the lead, with 54.7% of the total, followed by Europe (13.9%) and the United States (13%).

In **Italy**, 2023 was characterized by a promising start in the first part of the year, with double-digit increases in exports and turnover, followed, however, by a progressive slowdown in the second half of the year, above all, in the third and fourth quarters. This reduction was, in part, physiological, given that the comparison with 2022, the year of full post-pandemic recovery, made it difficult to maintain the same growth rate. At the end of the year, the turnover as a whole, showed a slight increase of 0.6% (EUR 14.58 billion), while the value of exports showed a marginal growth of 0.2% (EUR 12.7). Export volumes however fell by 10.6% and domestic production

decreased by 8.6%, dropping to 148 million pairs, similar to the 2021 levels. The geopolitical context, characterized by the war between Russia and Ukraine and tensions in the Middle East, moreover had a negative impact on the results of Italian companies, which were forced to deal with profit margins eroded by rising costs. This situation led to a 5.3% reduction in the number of operators active in the sector with respect to 2022, although the number of employees increased slightly. The increasing use of redundancy payments confirm the difficulties that the industry will face in the near future.²

Italian exports showed different dynamics according to the geographical areas. On the EU markets, which account for about two-thirds of foreign demand, export volumes fell by 8.9%, but the value rose by 5.3%, thanks to higher prices. Outside the EU, exports declined both in terms of volume (-13.6%) and value (-4%). France was an exception on the leading European markets, maintaining stable volumes and showing a 15.5% increase in value. On the contrary, Germany showed a sharp slowdown, with a decrease in volume of 19.6% and in value of 3.1%. On non-European markets, the Far East showed positive signs, with a growth of 16.3% in value and 7% in volume, thanks to the high demand for high-end products. On the contrary, the United States and Canada showed a sharp slump in volumes (-20.5% and -29%, respectively), while the United Kingdom continued to struggle. Exports to Russia and Ukraine rebounded from the slump in 2022, but remained below the pre-war levels of 2021.

On the domestic front, domestic consumption fell by 3% in volume and 1.5% in value, interrupting the recovery trend that had started after the pandemic. Online sales decreased, but continue to hold a higher market share with respect to 2019 values. Traditional sales channels, on the other hand, suffered a drop in sales, with exception of sporting goods stores which remained stable. Purchases by foreign tourists helped support the industry, and were up with respect to the previous year.

¹Italian Trade Agency - "News from the ITA network".
²Assocalzaturifici - "The Italian footwear sector 2023".

2.2 Regulatory and legislative overview

The regulatory and legislative situation in the field of sustainability reporting is constantly changing, reflecting the growing importance of transparency and corporate social and environmental responsibility. Three of the main regulations are the following: EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

EU Taxonomy

EU Taxonomy is a classification system created by the European Commission that defines criteria for economic activities considered to be environmentally sustainable. Its main goal is to ensure transparency to investors, companies and policy makers, making it easier to direct investments in projects and activities that contribute to the environmental objectives of the European Union. This law above all affects large listed companies, financial institutions and other operators that offer financial products in the EU. Taxonomy will impact production chains, providing incentives to adopt more sustainable practices and the transition to a low-carbon economy. Companies will be required to adapt to specific criteria in order to be considered compliant, which will imply greater focus on energy efficiency, the reduction of emissions and the sustainable management of natural resources.

Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive (CSRD) is a significant revision of the previous Non-Financial Reporting Directive (NFRD). The CSRD expands reporting requirements to a much larger number of companies, including large public interest entities, listed SMEs and other large enterprises. This directive requires companies to provide detailed information about their environmental, social and governance performance, including climate impacts, diversity and inclusion, human rights and corporate governance. The CSRD aims at improving the quality and comparability of sustainability data, making information more useful for investors and other stakeholders. Production chains will be impacted by the need to collect specific data and introduce more robust sustainability management and monitoring systems.

The Corporate Sustainability Due Diligence Directive (CSDDD)

The Corporate Sustainability Due Diligence Directive (CSDDD) represents a further step forward in the regulation of corporate sustainability. This directive requires large companies to conduct human rights and environmental due diligence along their supply chains. Companies will be required to identify, prevent, mitigate and account for the negative impacts of their activities, not only in their own operations, but even in those of their suppliers and business partners. The CSDDD applies mainly to large companies with a high number of employees or turnover. This regulation will lead to greater control and transparency in production chains, forcing companies to improve risk management practices and ensure respect for human rights and environmental standards throughout the supply chain.

Santoni Group will be required to comply with the CSRD as from 2025 and, consequently, even with EU Taxonomy standards. This implies the need to gradually comply with the new European sustainability directives. Notwithstanding this future regulatory obligation, Santoni Group has already started to comply with these regulations in order to ensure appropriate compliance.

This proactive approach will strengthen Santoni Group's competitive position on the market, helping to create long-term value for all stakeholders and encouraging sustainable and responsible practices along the entire value chain.

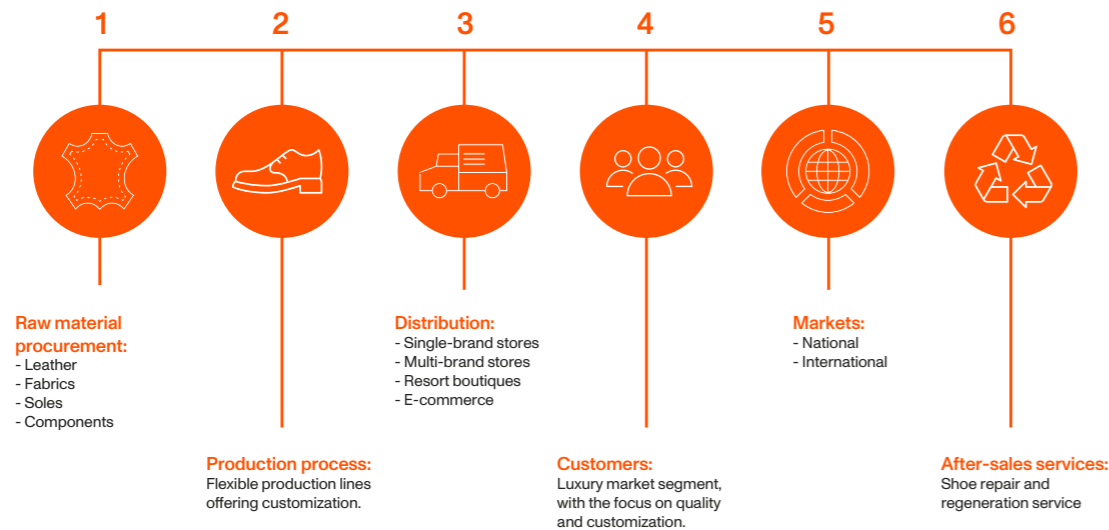
2.3 The value chain and the supply chain

Santoni Group aims to create value by combining craftsmanship with industrial efficiency, offering leather products that adapt to different occasions. In recent years, the Group has introduced a number of initiatives in order to strength its business model, characterized by the integration of technological innovation, the circular economy and customer centricity.

Santoni's **Production and logistics** activities are carried out at the Corridonia head offices, where the Group ensures and pursues high standards of excellence and sustainability, continuously improving processes while respecting tradition. Santoni's "**customer-centered**" production, is based on flexible lines that make it possible to customize products to meet the specific needs of customers. Moreover, in order to guarantee the traceability of its products along the entire supply chain, Santoni Group uses NFC technology on a number of footwear lines. This system ensures the monitoring of every phase of the production process, from the processing of the raw material through to delivery of the finished product. **Traceability** not only improves the internal management of material flows, but also makes it possible to comply with the growing certification demands of international markets, such as the United States and India, where particularly strict environmental standards are required. **Research and development** activities are a central aspect of Santoni Group's supply chain, with the aim of developing innovative materials and more sustainable production processes. One of the most promising initiatives is Santoni's collaboration with Camerino University to develop a proprietary material obtained from waste proteins and recycled materials. This material aims at reproducing the sensorial and qualitative characteristics of leather, while ensuring greater sustainability and safeguarding biodiversity.

The main **infrastructure activities** of Santoni Group are located between Milan and Corridonia and include management, administration, the legal office and quality control. The Group considers the **management of Human resources** to be a highly strategic aspect, in view of the artisan nature of its products and the high level of specialization of the workforce that is required. In line with the company values of "being a family" and "well-being", a number initiatives were introduced, including the Santoni Virtus, a corporate welfare programme, and in-house canteen for employees. As regards the **procurement of raw material**, Santoni Group mainly sources leather and other materials from European suppliers, preferring Italian supplies

where possible. The leather used in the production process comes from the food supply chain, thus avoiding the slaughter of animals exclusively for the production of footwear. This approach helps to reduce its environmental impact and ensures more sustainable management of resources. The Group tends to source its materials from tanneries certified in accordance with Leather Working Group (LWG) standards. Other materials, such as fabrics and components for soles, are sourced mainly from EU suppliers, while some raw materials are processed in Italy in order to guarantee quality and traceability, in a context that today more than ever requires control of supplier's own supply chain. Diversification of suppliers minimizes the risk of delays and ensures consistent product quality.



Santoni's value chain

The Group **distributes** its products through different channels, such as single-brand stores, multi-brand stores, e-commerce and “resort” boutiques, which are often seasonal and with limited edition products, in luxury destinations such as Capri and Miami. Logistics is organized to minimize lead times, ensuring fast deliveries to its customers and maintaining high quality standards.

Santoni Group operates on both national and international **markets**. In 2023, the company strengthened its presence on the US market, by participating in key events to strengthen its image in a highly competitive environment. In addition, the Group has faced new regulatory challenges in order to expand into markets such as India, which has recently introduced stricter requirements for the import of footwear.

The Group's **customers** are mainly in the luxury market segment, where there is a high focus on quality, customization and sustainability. These are often demanding, international customers, who look for exclusive products.

Marketing, which is mainly managed by the Milan and Corridonia offices, supports the expansion of the brand and valorization of its “know-how”. In 2023, Santoni Group launched the Academy of Excellence, a project whose scope is to emphasise the Group's commitment to training and maintaining traditional artisan skills and expertise. This initiative is part of the broader “Santoni Culture” project, a programme that aims at preserving and passing on artisan know-how, while integrating innovative production techniques.

The Group promotes sustainability through **after-sales services**, available both physically and online, for footwear repairs and regeneration, which extends the life of the products, reducing the need for new products. This approach supports the circular economy, minimizing waste and the use of resources. In 2023, Santoni Group extended this service to sneakers, in this way increasing the offer of sustainable solutions for different footwear categories.



Gantoni

2.4 Strategic development lines

SWOT Analysis

Santoni's management has developed the following strategic SWOT analysis which shows the company's positioning with respect to its competitors and the market. This analysis was used as a basis for the development of Santoni's strategic corporate lines.

	PLUS	MINUS
Internal perspectives	<p>Strengths (Points of strengths)</p> <ul style="list-style-type: none"> – Intrinsic quality of the product (value for money) – Expertise and quality of workers – Recognised positioning in high-priced market segments – A company rooted in the territory 	<p>Weaknesses (Points of weakness)</p> <ul style="list-style-type: none"> – Independent company, not related to any large luxury group – Limited presence on the direct channel
External perspectives	<p>Opportunities (Opportunities)</p> <ul style="list-style-type: none"> – Integration of external laboratories into the production process – Far East market – Consumer trends that tend to be based on product customisation – Introduction of new Business models to develop unexpressed potential (bulk orders, replenishment) – Collection focus 	<p>Threats (Threats)</p> <ul style="list-style-type: none"> – Growing attractiveness of global competitors on the local HR market – Geopolitical instability on the former-USSR, Ukraine and Middle East markets – Indirect Customer Credit Risk – Customer disaffection with the "Luxury" model

Strategic Initiatives

Strengthening the relationship with the end customer and enhancing Made in Italy

Santoni Group intends to increasingly strengthen the direct relationship with the end customer, focusing on selected retail channels and an expanding network of single-brand boutiques, with targeted openings in high-profile tourist locations such as Capri and Forte dei Marmi. This strategy makes it possible to communicate its Made in Italy values, strengthening the perception of Santoni as a brand that is synonymous with Italian craftsmanship and luxury. The choice of exclusive locations also allows Santoni to offer collections designed for local customers, such as footwear decorated with specific motifs linked to the traditions and aesthetics of individual destinations.

The Academy of Excellence: preserving and passing on artisan expertise and know-how

Launched in 2023, the Academy of Excellence is a central initiative in Santoni Group's strategy to enhance traditional artisan skills and attract young talents. The four-week program includes one week of theoretical training combined to three weeks of intensive practice at the company's head office in Corridonia, for groups of 15-18 participants each year. With an 80% recruitment rate from participants, the Academy strengthens the Group's ability to maintain high quality standards and respond to the growing demand for authentically Made in Italy luxury products, ensuring that the heritage of artisan skills continues to be a strategic cornerstone of the Group.

Strengthening its position in the luxury segment

In order to consolidate its position on the luxury market, Santoni Group has started collaborations and developed exclusive lines that meet the expectations of high-profile consumers. Through the Academy of Excellence, the Group maintains and enhances artisan know-how, investing in the training of young talents to ensure that skills are constantly updated and Italian craftsmanship is passed on to new markets. Santoni intends to strengthen its positioning in the luxury segment above all by increasing the number of monobrand boutiques within 2026, ensuring a consistent, high-quality experience globally.

Expansion of the digital channel and omnichannel strategy

Santoni Group's strategy includes a strong integration between physical and digi-

tal channels, with the implementation of an order management system that allows physical stores to meet e-commerce orders according to the customer's location. This omnichannel approach aims at improving the customer's shopping experience and respond quickly to global market demands, while ensuring consistency and minimizing delivery times. The growth of e-commerce also translates into improved accessibility to Santoni luxury products globally.

Strengthening the brand identity through collaborations and experiential marketing initiatives

In 2023, Santoni strengthened the brand's identity by collaborating with artists and designers in order to create special editions and limited collections, specifically for special events or boutiques. This strategy strengthens the exclusivity of the brand and creates an emotional bond with the customer, through experiential marketing initiatives that enhance the tradition and artisan quality of its footwear. The collaboration with the Academy of Fine Arts of Macerata for the development of an advanced course reflects this vision, with the aim of training talents capable of innovating without losing the link with tradition.

The Sustainability Strategy

Development of innovative and non-animal-derived materials

Sustainability is at the heart of the strategic vision of the Santoni Group, which actively works on the development of new sustainable materials. The Group's collaboration with Camerino University has led to the creation of innovative materials, using waste proteins such as casein and natural fibres such as cotton and linen. This allows us to respond to the demands of an increasingly environmentally-conscious clientele, while maintaining high standards of quality and design. The collections created include non-animal uppers, with leather soles, offering a balance between sustainability and artisan luxury. With this in mind, Santoni is developing its own synthetic leather, with aesthetic and technical characteristics similar to traditional leather but with reduced environmental impact. This project, in line with the principles of the circular economy, will make it possible to create high-quality alternatives without compromising the performance and longevity of the product. The goal is to use this material in footwear and accessories, helping to reduce the dependence on animal-based materials while responding to the strictest environmental regulations on global markets.

Regeneration and recycling of products to encourage responsible consumption

Santoni has extended its footwear regeneration program, allowing customers to repair and regenerate their shoes, including sneakers. This approach extends the useful life of products, reducing the need for new products while minimizing environmental impact. The service responds to the growing demand for sustainability from customers, who appreciate solutions that extend the life cycle of luxury footwear.

Reducing the environmental footprint along the supply chain

In 2023, Santoni started a process of environmental certification of suppliers and collaborated with partners who work in compliance with sustainability standards such as the Leather Working Group. Selecting suppliers such as these makes it possible to reduce the environmental impact and guarantees that the materials used, such as leather, come from traceable and environmentally friendly supply chains. Moreover, Santoni is diversifying its sourcing of soles in order to improve the resilience of its supply chain and reduce the environmental impact related to the transportation of materials.

Corporate welfare programs for the well-being of employees

Santoni is committed to ensuring a positive and inclusive work environment, with initiatives aimed at the physical and psychological well-being of employees belonging to certain categories. In 2023, the "Conciliamo" program introduced benefits such as health care vouchers, psychological support and a flexible leave system for new parents. This focus on corporate welfare reflects Santoni's desire to create a working environment that ensures the well-being of people and improves their quality of life, strengthening their sense of belonging to the Group.

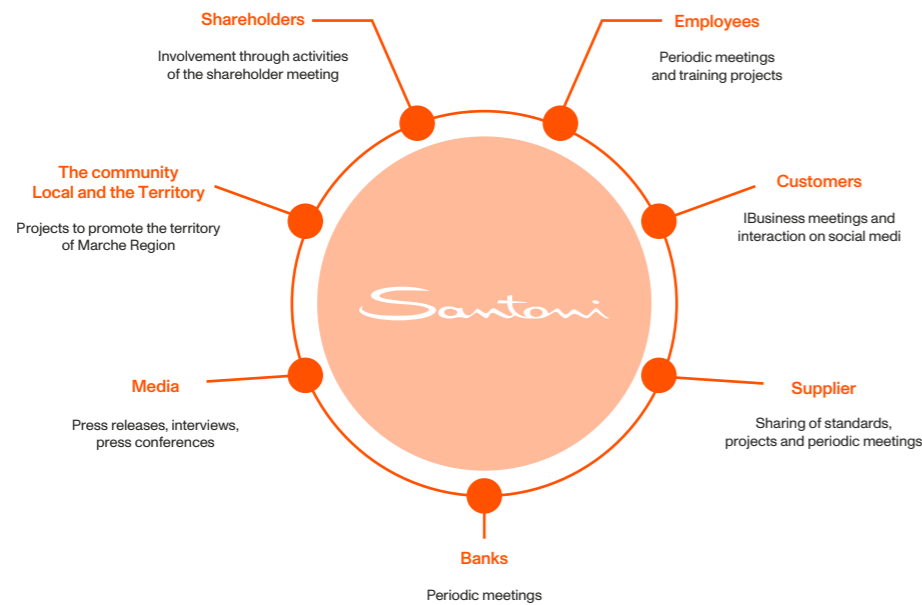
Strengthening transparency and risk management policies

In order to maintain high standards of integrity and accountability, Santoni has introduced advanced risk management measures, with the focus on cybersecurity and the protection of sensitive customer and stakeholder data. Cybersecurity management is supported by up-to-date systems and strict protocols, thus ensuring the protection of corporate data. Moreover, the introduction of a stricter code of ethics and anti-corruption initiatives renew the Company's commitment to responsible governance, which responds to the growing expectations of global markets.

2.5 The stakeholders

Stakeholders are persons, groups or organisations, with a vested interest, or stake, in the activities of a business or organisation, whose interest is negatively or positively influenced by the result of the execution, or progress, of its activity and whose action or reaction in turn influences the stages or completion of a project or the future of the company.

Stakeholder engagement is intended as the systematic involvement of the key players of an organisation and represents the main lever for monitoring and managing the quality of relationships and is an important aspect in deciding policies and company strategies. Santoni's system of relations with its stakeholders includes tools and channels for dialogue, as illustrated below, differentiated by the different categories of stakeholders.



Santoni's stakeholders

Stakeholder Category	Type of Engagement (Projects – Initiatives – Relations)	Topic
Shareholders	<ul style="list-style-type: none"> – Shareholders' Meeting – Website 	<ul style="list-style-type: none"> – Economic performance
Employees	<ul style="list-style-type: none"> – Constant dialogue with Human Resources Management – Informal / corporate meetings – Training meetings – Salary policies – Employer branding – Corporate welfare initiatives – Corporate DEMs for internal communication 	<ul style="list-style-type: none"> – Health and safety – Well-being and training – Equal opportunities and diversity
Customers	<ul style="list-style-type: none"> – Interaction through business meetings / workshops and presentations – Project meetings – Social Networks – Website and other dedicated communication channels – Newsletters 	<ul style="list-style-type: none"> – Customer privacy – Customer health and safety – Social and environmental performance
Suppliers	<ul style="list-style-type: none"> – Business meetings – Defining and sharing standards – Partnerships on projects (products and innovation) 	<ul style="list-style-type: none"> – Procurement practices – Environmental assessment of suppliers
Banks	<ul style="list-style-type: none"> – Shareholders' Meeting – Website – Periodic meetings 	<ul style="list-style-type: none"> – Performance economica – Performance ESG
Media	<ul style="list-style-type: none"> – Interviews – Press conferences – Corporate website – Press releases 	<ul style="list-style-type: none"> – Indirect economic impacts – Social and environmental performance
The Local Community and Territory	<ul style="list-style-type: none"> – Meetings with local community representatives – Collaboration on open innovation projects – Training and social responsibility 	<ul style="list-style-type: none"> – Indirect economic impacts – Social and environmental performance

The main stakeholders and engagement methods

2.6 Santoni’s commitment to achieving its Sustainable Development Goals (SDGs)

Santoni has introduced and shares a model of sustainable development. Santoni is therefore gradually introducing its Sustainable Development Goals (SDGs) into its business model and strategy.

The SDGs approved in the 2030 United Nations Agenda are 17 interconnected goals, defined by the UN as a strategy “to obtain a better and more sustainable future for all”. The Sustainable Development Goals address a wide range of economic, social and environmental development issues. The 17 goals include 169 targets, in turn linked to a framework of indicators to monitor progress, that facilitate its understanding, transformation into concrete actions and monitoring.

The following table indicates the SDGs to which Santoni actively contributes, together with the target and actions taken by the Company to attain the same.



SDG	Target	Actions
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.2</p> <p>Reach the highest production rates through diversification, technological upgrading and innovation, above all focusing on high value-added and labour-intensive sectors</p>	<ul style="list-style-type: none"> – 4.0 Industry projects for technological advancement in production (SSM and CARL projects) – Specific training programs for different professional qualifications
<p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>9.5</p> <p>Strengthen scientific research and the technological capabilities of industrial sectors, above all by increasing the number of R&D personnel and public and private spending in this area</p>	<ul style="list-style-type: none"> - Collaborations with public partners (e.g. the Ministry of Economic Development, Marche Region, Marche Polytechnic University) and private companies (e.g. Mercedes AMG, IWC Schaffhausen) to implement technological innovations in order to improve product quality and ensure a more efficient use of resources
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.5</p> <p>Within 2030, significantly decrease the generation of waste through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> – The focus on the quality of Santoni’s products which ensures a long life in time – The Group offers repair and regeneration services for used shoes which help to lengthen their useful life

Santoni’s commitment to the SDGs



3. The Materiality Analysis

The materiality analysis defines the important, so-called “material” aspects for a company. According to the definition of the 2021 version of the GRI Standards, a topic is considered to be material if it is able to represent the impacts of the company on the economy, the environment and people, including the impacts on human rights. This is therefore an inside-out impact (so-called impact materiality).

The material aspects for Santoni and its stakeholders are established once a year according to a structured process that complies with applicable standards.

As mentioned previously, in 2023, the Group updated its Materiality Analysis in order to include the changes that occurred within the company and the innovations related to the 2021 version of the GRI Standards.

In compliance with the provisions of the GRI3-2021 standard, Santoni has therefore updated its materiality analysis. The company has therefore identified its actual (current) and potential, negative and positive, foreseeable and non-foreseeable, reversible and irreversible impacts on the economy, the environment and people, including impacts on human rights, resulting from the activities of the company as a whole.

More specifically, in line with the provisions of the new GRI 3: Material themes 2021, the material themes were identified by following the steps illustrated below.



In the initial phase, the company carried out an **analysis of the context in which it operates**, its strategy and processes, at a company and supply chain level, and also analysed aspects obtained from external databases and document sources in order to identify the impacts generated on the economy, environment and/or people.

This stage was the basis for the subsequent process of **identifying positive and negative impacts**. More specifically, positive impacts are those that generate benefits for the economy, the environment and people, while negative impacts are those that do not contribute to sustainable development. The impacts were also placed in the production chain (upstream, direct, downstream).

After this phase, the company then **evaluated the extent of the impacts** on the basis of the criteria established by GRI 3: Material issues 2021, namely, the severity and probability of impact. The severity of an impact is a complex assessment that takes into account different factors, including the scale, scope, the characteristics of irremediability and compliance with international standards and agreements, as well as the context in which it occurs.

When assessing severity, the company identified three levels: low, medium and high. The probability of an impact refers to the possibility that the impact will occur and can be measured or determined qualitatively or quantitatively. In this case, a qualitative scale was used that divides impacts into potential (uncertain occurrence) and current (certain occurrence).

In the case of potential impacts, their probable occurrence was also qualitatively assessed; for example, if the severity of the impact is high but the possibility that the impact may occur is low, the impact was classified as a high severity but low probability impact.

Based on the assessment of the extent of the impacts, according to their severity and probability, **the most relevant impacts and related material themes were prioritized**, as listed below, which represent the current and potential positive/negative impacts, their position in the supply chain (direct/upstream/downstream) and extent, classified with a score from 1 to 5 where 1 indicates low severity and low probability and 5 high severity and high probability while the intermediate scores indicate the different combinations of ratings allocated to severity and probability.

Topic	Description of Impact	+/- A/P	Position In the Supply Chain	Significance
Creation of shared value	Santoni Group creates shared economic value by contributing to the economic development of local communities, providing job opportunities and investing in social initiatives.	+ A	○ ● ○	■ ■ ■ ■ ■
Climate change and pollution	Production activity implies emissions, which have an impact on climate change. Santoni Group uses renewable sources in order to reduce this negative impact.	- A	○ ● ○	■ ■ ■ ■ □
Water and resources	Upstream activities in the production chain use significant quantities of water. The Group consumes low quantities of the resource in its production phases and has, in any case, introduced awareness policies in order to reduce water consumption and waste.	- A	● ○ ○	■ ■ ■ ■ □
Biodiversity and ecosystems	The products require the use of animal skin, with negative impacts on biodiversity and the ecosystem. In order to reduce these effects, the Group sources its supplies exclusively from suppliers in the food chain, avoiding the slaughter of animals solely for the production of leather.	- A	● ○ ○	■ ■ ■ □ □
Use of resources and the circular economy	The Group has introduced policies to extend the product life cycle and uses recycled materials for packaging and the internal packaging materials.	+ A	○ ● ○	■ ■ ■ □ □
	The Group and its supply chain produce hazardous and non-hazardous waste, the inadequate management of which may have negative impacts on the environment and the company's economy. The Group has introduced policies for responsible waste management.	- A	● ○ ○ ○ ● ○ ○ ○ ●	■ ■ ■ □ □

Human resources	Production activities imply health risks for employees. Systems and procedures have been introduced to mitigate risks.	- P	○●○	■ ■ ■ ■ ■
	The Group has introduced actions to improve working conditions and training programmes to improve the skills of human resources.	+ A	○●○	■ ■ ■ ■ □
	Santoni Group has introduced policies of inclusion that also aim at ensuring gender equality at all company levels.	+ A	○●○	■ ■ ■ ■ □
Customer Relations	No products are manufactured that may have a negative impact on the health of end users, but by acquiring data from customers, the Group may incur risks related to their privacy.	- P	○ ○ ●	■ ■ ■ □ □
Relations with Suppliers	The supply chain in which the Group operates implies the risk of the possible violation of human rights and lack of safety at the workplace of suppliers.	- P	● ○ ○	■ ■ ■ □ □
The Local Community and the Territory	The Group has systematic relationships with schools and training institutes in order to transfer skills and know-how to the new generations.	+ A	○ ○ ●	■ ■ ■ ■ □
Business Ethics and Anti-Corruption	The company's business activities imply risks of corruption and unethical behaviour. In order to reduce this impact, the Group has introduced anti-corruption policies.	- P	○ ● ○	■ ■ □ □ □
Risk Management and Cybersecurity	Managing third-party data implies the risk of loss/theft of sensitive data due to cyber-attacks.	- P	○ ● ○	■ ■ ■ ■ □

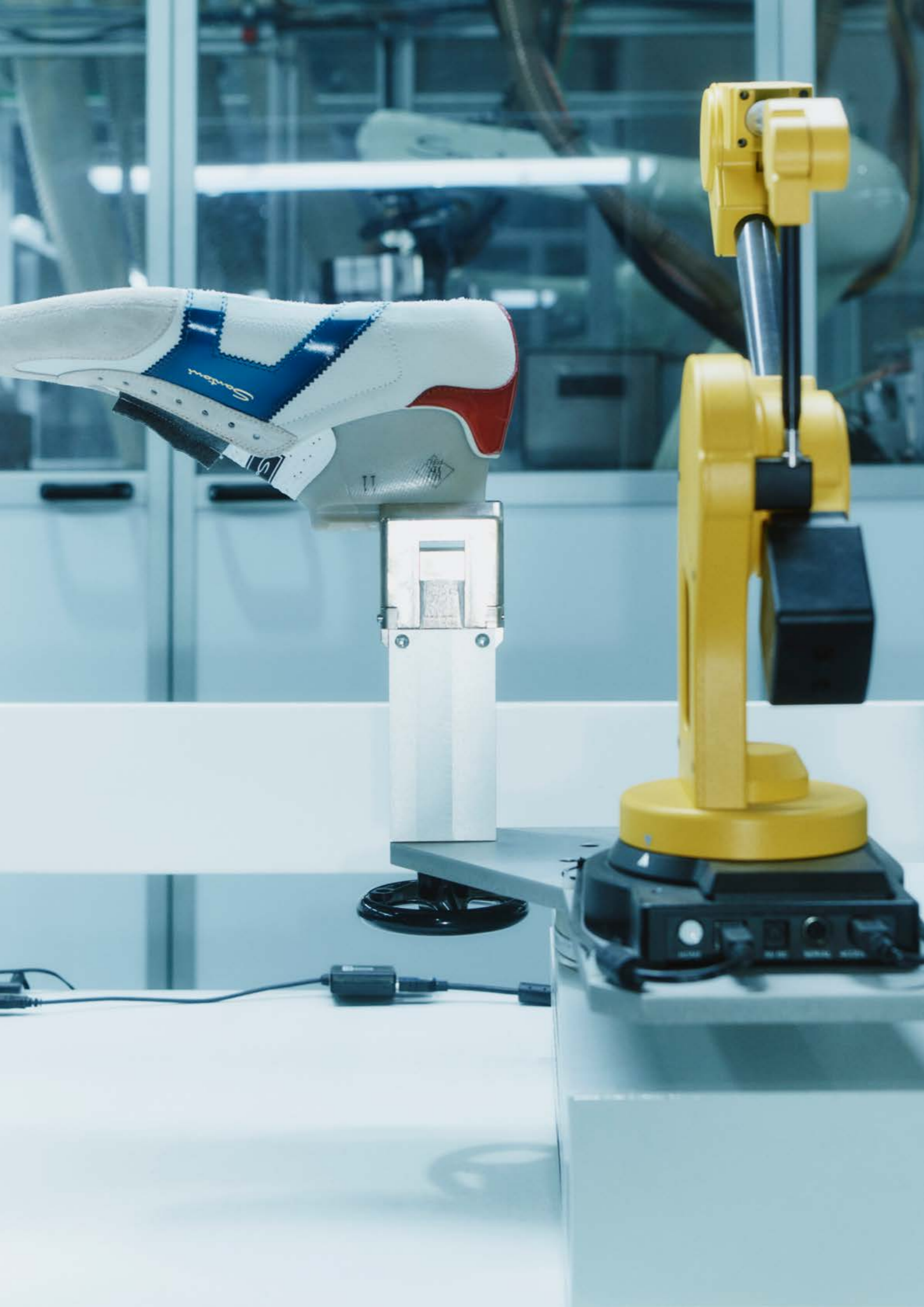
List of material issues

The analysis suggests that the Group is balancing environmental, social and economic aspects. Themes related to shared value and the well-being of employees are particularly important, indicating that the company is strongly committed to sustainability and social responsibility practices. This may in part be explained by the fact that Santoni Group's sector and type of production are particularly "labour intensive".

Environmental issues, such as climate change and the use of natural resources, show rather high values in terms of impact. Although its production is not characterized by the use of hazardous substances or high energy or water consumption, nor a significant production of waste and emissions, the supply chain in which it operates has negative impacts in these areas. For this reason, the Group is committed to reducing its direct impacts, in order to reduce the overall impacts along the supply chain.

Less relevant, though recognised, issues such as corporate ethics and anti-corruption currently have less of an impact on the Group's strategic management. However, in an environment where regulations and consumer expectations are rapidly changing, these areas might become more important in the future.

In drafting this report, each important issue was then referred to a reporting standard, whenever possible or, in any case, the focus of attention of a topic reported was identified, even if it did not have a specific GRI standard of application.



4. Tradition And Innovation: The Value Of Santoni Group

2023: About Santoni

MATERIAL ISSUES	Creation of shared value	Economic value distributed EUR 102,924,483
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Santoni Group is committed to creating **economic value and distributing this to its stakeholders** with an approach that integrates artisan tradition and technological innovation. **Process innovation**, investments in modern technologies, have allowed Santoni Group to improve operational efficiency, product quality, and rapidly adapt to new market trends while ensuring a more sustainable management of resources. The Group has also started a process of digitalization and integration of artificial intelligence systems in different business areas. This synergy between **craftsmanship and technology** not only strengthens the economic value of the Group, but also improves its ability to respond to the challenges of an ever-evolving global market.

4.1 Creation of shared value

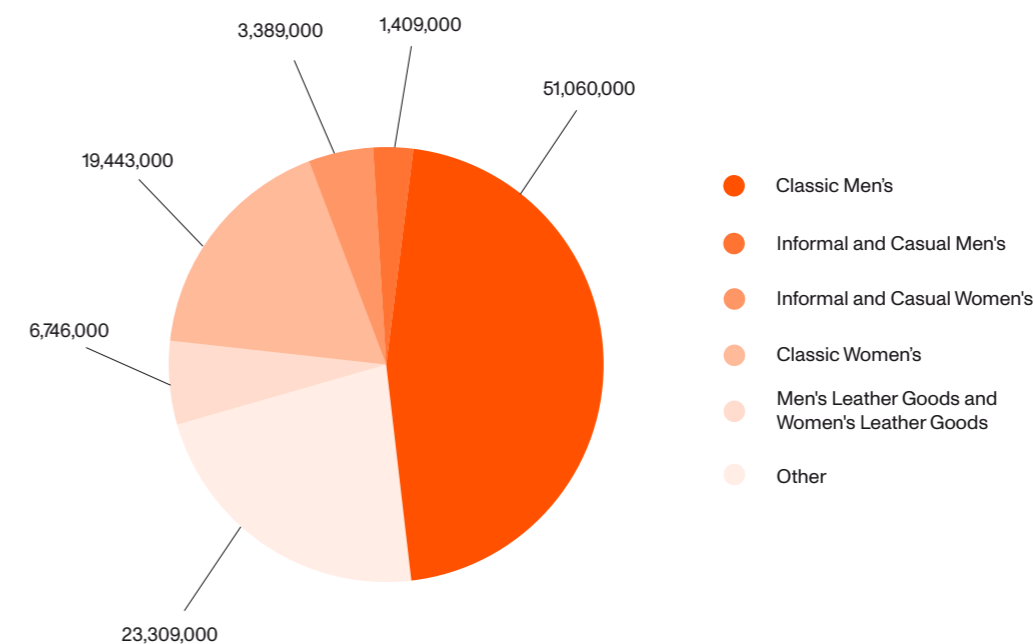
4.1.1 The Economic value generated and distributed

In the 2023 financial year, Santoni Group attained revenues of EUR 113,656,416, with respect to EUR 99,034,169 in 2022, showing an increase of approximately 15%. This positive trend is attributable both to the global recognition of the brand and to the continuation of the commercial and marketing development strategies launched in previous financial years.

In line with the previous two years, almost all of the Group's revenues come from the sale of goods (EUR 113,656,416) and the largest portion of the turnover is produced in non-EU countries. More specifically, in the case of revenues produced by the sale of goods, 47% of these were obtained in non-EU countries (EUR 53,768,625), 30% in the European Union (EUR 34,410,254) and 23% in Italy (EUR 25,477,537).

As regards the breakdown of revenues by product line, as in the previous financial year, the "Classic Men's" line produces the highest percentage of turnover, followed by the "Informal and Casual Men's" lines and the "Classic Women's" line. More specifically:

- the Classic Men's line attained a total turnover of EUR 51,060,000, and was up by 17,6%;
- the Informal and Casual Men's lines were up by 22.7%, with a turnover of EUR 23,309,000;
- the Informal and Casual Women's lines were up by 13.5% with a turnover of EUR 6,746,000;
- the Classic Women's line attained a total turnover of EUR 19,443,000, and was up by 25,3% with respect to the previous year;
- the Men's Leather Goods and Women's Leather Goods lines respectively showed a total turnover of EUR 3,389,000 with an increase of 53.9% with respect to 2022;
- Other sales reach a turnover of EUR 1,409,000, with respect to EUR 3,374,783 in 2022.



Breakdown of Santoni Group revenues by product line

As regards the main sales channels, at a Group Level, the total turnover of the wholesale and franchising sectors, at approximately EUR 87.042 million, was up by 20% with respect to the previous year. The Company attained revenues of EUR 7.924 million through the retail channel while the on-line channel generated a turnover of EUR 6.265 million. Retail and online channel revenues increased by 6% and 22%, respectively, with respect to 2022.

The following table gives a reclassification of the income statement that shows the economic value produced and distributed by Santoni Group. This statement makes it possible to analyse the Group's ability to create wealth and distribute this to its internal and external stakeholders.

	2023	2022	2021
Revenues	113.656.416	99.034.169	68.011.372
Other income	1.307.892	952.841	1.757.030
Financial revenue	207.149	10.283	14.539
Total economic value produced	115.171.457	99.997.293	69.782.941
Operating costs	68.330.107	64.422.370	41.226.702
Staff remuneration	31.603.708	29.255.944	21.377.151
Remuneration of lenders	960.968	219.671	120.165
Remuneration of investors	-	-	-
Remuneration of the Public Administration ⁴	1.855.116	2.029.964	-1.749.184
Donations	174.584	92.175	12.790
Total economic value produced	102.924.483	96.020.124	60.987.624
Withheld economic value	12.246.974	3.977.169	8.795.317

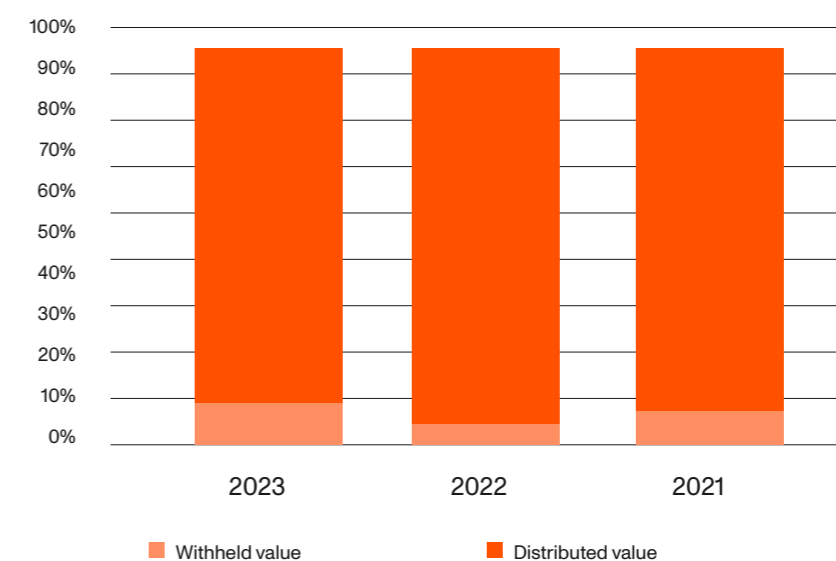
The economic value generated and distributed by the Santoni Group³

³Please note that in order to make it possible to compare this data with the year 2023, the economic value generated and distributed by Santoni Group has been recalculated even for the years 2022 and 2021.

⁴The remuneration of the Public Administration also includes deferred taxes.

In 2023, Santoni Group produced economic value equal to EUR 115,171,457 against EUR 99,997,293 in 2022, showing an increase of 15%. The economic value distributed also increased in 2023 (+7% with respect to 2022), increasing from EUR 50,956,303 to EUR 102,924,483.

As shown by the graph below, in line with the two-year period 2022-2021, the largest share of the economic value generated was distributed to its stakeholders (internal and external) while only a small part of the above was withheld by the company. In 2023, the economic value withheld was EUR 12,246,974, i.e. 11% of the total economic value generated by Santoni Group.



Economic value distributed and withheld in the three-year period

In line with the previous financial years, the share of the distributed economic value allocated to cover operating costs is the highest, amounting to EUR 68,330,107, with respect to EUR 64,422,370 in 2022, showing an increase with respect to the previous year of 6% due to a number of factors, including increased purchases of raw materials linked to the increase in sales and orders acquired for the next seasons. Personnel remuneration increased from EUR 29,255,944 (of 2022) to EUR 31,603.708 and includes all the costs that the Company incurred for its employees,

including category improvements, seniority increases, provisions for leave not taken and all the other aspects provided by the collective bargaining agreement. The cost as a whole increased as a result of the increase in staff in 2023 and the bonuses awarded to employees and directors for achieving specific goals.

In 2023, the remuneration of lenders amounted to EUR 960,968 , showing a significant increase with respect to the previous year (equal to EUR 219,671). In line with the two-year period 2021-2022, the Company did not provide remuneration for investors.

During the 2023 financial year, the parent company Santoni S.p.A. received a number of grants and economic benefits from the Public Administration, as shown by the following table. The Company also benefited from further State aid measures as per the RNA (National State Aid Register).

Contribution received	Reason
€ 47.280,55	Tax credit for the purchase of electricity relating to consumption in the 1st quarter 2023. 656,416
€ 8.231	Tax credit for the purchase of electricity relating to consumption in the 2nd quarter 2023.
€ 55.969,25	Tax credit for the purchase of electricity relating to consumption in the 3rd quarter.
€ 49.764,59	Tax credit for the purchase of electricity relating to consumption in the 4th quarter 2023.
€ 10.914	Tax credit for increased advertising investments in Italian newspaper.
€ 65.108	IRAP (Regional Income Tax) Marche Region.

Financial assistance received from the government⁵

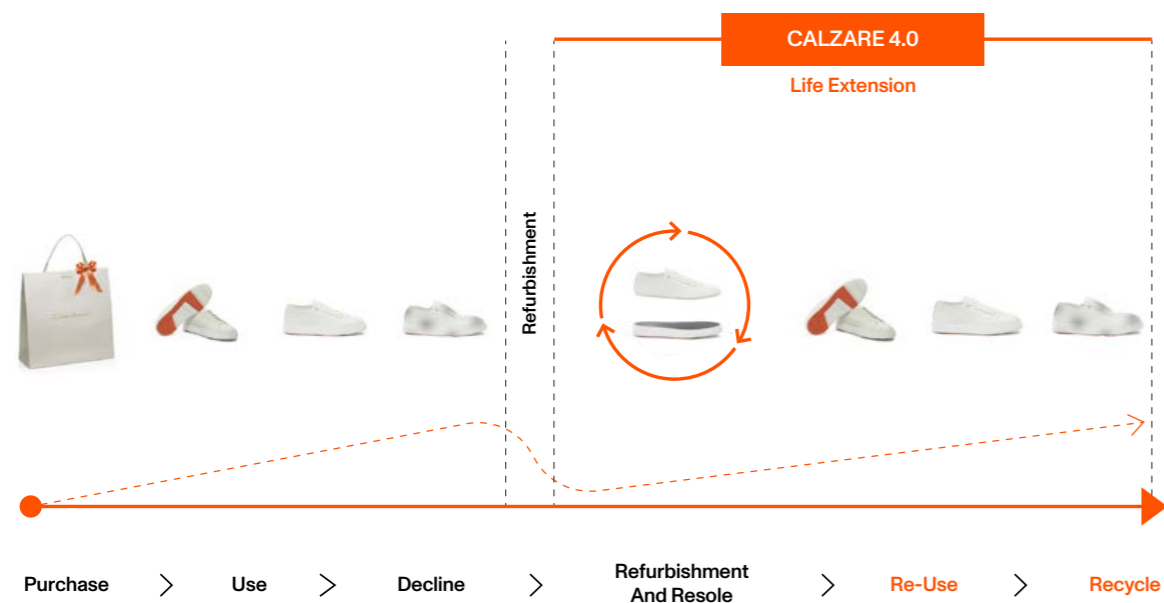
4.1.2 Process innovation

Santoni Group ensures great attention, commitment and dedication to the creation of its products, respecting in full the internal policies both in terms of quality and sustainability. This is indeed a merger of historical artisan tradition and innovation, creating high quality products, perceived by customers as unique. The Group believes very strongly in research and the continuous introduction of advanced technologies and tools, in order to offer highly customized products and constantly improve the services it offers to customers.

In January 2023, Santoni S.p.A. completed a project funded by Marche Region, which was started in 2022, called “**CARL - Artisan-Robot Collaboration for Polishing Leather Shoes**” which aimed at studying and developing innovative solutions and products in order to ensure the innovation of the finishing process of leather shoes intended for the luxury market, according to the paradigms of Industry 4.0 and human-centered manufacturing.

In 2023, the Parent Company launched the **CALZARE 4.0 – CALZaturacircolARE 4.0** project, which was presented in its last financial year, whose scope is to develop eco-sustainable footwear and promote circularity in the life cycle of shoes, in line with the principles of environmental sustainability. The project which originated thanks to the call for proposals “Accordi per l’Innovazione” of the Ministry of Business and Made in Italy, focused not only on the production of ecological footwear, but above all on the development of a process that allows customers to give new life to their shoes, transforming recovery and reuse into a truly innovative service. Collaborating with Polytechnic University of Marche and other small and medium-sized companies, the Group adopted a human-centered approach that enhances resources, integrating aesthetics and functionality into footwear. This project offers customers the opportunity to update their shoes with new and sustainable components, keeping up with trends without waste. Moreover, it represents a decisive step for Santoni towards responsible and circular production, with a positive impact on the environment and health, in line with its mission.

⁵These data refer to the parent company Santoni S.p.A.



In particular, this project was further developed in 2023, and integrations were made to the products in terms of introducing NFC (Near Field Communication) and RFID (Radio Frequency Identification) technologies, both to increase the internal production rate and improve customer experience. The use of NFC tags indeed makes it possible to measure real-time performance in the production departments, with updates every 30 minutes on dedicated monitors, thus making it easier to monitor and optimize the production rate. Thanks to the NFC tag, with a simple interaction from a smartphone, customers may access information on the model they purchase, register it and extend the warranty offered by Santoni by one year. By using this technology, this project not only improves the purchasing experience, but also opens the doors to a concept of product traceability that includes information about the production phases, materials and environmental certifications relating to the product purchased, creating a **Digital Product Passport**. To date, most of the footwear produced by the Group includes this technology.

In October 2023, the “**SO’LE – ShOes Loving Earth**” project was presented, which focuses attention on the innovation of the production process of uppers through the study, development and use of materials and processes that are more sustainable and innovative (for further information, see paragraph 6.3.1 The choice of suppliers and materials).

4.1.3 Digitalization and AI

In a market where digital innovation and **omnichannel integration** are crucial factors to meeting the expectations of an increasingly connected and demanding clientele, Santoni Group has given priority to the development of technological solutions that improve the efficiency and flexibility of the shopping experience.

In 2023, the Group implemented a series of **digitalization projects** to seamlessly integrate retail and online channels. The most important projects introduced include an **Order Management System** that allows physical stores to meet e-commerce orders, acting as a shipping hub, according to customer’s location, in this way optimizing delivery times and the management of inventories. This system ensures a seamless and transparent purchasing experience, reducing the environmental impact of logistics operations and helping to optimize resources.

As regards its clientele, Santoni Group has introduced **Customer Relationship Management (CRM)** solutions, in order to offer an integrated retail and online experience; using algorithms, the Group is able to analyse purchasing behaviours in order to improve customer experience and encourage the purchase of orders. The possibility of paying in instalments has also been introduced, in order to make the products accessible to a wider range of customers.

In order to support optimized management, Santoni Group has developed algorithms in its **ERP (Enterprise Resource Planning)** company software that allow more accurate planning of resources and sales strategies, as well as establishing the styles in which to invest, both in terms of sales campaigns and production.

Santoni Group has experimented with the use of **virtual and augmented reality** technologies for product visualization, offering customers the possibility of seeing and customizing footwear virtually; the use of these technologies has however been limited to specific experiences, such as the customization of iconic products, but has not replaced the need to physically present the products.

Moreover, in 2023, the Group developed a project, which the company is planning to implement in 2024, for the application of **Artificial Intelligence (AI)** systems in the e-commerce platform, in order to collect data on customer purchasing behaviour on its website and, according to this type of interaction, provide a series of specific suggestions on the products to purchase. Moreover, in future, the Group intends to extend this technology even to retail stores so that sales assistants are able to suggest customized items to customers according to the behaviours they have shown on the website.

These initiatives strengthen Santoni Group's commitment to sustainable and responsible digitalization, integrating technological innovation and focus on the customer.



5. Responsibility to the Environment (E)

2023: About Santoni

MATERIAL ISSUES	Climate change and pollution	Reduction of energy consumption by 13% with respect to 2022
	Water and marine resources	Reduction of water consumption by 3.5% with respect to 2022
	Use of resources and the circular economy	Reduction of energy consumption by 10% with respect to 2022

Santoni Group considers the environment a primary asset that must be protected and is committed to conducting its activities by finding a balance between economic initiatives and essential environmental needs, in order to respect the rights of future generations. The Group actively pursues the goal of **reducing the environmental impact** of its operations by introducing solutions that minimize emissions and energy consumption. This approach also extends to efficient waste management, through recycling and waste reduction programmes that aim at ensuring the **responsible management of natural resource**. In this way, the Group makes a concrete contribution to a circular economy model and is committed to preventing environmental risks, protecting both the local communities and the global ecosystem.

5.1 Climate change and pollution

5.1.1 Energy consumption and atmospheric emiss

In 2023, the energy consumption of Santoni S.p.A. as a whole⁶ was 13,109 GJ, down by 5% with respect to 2022. On the other hand, the increase in consumption with respect to the financial year 2021 is attributable to the return of activities to full capacity, after the slowdown due to the pandemic.

Energy consumption comes entirely from non-renewable sources and is related to the consumption of electricity, heating and, to a lesser extent, to consumptions of the vehicles it owns and leases. It is important to add that, to date, the parent company, Santoni Holding, has installed solar panels that cover more than 30% of Santoni Spa's electricity needs.

		2023	2022	2021
Type of consumption(GJ)	Energy source			
Riscaldamento (GJ)	Methane gas	2.614	3.073	3.570
Electricity	Non-renewable sources	8.896	9.357	7.697
Owned vehicles	Diesel	1.112	1.165	1.110
	Petrol	286	157	117
Leased vehicles	Diesel	75	26	99
	Petrol	127	-	-
Total energy consumption		13,109	13,778	12,593
Energy intensity (GJ/Dip)		21,88	25,14	24,45

Energy consumption in the three-year period 2021-2023

⁶Energy consumption refers to Santoni S.p.A. (the Parent Company) because in the case of the other Group Companies supplies are managed by the galleries where the shops are located; it was consequently not possible to obtain such data.

In 2023, the total emissions produced by Santoni S.p.A. were equal to 858 tons of CO₂ and 1,502 tons of CO₂, calculated, respectively, with the Location Based and Market Based methods. More specifically, the emissions of Scope 1 related to the consumption of methane gas and the fuel of the company fleet amounted to 265 tonnes of CO₂, which was slightly down with respect to both 2022 and 2021. Carbon intensity, calculated as the ratio between tons of CO₂ related to Scope 1 emissions and the number of employees, also decreased by 25% in 2023 with respect to its 2021 levels, confirming the Company's commitment to environmental protection.

In 2023, Scope 2 emissions, namely emissions related to the purchase of electricity, dropped slightly with respect to 2022, passing from 761 tonnes of CO₂, equal to 593 tonnes of CO₂ equal to 593 tons of CO₂ (calculated with the Location Based method) and from 1,188 tonnes of CO₂ to 1,237 tonnes of CO₂ (calculated with the Market Based method).

		2023	2022	2021
Direct GHG emissions (Ton CO₂) - Scope 1	Methane gas for heating	147	147	203
	Diesel for owned vehicles and leased vehicles	88	89	90
	Petrol for owned vehicles and leased vehicles	33	1	8
Total direct emissions - Scope 1		265	274	301
Carbon intensity (Tons CO₂/Dip)		0,46	0,53	0,59
Indirect GHG emissions (Ton CO₂-) Scope 2 - Location Based⁷	Electricity purchased from non-renewable sources	593	761	554
Indirect GHG emissions (Ton CO₂) Scope 2 Location Based⁸	Electricity purchased from non-renewable sources	1.237	1.188	976
Total emissions Scope 1 + Scope 2 (Location Based)		858	1.036	855
Total emissions Scope 1 + Scope 2 (Location Based)		1.502	1.462	1.278
Carbon intensity – Location Based (Ton CO₂/Dip)		1,43	1,89	1,66
Carbon intensity- Market Based (Ton CO₂/Dip)		2,51	2,67	2,48

Emissions of GHG in the three-year period 2021-2023

⁷In order to calculate the indirect GHG emissions (Scope 2) according to the "Location Based" method, the emission factors provided by ISPRA (Higher Institute for Environmental Protection and Research) were applied. In order to ensure that data may be compared, the data of historical direct emissions for the years 2021 and 2022 were recalculated, taking into account the change in the source of the conversion factors used in this balance sheet..

⁸For the calculation of indirect GHG emissions (Scope 2) with the "Market Based" method, please refer to: European Residual Mixes "AIB".

5.2 Water and marine resources

5.2.1 Consumption of water resources

The company's production cycle does not require the consumption of large quantities of water. Water resources are used above all to clean part of the processes and by employees for the bathrooms and toilets. In 2023, Santoni SpA Company⁹ consumed 5,958 cubic meters of water with respect to 6,192 cubic meters in 2022, showing a decrease, albeit a small one, of 3.5%.

The waste water produced includes substances that may be potentially hazardous (for example, solvents or chemical-based dyes), so that the Company is required to submit a declaration stating the amount of water used with respect to the quantities produced. To date, waste water has always been discharged into the local treatment plant given that the quantity of waste water produced with respect to water consumption is not high enough to require pre-treatment of the waste water before being conveyed to the treatment plant.

	2023	2022	2021
Water consumption (Cubic Meters)	5.958	6.192	4.654

Water consumption in the three-year period 2021-2023

5.3 Use of resources and the circular economy

5.3.1 Sustainable management of waste

In 2023, the company Santoni S.p.A.¹⁰ generated waste for a total of 183,594 Kg, with respect to the 203,735 Kg in 2022, thus improving its performance and showing a decrease of 10%.

The waste produced in larger quantities comes from production activities and refers to waste from packaging and finishing operations, plastic waste (moulds) and aluminium scrap. The waste produced is placed in special bins outside the company premises and separated by Cert Code. At a later stage, waste is picked up by specialized companies that are obliged to draw up an accompanying document for the transport of waste, namely the Waste Identification Form (FIR).

In line with the previous two-year period, the Company above all produced non-hazardous waste, while waste classified as hazardous, in 2023, was equal to 9,420 kg, namely 5% of the total amount of waste produced. More specifically, there was an increase in the quantity of hazardous waste produced with respect to that produced in the two-year period 2022-2021, due to the extraordinary cleaning of the antiquing department. More specifically, the hazardous waste produced is identified mainly as dirty containers, waste paints and varnishes; as regards non-hazardous waste, this is mainly waste produced during packaging and finishing operations, biodegradable waste from the canteen, scrap iron and steel etc.

In 2023, all non-hazardous waste was sent for recovery, while 67% of hazardous waste was sent for disposal, and the remaining 33%, was sent for recovery. In the previous two years, all hazardous waste was sent for disposal and this reversal of trend introduced by the Group is confirmation of its greater attention to the environment and the importance of recovering materials.

Some categories of waste (such as, moulds, glues and other production waste) are managed separately with respect to the other waste and sold by the Parent Company. Therefore, in line with the three-year period 2021-2022, it should be noted that most of the waste produced by Santoni S.p.A. is recovered (97%).

⁹Energy consumption refers to the company Santoni S.p.A. (the Parent Company) because in the case of the other Group Companies supplies are managed by the galleries where the shops are located, it was consequently not possible to obtain such data.

¹⁰The waste quantities refer to the company Santoni S.p.A. (the Parent Company) because in the case of the other Group Companies waste is managed by the galleries where the shops are located, it was consequently not possible to obtain such data.

	2023			2022			2021		
	Waste Produced (Kg)	Waste diverted from disposal (Kg)	Waste sent for disposal (Kg)	Waste Produced (Kg)	Waste diverted from disposal (Kg)	Waste sent for disposal (Kg)	Waste Produced (Kg)	Waste diverted from disposal (Kg)	Waste sent for disposal (Kg)
Hazardous Waste	9.420	3.140	6.280	2.640	-	2.640	6.340	-	6.340
Non-hazardous waste	174.174	174.174	-	201.095	201.095	-	119.820	119.820	-
Total waste produced	183.594	177.314	6.280	203.735	201.095	2.640	126.160	119.820	6.340

Waste produced in the three-year period 2021-2023

5.3.2 The circular economy

Santoni Group is actively committed to protecting and respecting the environment and these key values are expressly indicated in the company's Code of Ethics.

In this context, the Group introduced a policy to **minimise the use of virgin materials**, in order to limit the consumption of non-renewable natural resources: in particular, approximately 90% of packagings and the materials inside the packages, such as paper, comes from recycled sources, thus helping to ensure a more responsible and sustainable use of materials throughout the production cycle.

In 2023, the Group expanded its **footwear regeneration and repair services**, including the maintenance of sneakers, in addition to traditional leather shoes, thus offering customers the possibility of extending the useful life.

At the same time, the Group collaborated in a project, funded at a regional level, in partnership with three other companies, to develop **innovative materials starting from processing waste**. This project focuses on the use of recycled fabrics and waste proteins as a basis for the creation of new materials, in order to offer solutions that may be applied in the production of footwear.

Finally, the Group has started a number of preliminary assessments to **close the leather waste production cycle**, exploring potential collaborations with companies specializing in the processing of this type of waste into semi-finished products, that may be reused in the production of new shoes.

These initiatives confirm Santoni Group's commitment to a circular and sustainable economy model, whose purpose is to valorise production waste in the supply chain, reducing the environmental impact associated with waste disposal, while promoting efficiency and innovation in the footwear industry.



6. Social Responsibility (S)

2023: About Santoni

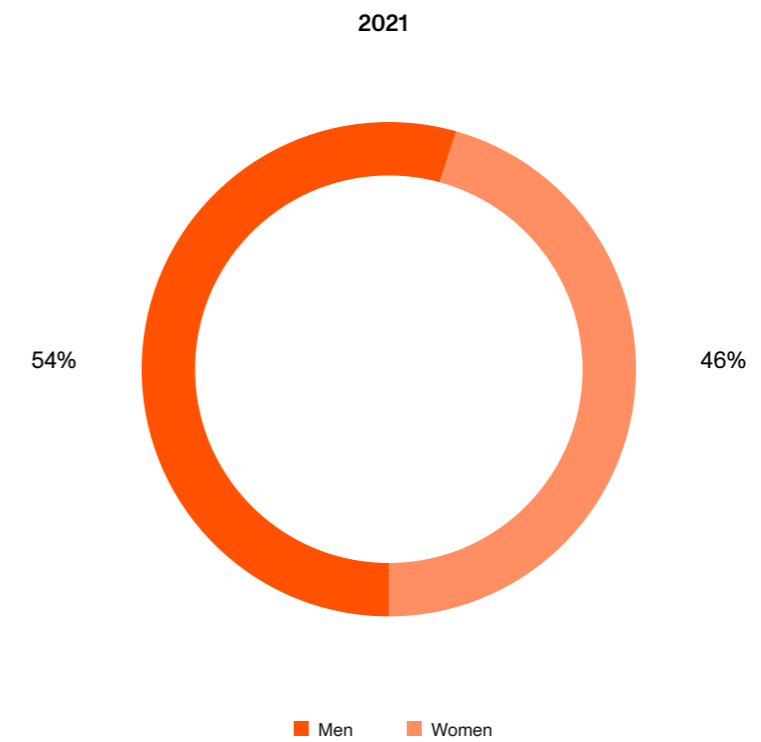
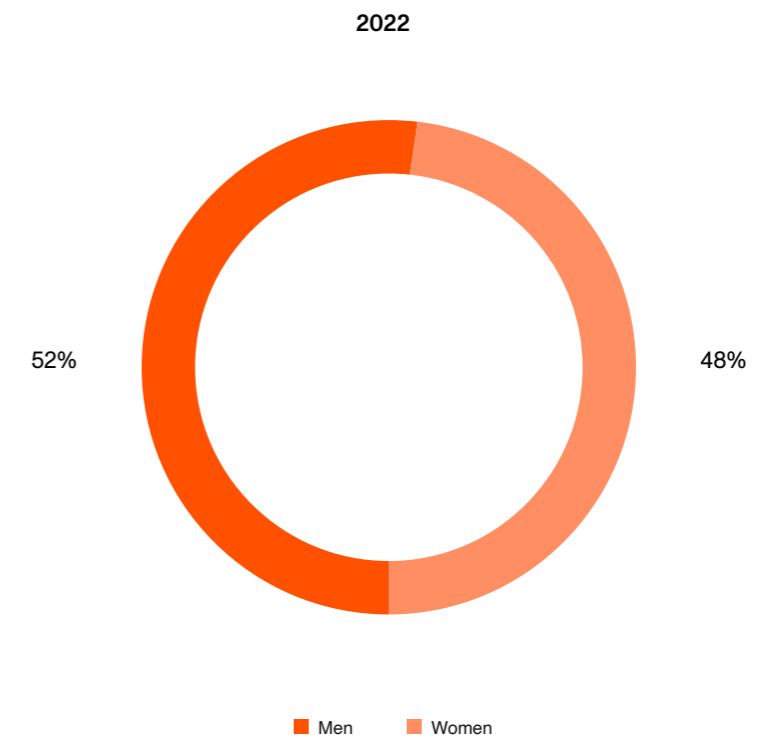
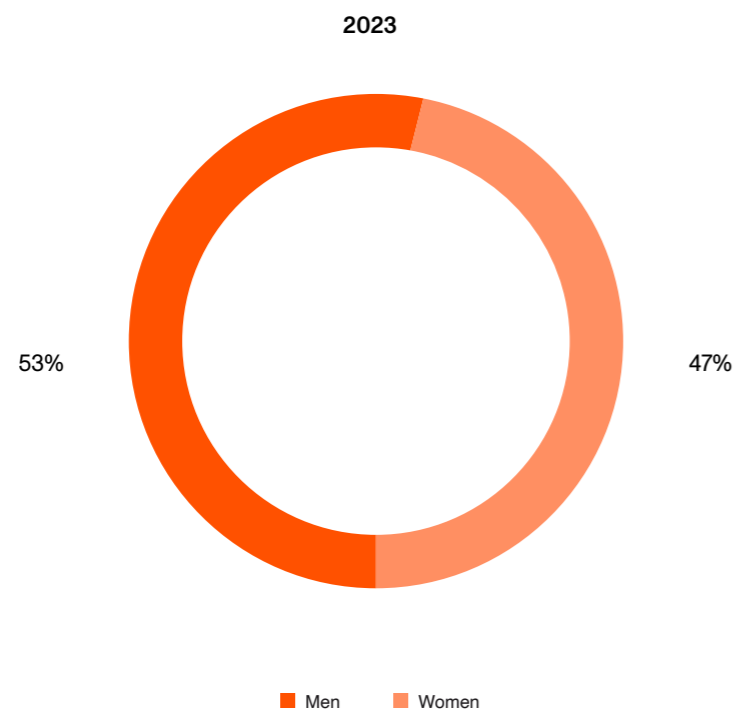
MATERIAL ISSUES	Human resources	Launch of the Academy of Excellence
	Customer Relations	Opening of new single-brand boutiques
	Relations with Suppliers	90% Italian suppliers
	The Local Community and Territory	Launch of the "Adopt a School" project

Santoni Group is well known for its commitment to responsible growth and ethical development, and has introduced sustainability values into every aspect of its business. The development and improvement of internal skills is central to the company's strategy, as demonstrated by the **Academy of Excellence**, created to train and develop the professional skills of employees, while ensuring the same high standards of craftsmanship for which the brand is famous.

At the same time, Santoni Group has strengthened its relationship with customers by opening of **new single-brand boutiques**, and expanding its presence on international markets. This allows Santoni to offer an increasingly personalized shopping experience, in line with the values of quality and care to detail that have always characterized the Group. The ties with its territory are strengthened by Santoni's choice to deal above all with **Italian suppliers**, who represent 90% of the supply chain, thus ensuring greater control of the quality of raw materials while guaranteeing compliance with ethical and environmental standards. Finally, as confirmation of its strong social roots, Santoni Group launched its "Adopt a School" project in collaboration with the Altagamma Foundation, with the scope of encouraging education and training in the local community in which it operates.

6.1.1 The Santoni Group: an Overview of its Employees

As to 31 December 2023, Santoni Group had 652 employees, up by 12% with respect to 2022. This increase was supported by new stores opened on the domestic and international markets, with the opening of further stores planned for the future.



Breakdown of employees by gender

92% of Santoni Group's workers are Italian and, in particular, most of them reside in Marche Region (84%), where the head office of the Parent Company is located. The remaining percentage comes from France (2%), the United States (3%) and the rest of the world (3%), maintaining substantially the same geographical distribution of 2022 and 2021.

	31/12/2023			31/12/2022			31/12/2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italia	285	314	599	262	286	548	235	280	515
Francia	2	5	7	2	5	7	1	5	6
Stati Uniti	7	12	19	3	6	9	2	6	8
Resto del mondo	8	12	20	12	6	18	13	4	17
Totale	305	347	652	279	303	582	251	295	546

Number of employees by geographical area

Almost all our employees are taken on with permanent employment contracts, so as to ensure the strength of the company, consolidate internal skills while at the same time also contributing to the economic stability of the families of the workers with whom Santoni collaborates. More specifically, 92% of workers have permanent employment contracts.

In line with the 2021-2022 two-year period, it should be noted that the majority of human resources have a full-time contract (94% of total employees) while only a small percentage of workers have a part-time contract. Moreover, 81% of employees who are on part-time contracts are female; this type of contract is provided in order to respond in a flexible manner to the personal needs of collaborators, ensuring a balance between professional and private life.

¹¹For the two-year period 2021-2022, data relating to the type of contract of staff for the following locations were not available: 625 Madison Inc. (USA), Santoni North America (USA), 335 Woodbury LLC (USA) and 420 (USA).

	31/12/2023			31/12/2022			31/12/2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Tempo indeterminato	287	323	601	229	278	507	227	280	507
Tempo determinato	27	24	51	37	114	51	9	6	15
Totale	305	347	652	266	292	558	236	286	5522

Number of employees by type of contract¹¹

	31/12/2023			31/12/2022			31/12/2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	275	340	615	249	303	552	220	300	520
Part-time	30	7	3037	24	6	30	21	5	26
Totale	305	347	652	235	280	515	241	305	546

Number of employees by type of use

In 2023, Santoni Group employed 3 interns (2 women and 1 man) and 23 temporary workers (12 women and 11 men). It should be noted that the Parent Company signed the employment contracts with employees while the internship contracts are managed by Santoni S.p.A. Taking into account these workers, Santoni Group's workforce, as of 31 December 2023, was equal to 678 units.

	31/12/2023			31/12/2022			31/12/2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Contratto di somministrazione	12	11	23	23	16	39	18	6	24
Contratto di stage	4	1	3	4	1	5	-	1	1
Totale	14	12	26	27	17	44	18	7	25

Number of collaborators other than employees by type of contract

In 2023, Santoni Group strengthened its team with the arrival of 153 new resources, 68 women and 85 men. Most of these new hires, equal to 56%, were persons between 30 and 50 and were concentrated mainly in Italy, with 129 employees. The remaining persons taken on were in Switzerland (1 resource), France (6 resources) and the United States (17 resources)¹².

	2023				2022				2021			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Donne	26	37	5	47	25	35	11	47	4	11	1	16
Uomini	26	49	10	71	13	25	9	71	2	6	4	12
Totale	52	86	15	118	38	60	20	118	6	17	5	28

Total number of new hires by age group and gender

¹²More specifically, the following persons were taken on: 4 employees at 625 Madison Inc., 3 employees at 335 Woodbury Llc, 3 employees at location 420, and 7 employees at location 1104 - Cabazon.

¹³The recruitment rate was calculated by comparing the number of new hires and the total number of employees as to 31.12.2023, 31.12.2022, 31.12.2021. The termination rate was calculated by dividing the number of terminations by the total number of employees as of 12/31/2023, 12/31/2022, 12/31/2021.

In 2023, Santoni Group terminated employment relationships with 91 employees; 57% of whom were male and 55% between the ages of 30 and 50 years. The employment relationships terminated in 2023 were voluntary resignations - resignations during the probation period, voluntary resignations due to retirement and other voluntary resignations - as well as dismissals.

	2023				2021				2020			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Donne	10	21	8	39	7	14	10	31	13	19	6	38
Uomini	10	29	13	52	9	23	13	45	5	23	13	41
Totale	20	50	21	91	16	37	23	76	18	42	19	79

Total number of terminations of service by age group and gender

In the three-year period 2021-2023, Santoni Group's termination rate remained stable, reflecting a consistent management of the turnover. At the same time, the recruitment rate increased significantly, from 5% in 2021 to 23% in 2023. This increase confirms the Group's commitment to strengthening its workforce, introducing new skills to support innovation and strategic development.

	2023	2022	2021
Recruitment rate	23%	20%	5%
Termination of service rate	14%	14%	14%

Recruitment and termination of service rates¹³

6.1.2 Respect for human rights and equal opportunities

As specified in the Code of Ethics, Santoni believes that differences and diversities are an added value in human relationships and categorically rejects any form of discrimination based on political and trade union opinions, ethnic or religious affiliation, sexual orientation and gender identity, marital status, physical or mental disability, nationality, language or economic and social conditions.

Santoni Group adopts practices of inclusion and equal opportunities, ensuring that no worker suffers any form of discrimination with respect to job opportunities and professional growth.

As of 31 December 2023, the Group had 23 employees in protected categories, including 15 women and 8 men, while, with respect to the balance between the sexes in the company's workforce, the gender composition of employees is well balanced. As of 31 December 2023, 53% of the workforce was male and 47% female, reflecting a work environment that promotes gender equality and diversity. More specifically, women are above all white-collar workers, representing 59% of the total number of white-collar workers.

	31/12/2023			31/12/2022			31/12/2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	1	5	6	2	4	6	-	3	3
Middle Managers	6	23	29	6	22	28	8	27	35
White Collar Workers	88	62	150	72	54	126	61	53	114
Store staff	20	33	53 ¹⁵	8	18	26 ¹⁶	6	22	28 ¹⁷
Blue Collar Workers	190	224	414	185	211	396	166	200	366
Total	305	347	652	273	309	582	241	305	546

Number of employees by professional category and gender

The fact that Santoni encourages an inclusive and non-discriminatory work environment is also confirmed by the presence of a young workforce that, in the case of Santoni Group, may also have previous experience. As regards the age of employees, the 30-50 age group, with a total of 383 employees, has the highest number of units. This trend is applicable to all professional categories and even for the years 2022 and 2021. More specifically, as at 31 December 2023, 59% of employees were in the 30-50 age group, 25% in the >50 age group and, finally, 16% in the <30 age group.

	31/12/2023				31/12/2022				31/12/2021			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior managers	-	5	1	6	-	4	2	6	-	2	1	3
Middle Managers	-	17	12	29	-	17	11	28	-	22	13	35
White Collar Workers	30	100	20	150	18	83	17	118	14	82	15	111
Store staff	13	31	59	53	4	17	5	26	3	20	5	28
Blue Collar Workers	60	230	124	414	67	214	115	396	68	202	96	366
Total	103	383	166	652	89	335	150	574	85	316	138	543

Number of employees by professional category and age group¹⁷

¹⁴In 2023, the 53 employees belonging to the "store staff" category were distributed as follows: 1 unit with Santoni Swiss GMBH, 14 units with Santoni France SARL, 8 units with 625 Madison Llc., 8 units with Santoni North America, 7 units with 335 Woodbury Ll., 8 units with 420 Bal Harbour Llc and 7 units with 1104 – Cabazon.

¹⁵In 2022, the 26 employees belonging to the "store staff" category were distributed as follows: 1 unit with Santoni Swiss GMBH, 9 units with Santoni France SARL, 6 units with 625 Madison Llc., 4 units with 335 Woodbury Ll., 6 units with 420 Bal Harbour Llc.

¹⁶In 2021, the 28 employees belonging to the "store staff" category were distributed as follows: 7 units with Santoni France SARL, 7 units with 625 Madison Llc., 6 units with 335 Woodbury Ll., 8 units with 420 Bal Harbour Llc.

¹⁷It should be noted that personnel data includes all Santoni Group employees, with exception of those employed by Santoni Asia (HK) and 762 Madison (USA).

6.1.3 Training and well-being of human resources

Santoni Group is particularly attentive to the training and well-being of its collaborators, because it is fully aware that job satisfaction profoundly influences both performance and the organizational environment.

Santoni S.p.A. applies three National Collective Labour Agreements to its employees: the National Collective Footwear Bargaining Agreement (CCNL) - Industrial Companies, for employees in the industrial sector, the National Commerce Collective Bargaining Agreement - Tertiary Companies, for employees in the retail industry and the National Collective Bargaining Agreement for Managers - Industrial Companies for Managers. For the three National Collective Bargaining Agreements, Sanimoda, the EST Fund and FASI are respectively provided as supplementary health care funds, while contracts that comply with local regulations and standards are applied to the employees of Group companies with head offices outside Italy. Given that most of the staff is connected to the Parent Company, and in particular managerial and manufacturing staff, almost all of the initiatives for the well-being and development of human resources concern Italian collaborators.

In 2023, Santoni Group consolidated and expanded its commitment to well-being of employees thanks to the “**Conciliamo**” fund, a public initiative to promote corporate welfare policies and which was developed to meet the needs of workers and their families. In this context, **individual vouchers** were provided as a supplement to salaries, for all staff excluding Managers with seniority of at least three months, to concretely support daily and family expenses. In addition, in 2023, an **occupational psychologist** was introduced, in order to offer support to employees who return to work after a long illness, and to female workers who are about to go on maternity leave and those who return from maternity leave. **Health agreements** were also signed in order to facilitate access by employees to medical services, offering additional support for physical well-being. In order to promote healthy eating and make lunch breaks more accessible, the Group provides to all head office employees a financial contribution that covers a part of the cost of meals at the company canteen “**Convivio**”. This intends to help employees by providing them with a convenient and balanced lunch option, thus supporting their well-being. For employees who do not work at the head office, the Group has introduced a meal voucher system, which employees can use for meals during their break. These initiatives, which were introduced with the support of the “Conciliamo” call, will re-

main in force until September 2024, and for a further five years thereafter, representing a concrete and lasting commitment by Santoni Group towards ensuring a more inclusive, attentive and supportive working environment.

As regards the policy related to corporate welfare, in order to encourage a proper work-life balance, the Parent Company is evaluating the possibility of introducing smart working policies, compatible with production needs and the company’s organizational characteristics.

In addition to promoting employee well-being, Santoni has always placed great importance on increasing the value and assets of its human resources, in order to improve their skills.

For its workers, the Company uses the services of an external consultant who trains the team leaders of the different departments and, in 2023, the training courses provided by these leaders primarily involved production streamlining and Lean Production. Training courses for managers, executives and employees, on the other hand, involved regulatory updating related to their duties.

Moreover, in the retail sector, training courses were held for the introduction of the “ship from store” as well as training for sales assistants on the use of a forum for collecting customer data.

During 2023, the Parent Company provided a total of 2,888 hours of training to its employees, which was a significant increase with respect to the previous year (+ 52%). This significant increase demonstrates the constant attention and importance Santoni places on the growth and training of its staff. In other words, Santoni Group is constantly committed to developing and improve the skills of its employees and investing in its human resources.

As regards the single professional categories, 71% of the total training hours involved white-collar workers, 19% involved blue-collar workers, 7% involved middle managers and 3% senior managers.

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	14	187	201	-	4	4	-	2	2
Middle Managers	39	52	91	12	112	124	10	15	25
White Collar Workers	180	360	540	727	474	1201	36	54	90
Blue Collar Workers	832	1.224	2.056	212	357	569	12	48	60
Totale	1.065	1.823	2.888	951	947	1898	58	119	177

Number of training hours provided to employees by professional category and gender¹⁸

In 2023, a total of 331 employees received a job performance review. Of these, a total of 37 employees received a performance evaluation based on the goal allocated. The Group is currently reviewing the feedback process, in order to optimize the evaluation system and introduce more effective methodologies and updated tools that ensure more accurate monitoring of individual and collective performance, in line with the Group's strategic objectives and the professional growth needs of employees. In the human resources evaluation process, above all in the case of top managers, Santoni Group uses qualitative and quantitative indicators that vary according to the professional category. At a production level, the most commonly used indicators are linked to production efficiency (for example, number of returns, etc.). The employees of the sales department are above all assessed on the volume of sales attained, while merchandisers and Administration office employees are respectively assessed on economic results and meeting deadlines.

	2023 ²			2022			2021		
	Donne	Uomini	Totale	Donne	Uomini	Totale	Donne	Uomini	Totale
Dirigenti	-	3	3	3	5	8	-	3	3
Quadri	32	30	62	3	13	16	4	7	11
Impiegati	127	120	247	77	52	129	20	30	50
Operai	5	14	19	180	136	316	100	200	300
Totale	164	167	331	263	206	496	124	240	364

Employees who underwent periodic performance and professional development reviews

The Academy of Excellence

With a view to being a company that attracts future generations, while creating an ad hoc training programme with which to pass on the invaluable “know-how” of Santoni maison to those who wish to learn a real trade, thus becoming custodians of a precious legacy, in 20223 the parent company Santoni S.p.A. launched the “Academy of Excellence”. This initiative is part of the broader “Santoni Culture” project, a programme that aims at preserving and passing on artisan know-how, while integrating innovative production techniques.

The Academy of Excellence is an intensive four-week training programme – consisting of one week of theory and three weeks of practice – whose scope is to pass on the specific artisan skills of the Santoni Group. The programme includes the art of glazing, namely the artistic manual coloring of footwear; the art of stitching, the prestigious hand stitching of the leather; the art of construction and assembly, namely the artisan assembly of footwear; and, finally, the art of finishing and detail, which focuses on the final care and perfection of the product.

This programme was held at the Corridonia head office for groups of 18 young people in each training cycle. At the end of the course, participants obtained the title of “Apprentice of Beauty” and had the opportunity of being selected to continue working with the Group. This programme that aims at helping the generation change for artisans while developing and enhancing the excellence of Italian craftsmanship, has provided training to young talents, preparing them for the demands of the job market and ensuring a future for the high quality craftsmanship for which Santoni Group is famous.

¹⁸This value refers exclusively to Santoni S.p.a.

¹⁹These value refer exclusively to Santoni S.p.a.

6.1.4 Workplace health and safety

One of the primary objectives of the Santoni Group, as also confirmed in the Code of Ethics, namely the protection of the health and safety of employees at the workplace, is a constant point of reference of its management. The Group manages its activities by protecting the working conditions of its employees, ensuring an adequate workplace while operating in compliance with applicable laws in the countries where it is present.

To this end, the Parent Company has implemented its own **workplace health and safety management system** in accordance with Legislative Decree 81/08 and is committed to complying with the requirements set forth by this law each and every day. More specifically, the Parent Company has scheduled periodic workplace safety meetings, which will be attended by the Employer, the Head of the Prevention and Protection Service (a role covered by an external person), the Occupational Health and Safety Officer (HSO), the company physician and the Workers' Safety Representative. The Parent Company has also appointed three safety officers, each responsible for specific areas such as machinery maintenance, employee training and education, etc. Moreover, the Health and Safety Officer periodically holds meetings at the company head office with Supervisors and Managers in order to prevent the risk of fire. Santoni S.p.A. has also appointed a company physician who is responsible for carrying out periodic medical check-ups, suitability assessments, etc. as well as two external doctors in Milan and Rome.

In 2023, the Parent Company continued its employee training and awareness programmes, whose scope is to identify and manage potential workplace risks. Thanks to a number of specific, diversified courses, personnel received training on the main prevention and protection measures, with specific programmes for the different company categories, such as workers and employees. For these latter categories, courses were carried out through the "Skilla" e-learning platform, thus allowing flexible and complete use for all employees.

The courses covered fundamental areas, from general safety to specific skills such as BLS (use of defibrillators), as well as training for supervisors and workers' health and safety representative, through certified accredited training agencies and specialized doctors.

In 2023, Santoni Group experienced a total of 6 minor workplace accidents, as follows: 2 workplace accidents and 4 commuting accidents and an accident rate of 6.26, which decreased with respect to 2022. It should be noted that in 2023 the following injuries were experienced by non-employee workers: 2 commuting accidents and 1 accident at the workplace, considering a number of hours worked equal to 62,509 and a number of days lost equal to 31.

Finally, in line with the previous two years, there were no cases of workplace accidents with serious consequences or deaths for either employees or other non-employee workers.

	2023 ²⁰	2022	2021
Total number of workplace accidents	6 2 + 4 commuting accidents	8 5 + 3 commuting accidents	3 3 commuting accidents
Days off work for injuries	304	171	180
Total number of hours worked	958.111	922.862	709.500
Recordable workplace accident rates²¹	6,26	8,67	4,23
Severity Index²²	0,32	0,19	0,25

Number of workplace injuries and accident rate for all employees

In 2023, the number of cases of workplace diseases was constant with respect to 2022 (7) and involved only employees of the Group. Finally, it should be noted that Santoni intends to undertake the process to obtain UNI ISO 45001 certification which is the international standard for workplace health and safety management systems.

²⁰These values refer exclusively to Santoni S.p.a.

²¹The recordable workplace accident rate was calculated as follows: (number of workplace accidents/ number of hours worked) * 1,000,000.

²²The severity index was calculated as follows: (number of days lost due to workplace accidents/ number of hours worked) * 1,000.

6.2 Customer Relations

6.2.1 Marketing and brand value

The Group's marketing strategy focuses on promoting artisan excellence and protecting the invaluable Marche Region "know-how" and, more generally, "Made in Italy" know-how, in line with the Group's overall vision and strategy. At the same time, another fundamental cornerstone of the above strategy is to create a brand value oriented business model: Santoni Group intends to identify and strengthen its inherent nature to become a timeless brand in the future, celebrating its brand identity on a global scale. For this reason, Santoni is also investing in long-term "Brand Awareness" and the development of an international marketing strategy in order to enhance the fame of the brand ensuring that it becomes a "Global Brand".

In 2023, Santoni Group increased its efforts to strengthen the identity of the brand, above all, in the women's segment. Traditionally focused on men's footwear, the Group has recognized the need to expand its offer in the women's sector, introducing new accessories and bags that meet the needs of a sophisticated female clientele. This has made it necessary to strengthen the brand's presence on the market, with increased visibility and recognition by consumers. Moreover, Santoni Group has increased its presence in the United States through targeted events and marketing strategies that have strengthened the brand's identity in a highly competitive environment.

In 2023, the Group also determinedly continued its international expansion strategy, focusing on luxury locations that are considered to be key markets for the brand. **New single-brand boutiques** have been opened in order to increase "Brand Awareness" in the territory and in the key cities of the Group, while strengthening the retail channel and, at the same time, increasingly connecting with its end customers, becoming more familiar with their habits, consumption and needs in order to respond in a more accurate and specific manner to their needs. Boutiques were opened in exclusive locations such as Capri, Forte dei Marmi, Porto Banus and Marbella. The opening of these boutiques is part of a strategic plan that includes their inauguration in high-profile tourist destinations, in order to strengthen the brand's visibility and create a more direct link with an international and sophisticated clientele. This expansion is not only quantitative, but also qualitative. The boutiques opened in resort locations that are well known for their dedicated

collections, specifically designed to meet the tastes and needs of the clientele of these destinations. For example, Santoni has created exclusive products such as shoes decorated with lemon motifs for Capri and designs inspired by the white and blue houses typical of Forte dei Marmi. Looking ahead, the Group plans to open 35 new single-brand boutiques by 2026, thus strengthening its control on the brand's image and the coherence of its offer at a global level.

In 2023, Santoni Group continued its path of growth and innovation through prestigious collaborations with nationally and internationally famous companies, creating unique, refined and top-quality products. Of the most important partnerships is that with the illustrious Swiss watch manufacturer **IWC Schaffhausen**.

With IWC Schaffhausen, the Group renewed its collaboration for the creation of fine leather straps, made with the artisan Patina technique. This hand-painting method, which is handed down by master craftsmen, represents Santoni's distinguishing excellence, making these straps truly remarkable and unique.

Finally, it should be noted that in 2023, Santoni Group became an official partner of the **Altagamma Foundation**, a recognition that confirms its commitment to preserving and promoting Italian craftsmanship and excellence, and developing and enhancing Italian excellence at a global level.

Santoni Group has embarked on a path of growth that combines tradition and innovation, strengthening its brand identity and positioning itself as a leader in the luxury footwear sector. The initiatives Santoni Group has introduced 2023 represent a significant step towards achieving the Group's long-term goals, while maintaining the core the values that have made Santoni an icon of the Made in Italy style.

6.2.2 Customer satisfaction and safety

Santoni Group customers are considered “partners with whom to achieve business success”, which is why Santoni is committed to listening to requests that may help to improve the quality of its own products, while safeguarding and protecting the personal data of its customers.

In this perspective, the Group has introduced a reporting system, that monitors a number of indicators that provide valuable feedback on the quality of the products offered and customer satisfaction. One of the many aspects worth mentioning is the percentage of returns from customers. This indicator has dropped slightly in the last three years. More specifically, the average percentage of returns was 0.19% in 2023, with respect to 0.49% in 2021. As stated in the Code of Ethics, one of the Group’s main goals is to safeguard the health of its customers. In this context, it should be noted that again in 2023, there were no cases of non-compliance with laws or self-regulatory codes involving the impact on health and safety of our products and services.

The following graph shows, by month, the percentage of returns²³ in the three-year period 2021-2023.



Percentage of customer returns in the three-year period 2021-2023

²³The percentage of returns was calculated as follows: number of returns; number of shoes produced in the reference period.

The Group is also committed to ensuring that communications made to the public are truthful and transparent, in particular **communications** to the mass media, regarding its products, in order to provide information that comply with the company’s image and business activities. Communications are made on the website and through the main social channels such as Instagram, Facebook, YouTube, Pinterest, LinkedIn and TikTok. In 2023, the Company was not fined nor received any warnings for not complying with regulations and/or self-regulatory codes relating to marketing communications, including advertising, promotion and sponsorships.

In line with the principles of responsible communications, a label is placed on shoe boxes with all the information required by current laws, such as, the product description, article code, size, name and country of origin of the manufacturer, etc. The shoes bear a pictogram indicating the material (leather, textiles and other materials) used for each of the three parts of the shoe, i.e. upper, the linings of the upper, insole and outer sole.

As previously mentioned, (see paragraph 4.1.2 Process innovation), the Group has provided a digital label on all its footwear, that allows the customer not only to obtain more information about its purchase or ask for assistance, but also to track the “transit time” of the single pair of shoes in the factory during the production process. In 2023, there were no cases of non-compliance with respect to product information and labels.

6.3 Relations with suppliers

6.3.1 The choice of suppliers and materials

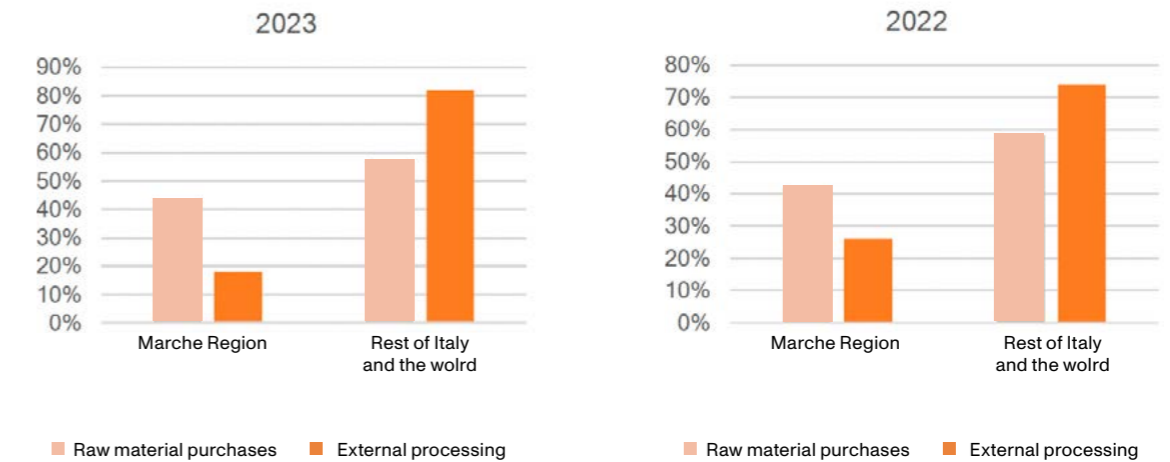
In line with responsible and sustainable growth, Santoni Group places great importance on relationships with its suppliers, and has introduced strict rules that guarantee high standards of quality and sustainability throughout the supply chain.

Although Santoni Group has not yet adopted rules which exclude suppliers that have not obtained environmental certification, the supplier certification process is developing quickly and will become increasingly important, above all in a context where the demand for sustainable and high-quality materials continues to grow.

In 2023, Santoni Group purchased above all raw materials (leather), footwear components (such as, linings, soles, uppers, etc.) and accessories (in leather, metal, etc.). The main raw material purchased is cattle leather, and to a lesser extent, alligator leather. It should however be noted, that in the case of the first type of leather, Santoni Group uses only leather obtained from the food supply chain, in other words, leather obtained from the waste of cattle bred for the food industry.

In 2023, purchases of raw materials amounted to EUR 24,785,555 (-4% with respect to 2022) while external processing amounted to EUR 12,339,162 (+15% with respect to 2022).

In 2023, substantially in line with the two-year period 2021-2022, most of the raw material purchases (90%) were made from suppliers in Italy and, more specifically, from suppliers located in Marche Region (43% of the total quantity). This strategy, based on the extensive use of local suppliers with whom the parent company has established long-term relationships, confirms that the Group is a company with strong ties to the territory in which it operates, helping to preserve the skills and know-how of local artisans, while also creating a system of collaboration that strengthens the local economy.



Breakdown of purchases by geographical area

Given its ever-growing commitment to environmental sustainability, the Group has introduced a line of “green” footwear that includes models made with sustainable soles and materials. The collection has two main typologies of products:

- shoes produced with animal skins not treated with harmful solvents during tanning, thus ensuring greater biodegradability;
- shoes made with “vegan” materials, that do not contain components of animal origin, which reproduce the appearance of leather thanks to textile supports coated with predominantly synthetic polymeric substances.

These materials make it possible to achieve unique artisan finishes without the

use of components of animal origin. Although Santoni Group currently uses these “green” components to a limited extent, it has a growing interest in the use of sustainable materials. In 2023, the Group purchased a total of 118,619 pairs of sustainable bottoms, up by 24% with respect to 2022. The decrease in the use of “green” leathers and linings is due to the performance problems of these materials. In response, the Group is becoming involved in new research projects in order to find innovative raw materials that offer sustainable and higher-performing alternatives.

	2023	2022	2021
Leather and linings (sq.m.)	2.247	5.282	709.5103
Bottoms (Pairs)	118.619	95.296	61.580

²⁴“Green” materials purchased²⁴ in the three-year period 2021-2023.

Lastly, within the scope of the **SO’LE – ShOes Loving Earth** project, previously mentioned (see paragraph 4.1.2 Process innovation), Santoni Group will be introducing two new research lines that focus on the innovation of materials, above all with respect to sustainability and reducing the environmental impact. The first project, called “Vegan”, is oriented towards the use of materials obtained from renewable plant sources and waste, offering a cruelty-free alternative for the production of footwear. The second project called “Bio Inspired,” will explore the use of uppers made with leather obtained from waste proteins, using biological resources for a more environmentally friendly product.

These projects reflect the Group’s commitment to introducing innovative and responsible solutions that combine quality and sustainability.

²⁴This refers to materials purchased and not to the materials used.

6.4 The Local Community and Territory

6.4.1 Initiatives in the territory

Santoni Group recognizes the importance of its activities in producing positive effects for the community, both economically and socially, and understands the impact that these may have on collective well-being and local development. This is why Santoni intends to make its investments in an environmentally sustainable manner, respecting the local and national communities, and supporting cultural and social initiatives, in order to improve its integration in the communities in question. The Company knows that supporting the community is also achieved through the support and social and cultural enhancement of the area, contributing to elevating the prestige of Marche Region and all its values at an international level through highly prestigious initiatives, developing the area hand-in-hand with the development of the brand.

In particular, Santoni Group actively contributes to promoting Marche Region, above all its cultural and social heritage, through prestigious projects. An important example of this is the “**Adopt a school**” project, promoted by the Altagamma Foundation in collaboration with the Ministry of Education, thanks to which in 2023 Santoni, together with the **Institute IPSIA “F. Corridoni”**, contributed to introducing a technical and professional school in Marche Region. The scope of this project is to train young artisans through the direct experience of the master craftsmen of Santoni Group, thus preserving Made in Italy skills and promoting the local artisan tradition.

At the same time, in 2023, the **school-work alternation** project was continued, which facilitates the entry of students into the workplace; its collaboration with **Marche Polytechnic University** also continued on innovative projects, such as Smart Shoes Manufacturing and CARL (described in section 4.1.2 Process Innovation to which reference is made), that were started in previous years.

These projects not only enrich the community, but also strengthen the ties between the Group and Marche Region, from which Santoni draws inspiration and which represents the **roots of its artisan tradition**.



7. Responsible Business Management (G)

2023: About Santoni

MATERIAL ISSUES	Business Ethics and Anti-Corruption	Introduction of the Whistleblowing procedure
	Risk Management and Cybersecurity	Migration to Office 365 and presence of a Security Operations Center (SOC)

Santoni Group is committed to sound business ethics and the inclusion of anti-corruption practices in its daily operations. To support these principles, the Group has introduced the **Whistleblowing** procedure that makes it possible to report, anonymously and safely, irregular conduct of which a person becomes aware, thus strengthening transparency and responsibility towards its stakeholders. Risk management and cyber security are just as important: in 2023, the Group adapted its hardware infrastructure by starting the migration to **Microsoft Office 365** and the implementation of log and network monitoring of PCs and servers through the **Security Operations Center (SOC)**, a key structure for monitoring and protecting our data in real time. These measures are the starting point of a structured and preventive approach to data protection and cybersecurity management, improving collaboration with experts and the introduction of advanced cybersecurity technologies.

7.1 Business Ethics and Anti-Corruption

7.1.1 The Code of Ethics and Anti-Corruption Initiatives

Santoni Group operates in full compliance with its Code of Ethics, the latest version of which was approved by the Board of Directors in 2021. The Code has three sections:

- General Provisions, which include the mission and ethical vision of the company, the recipients and distribution of the Code, its general principles, such as the “Principle of legality” and the principle of “Integrity, honesty and correctness”.
- Personnel Management, containing the rules of no discrimination and reporting of candidates, no discrimination or harassment, clothing policies and other information relating to employment relationships.
- Application of the Disciplinary Consequences and Code, which describes the application principles, the penalty system and final provisions.

The Group recognizes that compliance with applicable laws and regulations in all the Countries in which it operates, is a mandatory principle, and accordingly requires that all its personnel and collaborators, and anyone else who in any way collaborates with the Company, comply in full with all applicable laws, the Code of Ethics and the regulations in force in all the countries in which Santoni operates. All Santoni’s activities are carried out in strict compliance with principles of correctness and loyalty, which imply respect for the rights of each person, in any way involved in its work and professional activities. Moral integrity and honesty are constant duties of all those who work for the Company, which must characterise the conduct of the company organisation as a whole, given that they are fundamental principles and essential aspects of the company’s management. Thanks to Santoni’s strict application of the provisions of the Code of Ethics, there were no cases of corruption in the three-year period 2021-2023. Moreover, in recognizing the importance of having an internal procedure that regulates the reporting of unlawful conduct and in order to comply with the provisions of Decree no. 24/2023, Santoni decided to introduce, in 2023, a **Whistleblowing** procedure that applies exclusively to Santoni S.p.a.

Finally, it should be noted that again in 2023, Santoni S.p.A. continued to work on the introduction of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, that it expects to implement in 2024.

7.2 Risk Management and Cybersecurity

7.2.1 Risk Management

In a panorama characterized by increasing complexity and ever-evolving global challenges, Santoni Group adopts a structured and integrated approach to risk management. The goal is to identify, evaluate and mitigate risks that might influence the environmental, social and economic sustainability of its operations.

Through resilient solutions, the Group intends not only to prevent negative impacts, but also to seize opportunities for continuous improvement, developing a corporate culture that encourages innovation and pro-activity.

Financial risks	<p>Santoni Group manages the main financial risks with targeted strategies. Its Credit risk is monitored specifically for wholesale sales, through credit insurance and recurring checks on balances, while in the case of the retail channel, this risk is minimal. The Liquidity risk is not a critical issue, given that the structure of the credit facilities and current assets guarantee adequate coverage of its financial commitments. Finally, the market risk related to exchange rates, is reduced with hedging strategies, given that most transactions are in USD, while the interest rate and commodity price risks are considered to be irrelevant.</p>
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Risks related to the supply chain	In order to reduce its dependence on single suppliers, above all in the case of critical components such as soles, Santoni Group has diversified its supply chain. This choice is not only a response to the quality and delivery time issues encountered, but is part of a broader strategy of sustainability and reduction of the environmental impact. Diversification allows Santoni to ensure high standards and production continuity, even if a supplier finds itself in difficulty.
Non-financial risks	Santoni Group is expanding its focus to non-financial risks, which include not only reducing environmental impact through a more careful and sustainable choice of materials, but also the introduction of practices that promote a circular economy model within the supply chain. This long-term perspective ensures that the Group is prepared to face future challenges, contributing to a more resilient and sustainable economy.

Financial and non-financial risk management

ISO 9001 Certification – The Quality Management System

Quality is a value that has always characterised all the processes and corporate functions of the Santoni Group, as also confirmed by the fact that it obtained **ISO 9001:2015** certification. This is an international standard that regulates Quality Management Systems, which is considered to be essential to create a system that ensures customer and stakeholder satisfaction and, consequently, contributes to improving the company organization as a whole. For this reason, Santoni Group has introduced a Quality Policy, which reflects the attitude of ensuring qualitative excellence throughout the entire value chain. This Policy sets specific and concrete goals such as: meeting product requirements, ensuring continuous improvement and monitoring suppliers and internal performance. Management sets annual goals, ensures that they are implemented, and that all staff comply

with these standards through appropriate communication and training. This approach makes the Quality System sustainable and effective, above all contributing to risk management through continuous monitoring of performance and compliance with standards.

7.2.2 Cybersecurity

The Group is committed to ensuring the confidentiality at all times of the information and data in its possession and compliance with the law on the protection of personal data: all data is processed in compliance with the confidentiality and privacy of the data subjects.

The main data processed by the Company relate to B2B customers (official resellers), end customers (online and offline depending on the sales channel), suppliers, associated companies, parties with whom the Company collaborates for its marketing activities and celebrities associated with promotional campaigns.

As regards the sensitive data of customers, said data above all concerns “Made-to-Measure” and “Made-to-Order” customers given that in these cases, in order to create a personalised shoe for the customer, Santoni Group must obtain specific biomodule data associated, for example, to the physical characteristics of feet.

As from 2019, the Company started a process of compliance with European General Data Protection Regulation 679/2016 (GDPR). In compliance with the above regulation, an external firm specializing in privacy consultancy was appointed as Data Protection Officer (DPO); the data controller is the legal representative of the Parent Company, namely Giuseppe Santoni. The DPO helps Santoni Group to process personal data and draw up any necessary documentation such as, the Register which contains a list of all the data processed by the company and the data processing methods. The Parent Company also has a special email address (privacy.santoni@legalmail.it) to which anyone may submit questions and ask for explanations from the DPO relating to the processing of personal data.

In order to improve the reliability and security of its systems, in 2023, the Parent Company adapted its hardware infrastructures with a series of tools, as shown in the following graph.

Migration to Office 365	In 2023 the complete migration from the Google platform to Office 365 began, and was completed towards the middle of 2024 This migration made it possible to ensure a more granular and direct control on security, above all with regard to access, document exchanges (e.g. from suppliers to employees and vice versa), and the management of arantines
The Security Operations Center (SOC)	With the introduction of Office 365 the Group introduced a Security Operations Center (which is a specialized partner that carries out proactive first level monitoring 24 7 a surveillance level that ensures continuous and immediate management of potential threats

Main Cybersecurity Initiatives in 2023

In order to address future challenges and ensure an increasingly resilient, scalable and safe technological infrastructure, Santoni Group intends to introduce a number of strategic initiatives. These include, in perspective, passing from a traditional point-to-point architecture to a system based on micro-services that allows the business components to publish and receive events in a synchronized and fluid manner. This configuration increases operational agility while improving scalability and data security. In terms of external access, the introduction of a centralized Gateway as single entry point will guarantee precise and secure control, while preventing unauthorized data exposure and protecting the system from potential vulnerabilities. At the same time, the Group intends to introduce serverless solutions, based on containers and virtualization (for example, via Docker), which eliminate the need for physical servers. These modern technologies make it possible to optimize the use of resources and reduce costs.

In terms of resilience and emergency preparedness, the Group intends to introduce a disaster recovery project in the future, while it has already introduced the mirroring of critical applications, such as ERP and logistics. This mirroring system

is supported by two separate server rooms in different locations, and stores a part of the data in an external data centre to ensure business continuity even in the event of failures. Santoni Group also intends to introduce an architectural audit to identify critical business processes which are at risk in the event of network outages and perform penetration tests to identify and mitigate vulnerabilities on systems outside the scope protected by Microsoft Azure.

Finally, it should be noted that this constant and unfailing attention to respecting the confidentiality and privacy of all data subjects, including the management of any personal and/or sensitive data processed, has continued to produce positive results for the Group which, even in 2023, did not have any cases of data breach nor received complaints relating to alleged violations of the privacy of its customers, demonstrating its constant commitment to guaranteeing the security and confidentiality of the data of all its stakeholders.

2024 ESG Goals

ENVIRONMENTAL

The Circular Economy: expanding the product regeneration project and product recycling

Extend the repair and regeneration programme to all footwear categories, in order to increase the number of pairs of regenerated footwear by 5%, thus reducing waste.

SOCIAL

Training and development: 5% increase of training hours for employees

Include refresher modules on sustainability and technological innovation, in order to strengthen artisan skills and promote the integration of young talents through the Academy of Excellence.

Educational collaborations with local institutions

Extend collaborations with local schools and universities to pass on artisan skills to the new generations, in order to involve an increasing number of students in educational projects.

GOVERNANCE

Organization, Management and Control Model

Introduction of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 by 2024.



Methodological Remarks

Santoni Group's Sustainability Report has been drawn up by Santoni S.p.A. voluntarily, in order to present to its stakeholders the management model and sustainability policies of the Group, describing the most important results attained in the financial year in question, as well as to give an "account" of what has been done by the company, including its performance and results and the economic, social and environmental impacts it produces and how these are managed.

The 2023 Sustainability Report was drawn up in line with the Global Reporting Initiative (GRI), using the 2021 Italian version in force as from 1 January 2023, and using the option "with reference to the GRI Standards". At the end of the document, the GRI Content Index is shown, which details the topics covered, indicating for each the corresponding GRI standard and its position in the report. The principles of accuracy, completeness, transparency, comparability and verifiability established by GRI 1 have been applied to ensure the quality of reporting.

The economic, governance, social and environmental issues to report (GRI 3 Material topics) were selected through a materiality analysis that takes into account the activities and characteristics of the company, its deliberate strategy and expectations of the stakeholders, as better illustrated in the paragraph dedicated to these aspects.

The qualitative information and indicators relating to each topic identified were selected according to the applicable GRI standard. Data was processed using specific calculations and, where specifically indicated, with estimates that were indicated in the text. Moreover, in the case of data restatements, these are specifically indicated in the document together with the reasons and any effects that such changes have produced.

The reporting scope of the Sustainability Report complies with that of the 2023 consolidated financial statement, in other words, it includes the data relating to the Parent Company (Santoni S.p.A.) and the fully consolidated companies for financial reporting, barring exceptions, if any, for some indicators as will be better

indicated below. The reporting period is that of the calendar year from 1 January to 31 December of each year and is the same as that of the Group's consolidated financial statements. The report is published once a year. In order to compare and evaluate business performance in time, the data provided by this Report are compared with the data relating to the previous two-year period.

The Group falls within the scope of application of Legislative Decree 125/2024, and is required to introduce, as from the 2025 financial year, the European Sustainability Reporting Standards (ESRS). It was therefore decided to gradually approach these reporting standards. As a result of this, the 2023 Sustainability Report is structured according to ESG dimensions, uses description for the topics similar to those proposed by the ESRS and includes the GRI - ESRS Interoperability Index, which facilitates comparison between the data required by the two standards.

This document was drawn up with the collaboration of the Board of Directors, the ESG Committee and the managers of the different departments of Santoni Group.

This Sustainability Report has not been subject to assurance by an independent auditor. The 2023 Sustainability Report was drawn up with the methodological support of the Management Department of the Marche Polytechnic University.

The 2022 Sustainability Report is published on the Company's corporate website: www.santonishoes.com.

More detailed information about this Sustainability Report may be requested by sending an email to csr@santonishoesit.com.



GRI Content Index - ESRS Interoperability Index

Declaration of Use

Santoni S.p.A. has submitted a report in accordance with the GRI Content Index Standards for the period 1 January 2023 - 31 December 2023 using the option "with Reference to"

GRI 1

GRI 1: Fundamental Principles (2021)

ESRS

ESRS 1: General Requirements

GRI STANDARD	ESRS	PRIVACY POLICY	LOCATION OF CHAPTER/ PARAGRAPH	NOTES/ APPLICATION OF STANDARDS/ OMISSIONS
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Please refer to Directive 2013/34/EU	Organization details	1.Identity-1.1 About Us
	2-2	ESRS 1- 5.1 ESRS 2- BP- 1 §5 (a.b.i)	Companies included in the organization's sustainability report	Methodology notes
	2-3	ESRS 1 § 73	Reporting period, frequency and point of contact	Methodology notes

GRI 2: General Disclosures 2021	2-4	ESRS 2 BP-2 §13, § 14 from (a) to (b)	Review of data	Methodology notes	
	2-5	Please refer to the assurance requirements of Directive (EU) 2022/2464	External Assurance	Methodology notes	The 2023 Sustainability Report has not been subject to assurance by an independent auditor
	2-6	ESRS 2 SBM-1 §40 (a) ii, (b), (c), § 42 (c)	Activities, value chain and other business relationships	1. Identity-1.1 About Us 2. Strategy and sustainability-2.3 The Value chain and the Supply Chain	
	2-7	ESRS 2 SBM1- §40 (a) iii ESRS S1- 6 §50 da (a) a (b), from (d) to (e), from §51 to §52	Employees	6. Social Responsibility (S)- 6.1 Human Resources	
	2-8	ESRS S1- S1- 7 da §55 a §56	Non-employee workers	6. Social Responsibility (S)- 6.1 Human Resources	
	2-9	ESRS 2 GOV- 1 §21, §22 (a), §23 ESRS G1 §5 (b) Please refer to the corporate governance statement requirements as provided by Directivea 2013/34/UE for public interest entities	Structure and composition of governance	1. Identity-1.6 Corporate Governance and Ownership	
	2-10	This topic is not included in the list of sustainability issues in ESRS 1 AR	Appointment and selection of the governing body	1. Identity-1.6 Corporate Governance and Ownership	
	2-11	This topic is not included in the list of sustainability issues in ESRS 1 AR	Chairman of the governing body	1. Identity-1.6 Corporate Governance and Ownership	
	2-12	ESRS 2- GOV 1 §22 (c), GOV 2 §26 from (a) to (b), SBM-2 §45 (d) ESRS G1 §5(a)	Role of the governing body in monitoring impact management	1. Identity-1.6 Corporate Governance and Ownership	

GRI 2: General Disclosures 2021	2-13	ESRS 2 GOV 1 §22 (c) I, GOV 2 §26 (a) ESRS G1 G1- 3 §18 (c)	Delegation of responsibility for impact management	2024 ESG Goals	Goal relating to the introduction of an ESG Committee
	2-14	ESRS 2 GOV- 5 §36, IRO-1 §53 (d)	Role of the governing body in sustainability reporting	Methodology notes	
	2-16	ESRS 2 GOV- 2 §26 (a) ESRS G1 G1- 3 §18 (c)	Communication of critical issues		The Management periodically interfaces with the Board of Directors regarding the progress, results and current status of company activities.
	2-17	ESRS 2 GOV- 1 §23	Collective knowledge of the governing body	2. Strategy and sustainability-2.4 Strategic development lines	
	2-22	ESRS 2 SBM- 1 §40 (g)	Statement about the Sustainable Development Strategy	2. Strategy and sustainability-2.6 The commitment to achieving its Sustainable Development Goals (SDGs)	
	2-23	ESRS 2 GOV- 4; MDR-P §65 from (b) to (c), (f); ESRS S1 S1-1 from §19 to §21, and §AR 14; ESRS S2 S2-1 from §16 to §17, §19, and §AR 16; ESRS S3 S3-1 §14, from §16 to §17 e §AR 11; ESRS S4 S4-1 from §15 to §17, and §AR 13; ESRS G1 G1- 1 §7 and §AR 1 (b)	Policy commitment	7. Responsible Business Management - 7.1 Business Ethics and Anti-Corruption	
	2-25	ESRS S1 S1-1 §20 (c); S1-3 §32 (a), (b) and (e), §AR 31; ESRS S2 S2-1 §17 (c); S2-3 §27 (a), (b) and (e), §AR 26; S2-4 §33 (c); ESRS S3 S3-1 §16 (c); S3-3 §27 (a), (b) and (e), §AR 23; S3-4 §33 (c); ESRS S4 S4-1 §16 (c); S4-3 §25 (a), (b) and (e), §AR 23; S4-4 §32 (c)	Processes to address negative impacts	3. Analysis of materiality	
	2-26	ESRS S1 S1-3 §AR 32 (d); ESRS S2 S2-3 §AR 27 (d); ESRS S3 S3-3 §AR 24 (d); ESRS S4 S4-3 §AR 24 (d); ESRS G1 G1- 1 §10 (a); G1-3 §18 (a)	Methods for requesting explanations and raising concerns	7. Responsible Business Management - 7.1 Business Ethics and Anti-Corruption	

GRI 2: General	2-27	ESRS 2 SMB- 3 §48 (d); ESRS E2 E2-4 §AR 25 (b); ESRS S1 S1- 17 §103 (c) to (d) and §104 (b); ESRS G1 G1- 4 §24 (a)	Compliance with laws and regulations	7. Responsible Business Management - 7.1 Business Ethics and Anti-Corruption	
	2-29	ESRS 2 SMB- 2 §45 da (a) i a (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) and §28; ESRS S2 S2-1 §17 (b); S2-2 §20, §22 (e) and §23; ESRS S3 S3-1 §16 (b); S3-2 §19, §21 (d) and §22; ESRS S4 S4-1 §16 (b); S4-2 §18, §20 (d) and §21	Approach to the engagement of stakeholders	2. Strategy and Sustainability - 2.5 The Stakeholders	
Material issues					
GRI 3: Material issues	3-1	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 da (b) ii a (b) iv	Process for determining material issues	3. Analysis of materiality	
	3-2	ESRS 2 SBM- 3 §48 (a) and (g)	List of material issues	3. Analysis of materiality	
	3-3	ESRS 2 SBM- 1 §40 (e); SBM-3 §48 (c) i and (c) iv; MDR-P, MDR-A, MDR-M, and MDR-T; ESRS S1 S1-2 §27; S1-4 §39 and AR 40 (a); S1-5 §47 da (b) a (c); ESRS S2 S2-2 §22; S2-4 §33, §AR 33 and §AR 36 (a); S2-5 §42 (b) to (c); ESRS S3 S3-2 §21; S3-4 §33, §AR 31, §AR 34 (a); S3-5 §42 from (b) to (c); ESRS S4 S4-2 §20, S4- 4 §31, §AR 30, and §AR 33 (a); S4-5 §41 from (b) to (c)	List of material issues	3. Analysis of materiality	
Creation of shared value					
GRI 201: Performance economiche 2016	201-1	This topic is not included in the list of sustainability issues in ESRS 1 AR	Economic value generated and distributed	4.Tradition and innovation: the value of Santoni Group - 4.1 Creation of shared value	
Non-GRI topic - Process innovation				4.Tradition and innovation: the value of Santoni Group - 4.1 Creation of shared value	

Non-GRI topic - Digitalization and AI					4.Tradition and innovation: the value of Santoni Group - 4.1 Creation of shared value
Climate change and pollution					
GRI 305: 2016 Emissions	305-1	ESRS E1 E1-4 §34 (c); E1-6 §44 (a); §46; §50; §AR 25 (b) e (c); §AR 39 from (a) to (d); §AR 40; AR §43 from (c) to (d)	Direct GHG emissions (Scope 1)		5. Responsibility to the environment (E)- 5.1 Climate change and pollution
	305-2	ESRS E1 E1-4 §34 (c); E1-6 §44 (b); §46; §49; §50; §AR 25 (b) and (c); §AR 39 da (a) a (d); §AR 40; §AR 45 (a), (c), (d), and (f)	Indirect GHG emissions from energy consumption (Scope 2)		5. Responsibility to the environment (E)- 5.1 Climate change and pollution
GRI 302: Energy 2016	302- 1	ESRS E1 E1-5 §37; §38; §AR 32 (a), (c), (e) and (f)	Energy consumed within the company		5. Responsibility to the environment (E)- 5.1 Climate change and pollution
Water and marine resources					
GRI 303: Water and waste water 2016	303-1	ESRS 2 SBM- 3 §48 (a); MDR-T §80 (f); ESRS E3 §8 (a); §AR 15 (a); E3-2 §15, §AR 20	Interaction with water as a shared resource		5. Responsibility to the environment (E)- 5.2 Water and marine resources
	303-2	ESRS E2 E2-3 §24	Management of impacts related to waste water		5. Responsibility to the environment (E)- 5.2 Water and marine resources
	303-3	"Water withdrawal" is a sustainability issue for E3, covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific module that must be disclosed under ESRS 1 §11 and MDR-M.	Water withdrawal		5. Responsibility to the environment (E)- 5.2 Water and marine resources
	303-4	"Water withdrawal" is a sustainability issue for E3, covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific module that must be disclosed under ESRS 1 §11 and MDR-M.	Waste water		5. Responsibility to the environment (E)- 5.2 Water and marine resources

GRI 303: Water and waste water 2016	303-5	ESRS E3 E3-4 §28 (a), (b), (d) and (e)	Water consumption	5. Responsibility to the environ- ment (E)- 5.2 Water and ma- rine resources	
Use of resources and the circular economy					
GRI 301: 2016 Materials	301-1	ESRS E5 E5-4 §31 (a)	Materials used by weight or volume	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	
	301-2	ESRS E5 E5-4 §31 (c)	Recycled input materials used	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	
GRI 306: Waste 2020	306-1	ESRS 2 SBM- 3 §48 (a), (c) ii and iv; ESRS E5 E5-4 §30	Production of waste and significant impacts related to waste	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	
	306-2	ESRS E5 E5-2 §17 e §20 (e) and (f); E5-5 §40 e §AR 33 (c)	Management of significant impacts elated to waste	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	
	306-3	ESRS E5 E5-5 §37 (a), from §38 a §4to	Waste produced	5. Responsabilità verso l'ambiente (E)-5.3 Uso delle risorse ed economia cir- colare	
	306-4	ESRS E5 E5-5 §37 (b), §38 and §40	Non-disposable waste	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	
	306-5	ESRS E5 E5-5 §37 (c), §38 and §40	Waste sent for disposal	5. Responsibility to the environ- ment - 5.3 Use of resources and the circular economy	

Human resources					
GRI 401: Employment 2016	401-1	ESRS S1 S1-6 §50 (c)	Recruitment of new em- ployee and turnover of employees	6. Social Responsibility (S)- 6.1 Human Resources	
GRI 403: Workplace health and safety 2018	403-1	ESRS S1 S1-1 §23	The Workplace health and safety management system	6. Social Responsibility (S)- 6.1 Human Resources	
	403-2	ESRS S1 S1-3 §32 (b) and §33	Identification of hazards, risk assessment and accident investigations	6. Social Responsibility (S)- 6.1 Human Resources	
	403-4		Participation and consultation of workers and workplace health and safety communi- cations	6. Social Responsibility (S)- 6.1 Human Resources	
	403-5		Training of workers on workplace health and safety matters	6. Social Responsibility (S)- 6.1 Human Resources	
	403-6		"Social protection" is a sustainability issue for S1 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an enti- ty-specific module that must be disclosed under ESRS 1 §11 and MDR-M.	6. Social Responsibility (S)- 6.1 Human Resources	
	403-7	ESRS S2 S2-4 §32 (a)	Prevention and reduc- tion of health and safety impacts at the workplace within business relation- ships	6. Social Responsibility (S)- 6.1 Human Resources	
	403-8	ESRS S1 S1- 14 §88 (a); §90	Workers covered by a workplace health and safety management system	6. Social Responsibility (S)- 6.1 Human Resources	
	403-9	ESRS S1 S1- 4, §38 (a); S1-14 §88 (b) and (c); §AR 82	Workplace accidents	6. Social Responsibility (S)- 6.1 Human Resources	
	403-10	ESRS S1 S1- 4, §38 (a); S1-14 §88 (b) and (d); §89; §AR 82	Occupational diseases	6. Social Responsibility (S)- 6.1 Human Resources	

GRI 404: Training and education 2016	404-1	ESRS S1 S1- 13 §83 (b) and §84	Average hours of training per employee per year	6. Social Responsibility (S)- 6.1 Human Resources	
	404-2	ESRS S1 S1-1 §AR 17 (h)	Upgrading of employee skill levels and transition assistance programmes	6. Social Responsibility (S)- 6.1 Human Resources	
GRI 405: Diversity and equal opportunities 2016	405-1	ESRS 2 GOV- 1 §21 (d); ESRS S1 S1-6 §50 (a); S1-9 §66 da (a) a (b); S1-12 §79	Diversity of the governing body and employees	6. Social Responsibility (S)- 6.1 Human Resources	
GRI 406: Nondiscrimination 2016	406-1	ESRS S1 S1- 17 §97, §103 (a), §AR 103	Incidents of discrimination and the corrective measures introduced	6. Social Responsibility (S)- 6.1 Human Resources	No incidents of discrimination occurred in 2023
Customers					
GRI 416: Customer health and safety	416-1	The "personal safety of consumers" is a sustainability issue for S4 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific module that must be disclosed under ESRS 1 §11 and MDR-M.	Assessment of health and safety impacts of product and service categories	6. Social Responsibility (S)- 6.2 Customer Relations	
GRI 417: Marketing ed etichettatura 2016	417-1	The "impacts related to data for consumers and end users" is a sustainability issue for S4 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific module that must be disclosed under ESRS 1 §11 and MDR-M.	Product and service information and labelling requirements	6. Social Responsibility (S)- 6.2 Customer Relations	
GRI 418: Privacy dei clienti	418-1	ESRS S4 S4-3 §AR 23; S4-4 §35	Substantiated claims regarding customer data breaches and loss of customer data	6. Social Responsibility (S)- 6.2 Customer Relations	

Suppliers					
GRI 204: Procurement practices	204-1	The "economic, social and cultural rights of the community" are a sustainability issue for S3 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific module that must be disclosed under ESRS 1 §11 and MDR-M.	Proportion of expenditure on local suppliers	6. Social Responsibility (S)- 6.3 Supplier Relations	
GRI 308: Environmental assessment of suppliers 2016	308-1	ESRS G1 G1- 2 §15 (b)	New suppliers assessed on the basis of environmental criteria	6. Social Responsibility (S)- 6.3 Supplier Relations	Evolving Supplier Certification Process
GRI 414: Social assessment of suppliers 2016	414-2	ESRS 2 SBM- 3 §48 (c) i and iv	Negative social impacts on the supply chain and measures introduced	6. Social Responsibility (S)- 6.3 Supplier Relations	
The communities involved					
GRI 413: Local communities 2016	413-1	ESRS S3 S3-2 §19; S3-3 §25; S3-4 §AR 34 (c)	Activities with the involvement of local communities, impact assessments and development programmes	6. Social Responsibility (S)- 6.4 The Local community and the territory	
GRI 203: Indirect economic impacts	203-1	The "economic, social and cultural rights of the community" are a sustainability issue for S3 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific module that must be disclosed under ESRS 1 §11 and in accordance with MDRM.	Investments in the infrastructure and services supported	6. Social Responsibility (S)- 6.4 The Local community and the territory	
Responsible Business Conduct					
GRI 205: Anticorruption 2016	205-1	ESRS G1 G1- 3 §AR 5	Transactions assessed for risks related to corruption	7. Responsible Governance - 7.1 Business Ethics and Anti-Corruption	

GRI 205: Anticorruption 2016	205-2	ESRS G1 G1- 3 §20, §21 (b) and (c) and §AR 7 and 8	Communications and training on anti-corruption policies and procedures	7. Responsible Governance - 7.1 Business Ethics and Anti-Corruption	
	205-3	ESRS G1 G1- 4 §25	Confirmed corruption incidents and actions taken	7. Responsible Governance - 7.1 Business Ethics and Anti-Corruption	No incidents of corruption occurred in 2023
GRI 207: Taxes	207-1	This topic is not included in the list of sustainability issues in ESRS 1 AR	Approach to taxation	7. Responsible Governance - 7.1 Business Ethics and Anti-Corruption	
Risk Management and Cybersecurity					
Non-GRI topic			Cybersecurity	7. Responsible Governance (G)-7.2 Risk Management and Cybersecurity	

