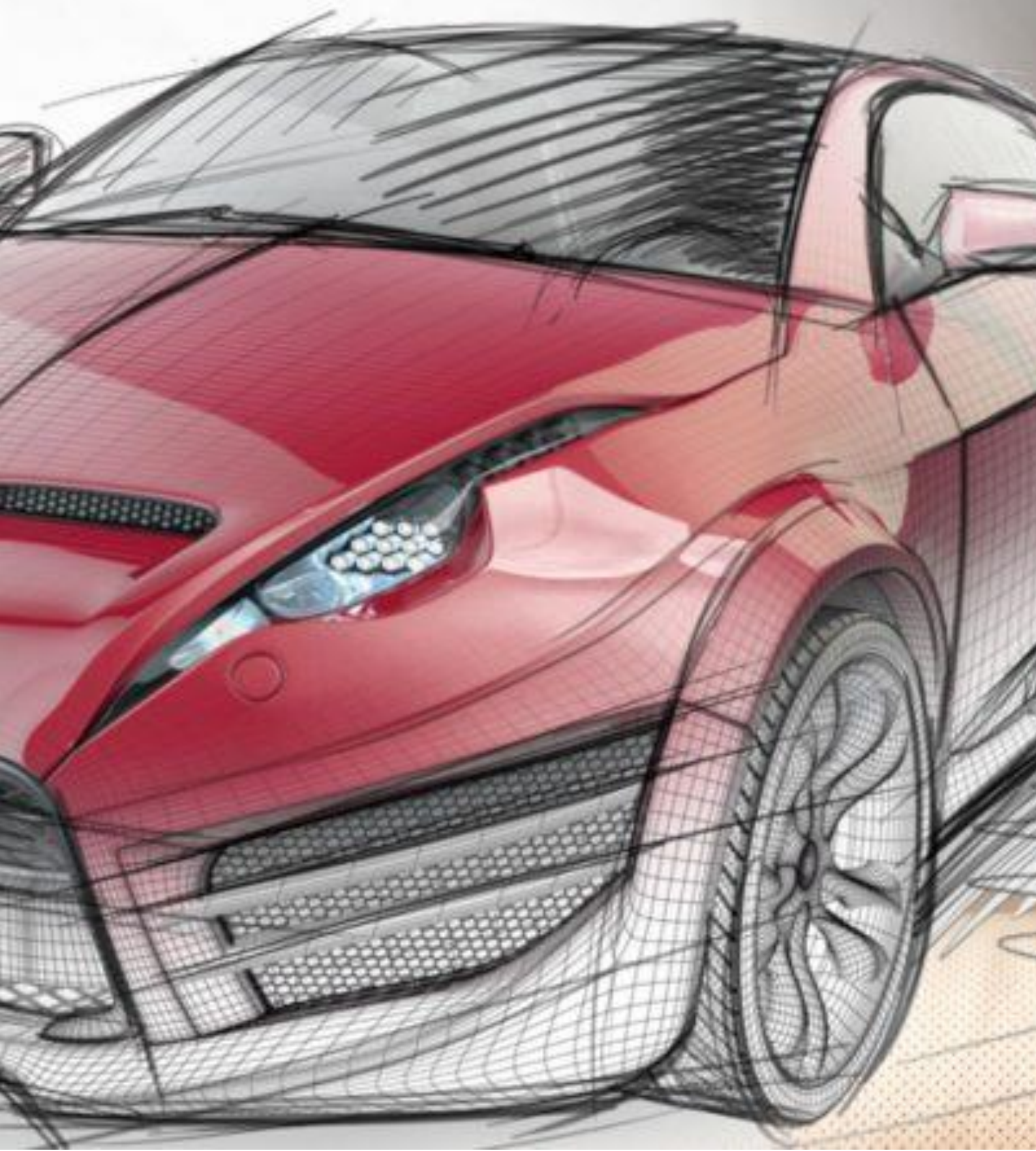


MARIO LEVI S.p.A.



SUSTAINABILITY REPORT 2023



Mario Levi S.p.A.

Corso Massimo D'Azeglio no. 8, 10125 Turin

Share Cap. Euro 500,000 fully paid up

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CONTENTS

Highlights.....	4
Letter to the stakeholders	5
1. Methodological note	6
1.1 The structure of the Sustainability Report	7
1.2 The drafting criteria of the sustainability report	8
1.3 Stakeholder engagement and the process for defining material topics	11
1.4 The material topics	15
2. History, mission and values	16
2.1 The history and evolution of Mario Levi S.p.A.	17
2.2 The mission and values	20
2.3 Activities and business model	22
3. Corporate governance.....	26
3.1 The corporate governance model	27
3.2 Ethics and integrity.....	31
3.4 Internal control system and risk management	34
3.5 Value creation and distribution.....	38
3.6 Data privacy and cybersecurity.....	41
4. Environment	44
4.1 Energy efficiency and climate change	45
4.2 Materials used.....	54
4.3 Water resource management	56
4.4 Responsible waste management and circular economy	57
4.5 responsible management of chemical resources.....	59
4.6 Land and biodiversity protection	59
5. Social.....	61
5.1 Workers' health, safety and well-being	62
5.2 Human capital and talent development	66
5.3 Diversity, social inclusion and non discrimination	69
5.4 Quality, safety of the products and customer satisfaction	71
5.5 Support and involvement of the local community	73
6. Appendix	75
6.1 GRI content index	76
6.2 Data and indicators.....	80

Highlights



78 years of history



116 M€ consolidated turnover



Management and Control Organisation Model 231



Contribution to 8 SDGs



259 employees



-9.3% Scope 1 + 2 Location Based emissions vs 2022



1 *biobased commercial solution* with LCA assessment



3 Management Systems: ISO 9001, 14001 and IATF 16949



Leather Working Group (LWG) Certification

Letter to the stakeholders

2-22 Statement on sustainable development strategy

Dear Readers,

By drawing up our first Sustainability report, we would like to share with you **the growing importance of ESG topics in our activities** and our **constant commitment** in pursuing objectives in this connection.

In our corporate strategy, sustainability is not merely regarded as nothing more than a regulatory burden or moral imperative, but rather **an important opportunity** to promote our competitiveness and create **long-term value**.

The automotive sector is one of the main environmental polluting factors on a global scale. Within this context, it is essential for companies active in this sector to take responsibility for reducing the environmental footprint of their products and processes. As manufacturers of leather upholstery for the automotive industry, we also understand the crucial role we can play in promoting **more sustainable and responsible production**. From carbon emissions to the management of water resources, all companies' activities may have significant consequences on the environment and the communities in which they operate. As a consequence, a growing number of consumers, investors and regulatory bodies are requiring companies to **take a more responsible and sustainable approach**.

In this scenario, we are already committed to making significant progress in reducing the environmental impact of our production, but we also acknowledge that **much remains to be done**. Therefore, **in the future we would like to commit** to set **objectives** to further improve our ESG corporate practices. These objectives may concern a number of aspects, including the reduction of carbon emissions, water and energy consumption, the protection of biodiversity and the promotion of ethical practices along the entire supply chain.

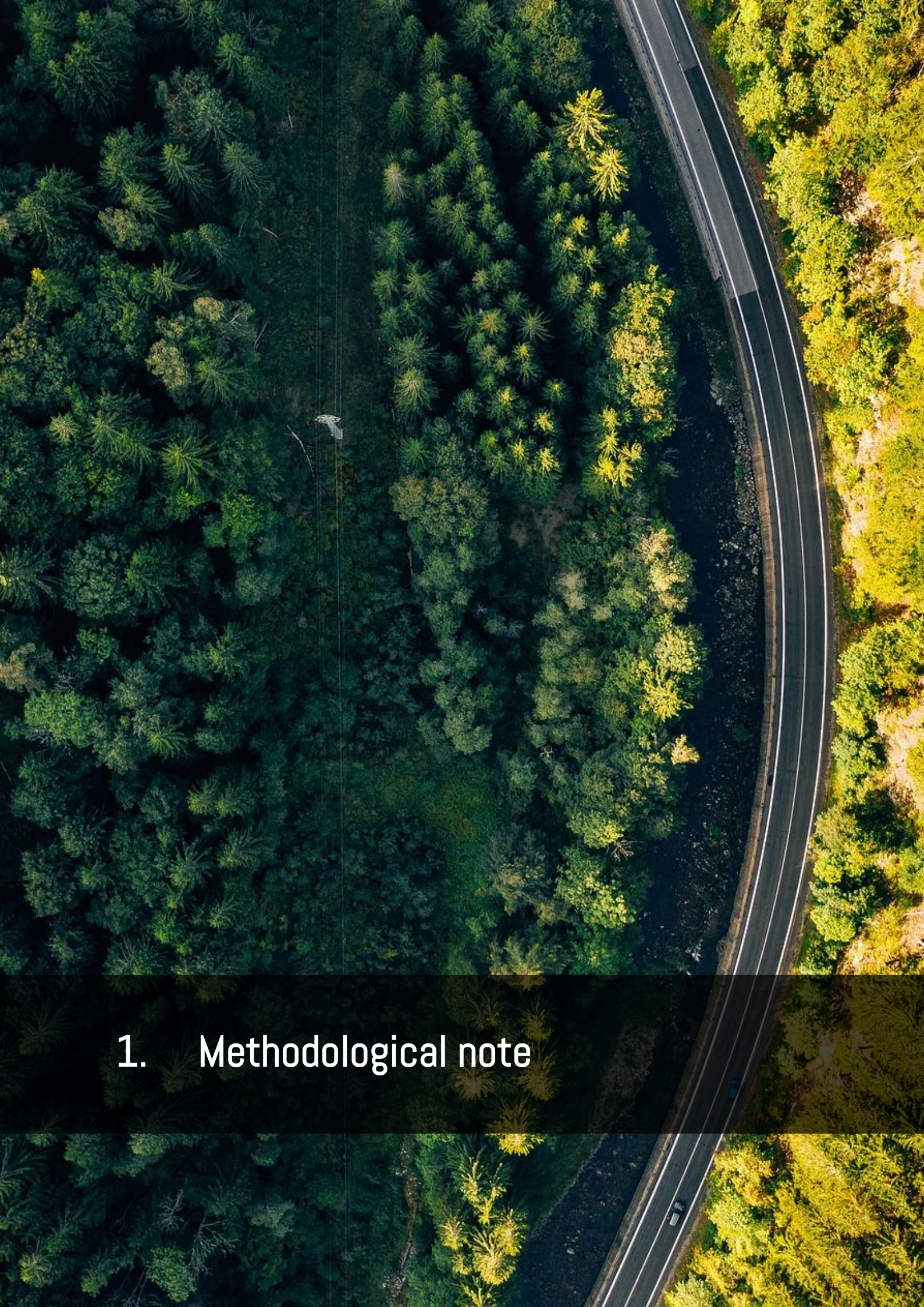
This holistic approach seeks to go beyond mere short-term profitability to incorporate **appropriate ethical, environmental and social considerations in company management**.

We are therefore proud to announce the efforts made by our Group in drafting its first **Sustainability Report**, which allowed us to formalise in an official document all the activities that we have already been committed to carrying out for several years now. It will also enable us to set the baseline for the implementation of future objectives, that may effectively reflect **our commitment and dedication**, with the aim of having a positive impact that may extend well beyond the boundaries of our companies.

Elisa Levi-Gattinara

President



An aerial photograph showing a two-lane asphalt road that curves through a dense forest. The road is dark grey with white lane markings. On the right side of the road, there is a rocky drainage ditch. The forest is composed of various types of trees, with some showing bright yellow foliage, possibly indicating autumn. The lighting is bright, creating strong shadows and highlights on the trees and road.

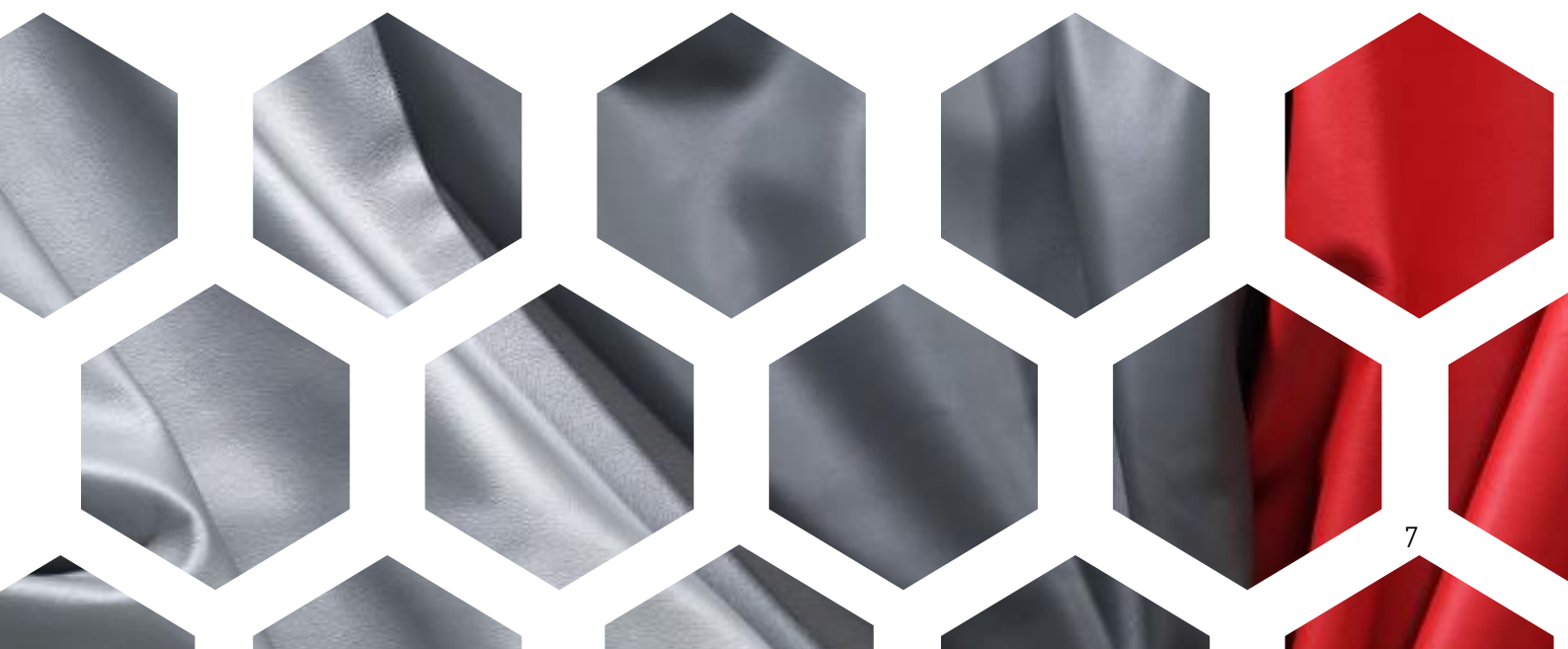
1. Methodological note

1.1 The structure of the Sustainability Report

The first chapter of this Report is devoted to setting out the methodologies and criteria we used for drafting, defining the corporate scope and explaining the engagement processes and those for identifying material topics.

The structure of the Sustainability Report is as follows:

- **The chapter on History, Mission and Values** provides an introduction to readers and a general overview of the Mario Levi Group's activities;
- **The Corporate Governance chapter** deals with the presentation of the corporate governance model, ethics and integrity in business management, the policies adopted with regard to sustainability issues, the system for monitoring and controlling the related risks, the economic value created and distributed in the local area and related effects;
- **The Environment chapter** deals with environmental topics, providing a comprehensive overview of the Group's energy consumption, broken down by sources and related emissions produced. The chapter also describes the raw materials used in the production process, the approaches and objectives in terms of circular economy, water and waste management as well as the management of the hazardous chemicals used in leather tanning. Finally, reference is made to the issue of animal welfare, a topic that has been gaining increasing significance in recent years, in addition to the protection of the regions and biodiversity in the areas in which we operate;
- **The Social chapter** deals with social topics, i.e. those related to employees' health and safety, their training, incentives, retention and growth. The chapter also deals with topics connected to gender equality, human rights, the prevention of discrimination incidents, the quality and safety of the products supplied and the support and involvement of local communities;
- Lastly, the **Appendix** contains the table of GRI contents, with references to all the topics covered and the indicators used and related references, as well as details of the data broken down by each individual Group Company.



1.2 The drafting criteria of the sustainability report

2-2 Entities included in the organization's sustainability reporting

2-3 Reporting period, frequency and contact point

This document is **the first Sustainability report of the Mario Levi Group** (hereinafter the Company, the Group, Mario Levi) and includes figures for Mario Levi S.p.A., the Parent Company, and the other Subsidiaries consolidated on a line-by-line basis. For the purposes of reporting the sustainability performance in this document, the reporting scope therefore replicated that applied to financial information according to the line-by-line consolidation method, with the exception of the Company Mario Levi Leather Hong Kong which, as a mere trading company set up for the promotion of products in the Middle Eastern market and for the future development of production sites in the region, has limited impacts and was therefore excluded from the reporting scope of sustainability information.

The reporting of the ESG information therefore included, in addition to Mario Levi S.p.A, also Mario Levi Italia S.r.l. and Torino Leather Interiors S.r.l., as shown in the chart below.



CORPORATE ORGANIGRAM AS AT 31/12/2023

Name	Registered Office	Share Capital	Stake held
Mario Levi S.p.A.	C.so Massimo D'Azeglio 8, Turin	500,000 €	Parent Company
Mario Levi Italia S.r.l.	Via Arzignano 130, Chiampo (VI)	500,000 €	100%
Torino Leather Interiors S.r.l.	C.so Massimo D'Azeglio 8, Turin	20,000 €	100%

The data and information reported in this Sustainability Report mainly concern, and where not specifically indicated, the period between **1st of January to the 31st of December 2023** and refer to the Group companies (hereinafter “the Group” or “Mario Levi”) as illustrated above. Where possible, figures for the financial years **2022** and **2021** were also included, in order to highlight **the evolution of the figures** already reported in this first document.

This Sustainability Report was drawn up in compliance with the most recent version of the **Global Reporting Initiative (GRI)** sustainability reporting standards, in order to ensure a solid and high-quality approach to representing ESG impacts. In drawing up the Report, the conformity to the standards “*With reference to*” option was adhered to, in compliance with the following principles for disclosure of the information:

- **Accuracy**: the information was sufficiently detailed to allow the correct assessment of impacts, risks and opportunities regarding all Companies included in the scope of the report;
- **Balance**: the information was reported in an unbiased way and provides a fair representation of negative and positive impacts; as well as ESG risks and opportunities;
- **Clarity**: the language chosen for the disclosure of our ESG performance is accessible and understandable. In addition, the texts were integrated with appropriate graphs and tables in order to make the document more easily usable and understandable for readers and all stakeholders;
- **Comparability**: information was selected, compiled and reported consistently to enable an analysis of changes regarding impacts, risks and opportunities over time, also relative to those of other organisations;
- **Completeness**: we sought to provide sufficient information to enable a comprehensive and detailed assessment of all the impacts, risks and opportunities considered during the reporting period;
- **Sustainability context**: in drafting the document, we reported information on our impacts, risks and opportunities, also taking into account the broader context of sustainable development, hence analysing and drawing from a variety of sources such as laws and regulations, in addition to international conventions and other relevant documents;
- **Timeliness**: we shall undertake to report information at least on a yearly basis, making it available in time for all end users to view it and make decisions also based on it;
- **Verifiability**: the information presented in the Sustainability Report were gathered, recorded, compiled, and analysed in such a way that the information can be examined to establish its quality.

Consistently with the aforementioned principles, in order to ensure the reliability and high adherence to reality of the reported information, the use of estimates was limited as much as possible. If present, they are based on the best and most widespread methods available and were appropriately indicated within the various sections of the document. Specifically, the emissions were calculated following the methodological principles set forth by the **GHG Protocol** through adoption of the **Control Approach**.

In order to anticipate future regulatory requirements in terms of ESG reporting, particularly with regard to sustainability reporting based on European regulations, in drafting the document we also took into account, albeit marginally, the reporting principles set forth by the new **ESRS** standards published by **EFRAG** within European Directive 2464/2022 (CSRD), specifically with regard to the materiality assessment process (**EFRAG IG 1 – Materiality Assessment**).

The reporting methodology adopts the **materiality** principle, as set forth in the most recent version of the GRI Universal Standards (GRI 3: Material Topics 2021), but also considers some aspects concerning the ESRS standards, as described in more detail in the relevant chapter. The reported topics are those considered material in relation to the environmental, social and governance impacts, risks and opportunities of the Group's activities, and also capable of affecting stakeholder decisions.

The document shall be published annually and is not subject to third party verification because it does not fall within the scope of (It.) Legislative Decree 254/2016. The document was drawn up with the technical-methodological support of KPMG Advisory S.p.A.

The **Objective** of this first Sustainability Report is to provide a representation of the Group's **main policies**, as well as the **management models**, **initiatives** and **activities** carried out in the 2021-2023 three-year period with reference to **ESG topics**. The intention is to provide a comprehensive picture of the **values**, **programmes**, **initiatives**, **performances** and **results** achieved over the years with reference to ESG topics, and consequently to set the best and most appropriate improvement goals.

In order to facilitate reading and finding information in the document, the GRI Content Index chapter contains the **table of GRI indicators** used for reporting on each material topic.



1.3 Stakeholder engagement and the process for defining material topics

2-29 Approach to stakeholder engagement

Taking into account the context of reference and the dynamics outside the Group, such as monitoring global trends and periodically listening to demands from stakeholders, are key aspects to be able to define the material topics and effectively lay out the structure of a Sustainability Report.

In order to exercise first voluntary disclosure aimed at gradual compliance with ESRS standards, the approach used for the identification of ESG material topics considered the GRI methodology integrated with double materiality as set by the **CSRD** (Corporate Sustainability Reporting Directive – EU Directive 2464/2022). This new approach combines *impact materiality* and *financial materiality*.

- ***Impact materiality***: this perspective considers the impacts, real or potential, positive or negative that the company may generate on people and/or environment in the short, medium and long term. The impacts include those generated by the company's own operations and those along the value chain, also through its products and services, as well as through its commercial relations;
- ***Financial materiality***: this perspective considers the sustainability issues that may generate risks and/or opportunities and that affect or may substantially affect the development, financial position, financial results, cash flows, access to finance or the cost of capital for the company in the short, medium or long term. The financial materiality assessment entails identifying the information deemed significant when taking decisions in relation to the provision of the Company's financial resources.

Consistently with this new process, the Company's management as well as the stakeholders were required to assess not only the material impacts from an *inside-out* perspective, therefore taking impact materiality into account, but also how the Company itself may be affected by the risks and opportunities arising from the environment and civil society, from an *outside-in* perspective, with reference to financial materiality.

Performing an accurate identification of ESG material topics makes it possible to properly guide the company's sustainability strategy, assisting management in the implementation of the most appropriate actions to **increase the company's competitiveness and value**. This process also provides a significant opportunity to analyse company dynamics, external trends, and to integrate one's risk management processes.

The materiality assessment process adopted hence entailed using the methodological framework based on **GRI** standards, which were then integrated with the general aspects indicated in the new European standard **ESRS1 General Requirements**, for a first double materiality exercise.

THE MATERIALITY ASSESSMENT PROCESS

01

Preliminary analysis: a **preliminary list** of potential material topics was identified by considering the presumably material areas for the Company, also thanks to an in-depth documentary analysis, in which various sources were examined: public documents of comparable companies (reports, websites, etc.), suppliers and customers, trends in the sector of reference, publications of the main international associations and organisations, newspaper articles, documentation, policies, internal practices, etc.

02

Identification of Impacts, Risks and Opportunities (IROs): the material topics previously identified **were associated to appropriate impacts**, in the case of the *inside-out* perspective required by the *impact materiality* assessment, **and any risks and opportunities**, in the case of the *outside-in* perspective required by the *financial materiality* assessment. The impacts were broken down into current and potential, positive and negative.

03

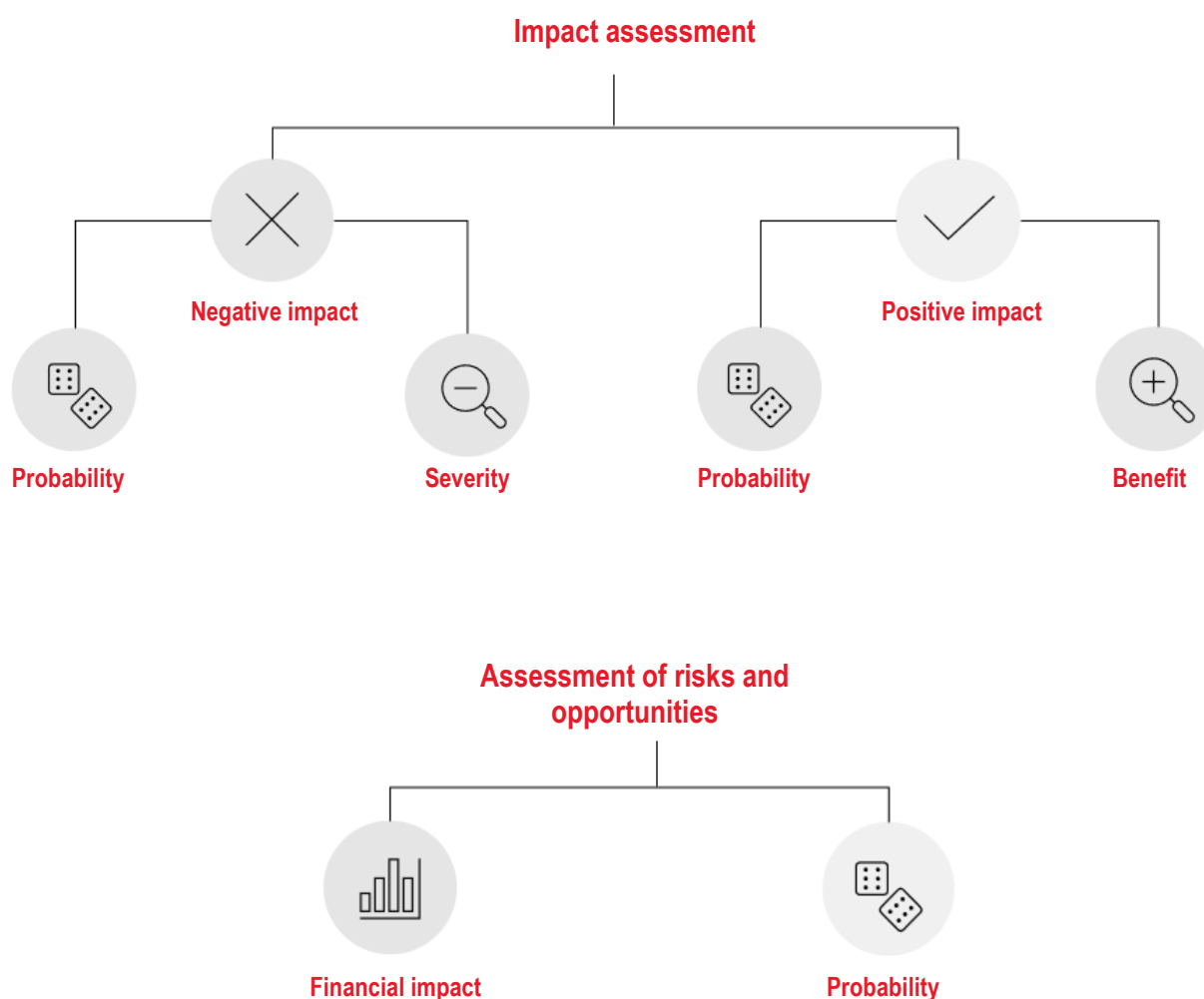
Stakeholder engagement and materiality assessment of IROs: the **stakeholder engagement** activity is an important opportunity for dialogue that is useful for understanding the point of view of the various stakeholders and for identifying potential useful inputs for improvement. The materiality of the **IROs** was therefore assigned by external and internal stakeholders in engagement activities which involved 1-to-1 interviews, dedicated workshops and sending appropriate questionnaires.

04

Prioritising and identifying material topics according to the associated IROs: based on the outcomes of the stakeholder engagement activities and by jointly considering impact and financial materiality, **the material topics were prioritised based on their associated IROs.**

The topics identified as material are the elements included in the report by association with the appropriate GRI indicators. These topics identify the impacts, risks and opportunities of activities along the value chain that were deemed most significant, hence potentially affecting the Company's performance.

The joint consideration of the GRI methodology, integrated with the draft guidelines on materiality of the ESRS standards, resulted in an assessment of the IROs, which followed a **detailed and painstaking process**. Indeed, every stakeholder involved was asked to assess a series of positive and/or negative, potential and/or current impacts selected on the basis of their specific remit, by considering two parameters: **severity** (or **benefit** in the case of positive impacts) and **probability** (in the case of potential impacts, for current impacts the associated probability was considered maximum). **Probability** was defined as the likelihood of an impact occurring, taking into account the actions adopted by the Group to prevent said impact. The assessment of risks and opportunities, however, was based on the assessment of two variables only: **the financial impact** of the possible financial effects and their relative **probability**. The graph below clarifies the assessment process and the variables considered in the assessment of IROs.



The materiality assessment process was preceded by the identification of the many stakeholders capable of directly or indirectly contributing to Mario Levi's success, or of affecting company decisions.

The stakeholders' opinions were collected through **various engagement activities**, in order to establish direct dialogue with them and promote constant communication. The identification of the various categories of stakeholders led to breaking them down into the following groups:

CATEGORIES OF STAKEHOLDERS INVOLVED IN THE MATERIALITY ASSESSMENT



The selection of the stakeholders followed a principle of **materiality** which took into account the following criteria: knowledge of the company, type of activity, significance of the activity in terms of numbers and turnover and impact on ESG topics. Therefore, the **most representative** stakeholders were selected. The purpose of their engagement was to obtain information on the Group's activities from a competent point of view, both internal and external.

1.4 The material topics

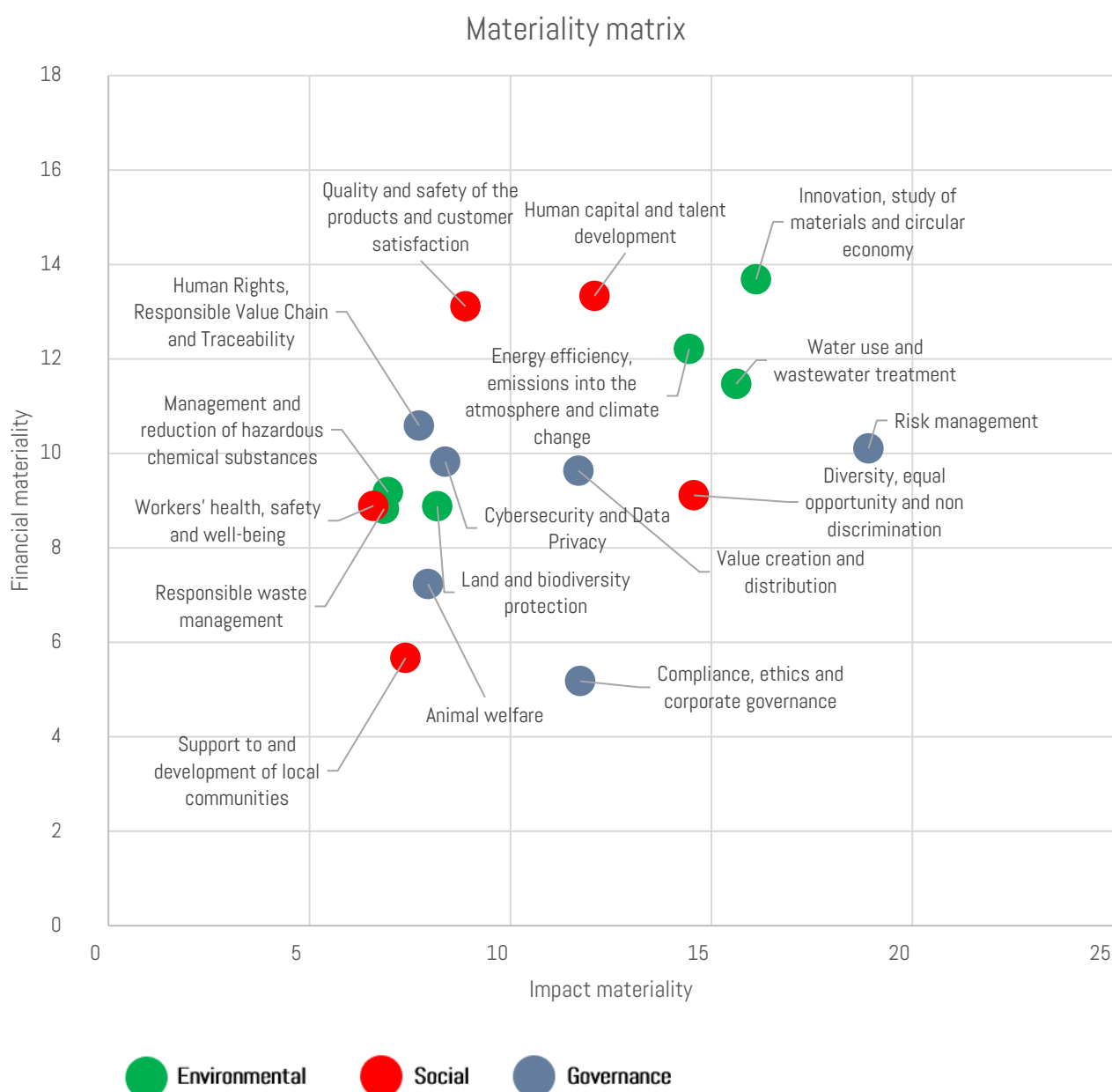
3-1 Process to determine the material topics

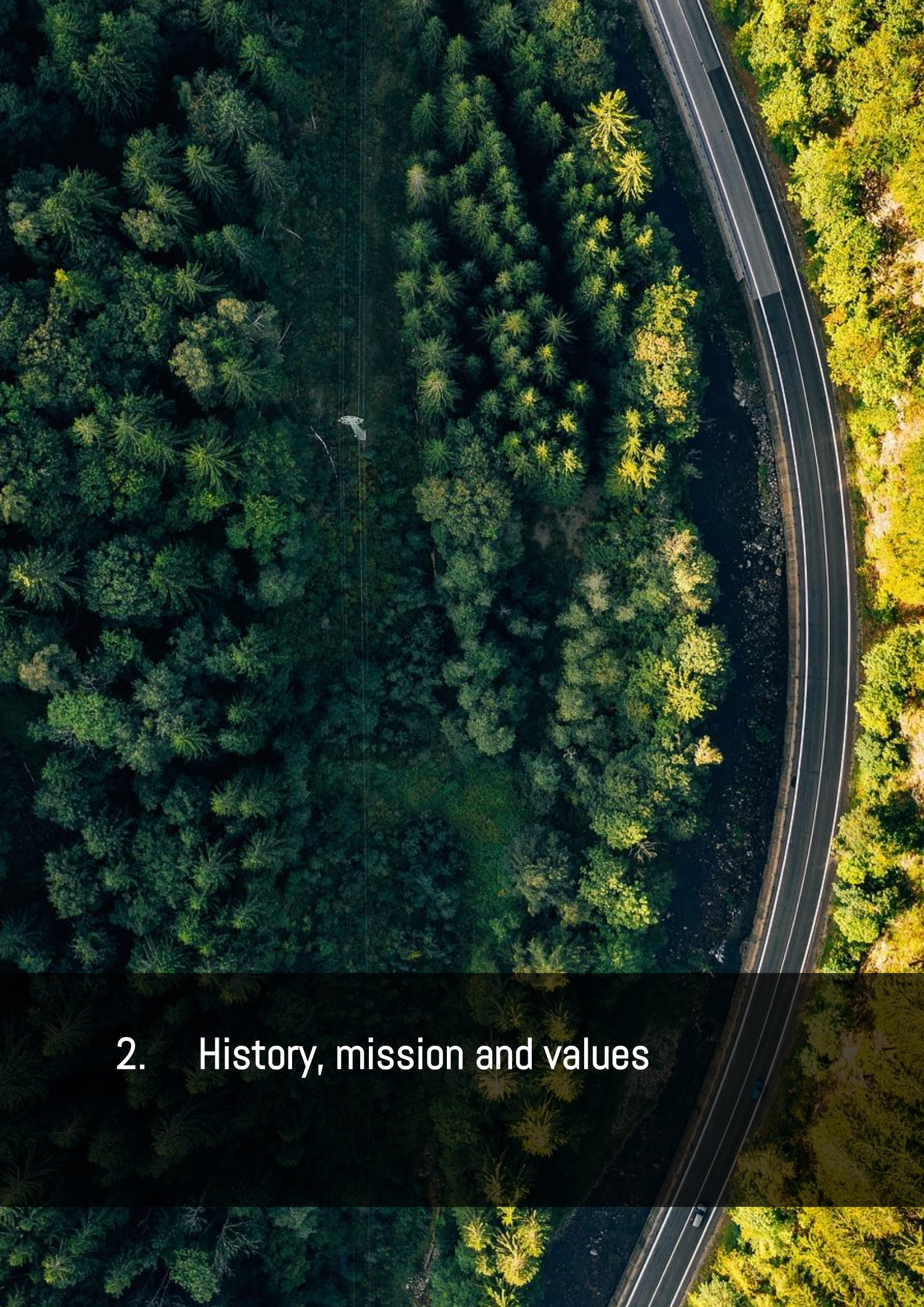
3-2 List of material topics

3-3 Management of material topics

The materiality assessment process made it possible to **select the topics to report**, with the aim of providing all those who will use this document with a clear picture of the **most significant topics** according to the impacts, risks and opportunities identified.

The graph below sets out the topics that were found to be significant downstream of the materiality assessment process. The description of the individual material topics and associated impacts, risks and opportunities is provided in the appendix. The topics in the matrix provided **the starting point for reporting the Group's sustainability performance**.



An aerial photograph showing a dense forest of evergreen trees on the left and a winding asphalt road on the right. The road has white lane markings and a guardrail. The forest is lush green, with some trees showing yellowing foliage. The road curves through the landscape, bordered by more trees and vegetation.

2. History, mission and values

2.1 The history and evolution of Mario Levi S.p.A.

The Mario Levi Group is active in the **production, processing and marketing of leather and synthetic materials, leather and synthetic linings and saddle items** for various applications and sectors, in particular automotive, furniture, aeronautics and railways.

The company **was set up in 1946** to support the development of the automotive industry in the Turin area following the intuition of entrepreneur Mr. Mario Levi-Gattinara. For over 50 years Mario Levi has been a **landmark** in leather upholstery for the Automotive sector. Since its inception, for over 75 years, the Group has contributed, with the quality of its products and services, to the success of a number of cars, both on the Italian and European markets.

The beginnings date back to the post-war period in Cirié, a small town in the Turin area, where a twenty-one-year-old **Mario Levi-Gattinara** became the founding member of a tannery; production catered for the footwear sector, since automotive supplies were still far from having a presence. Mario Levi-Gattinara learnt the trade by attending the tanning school in Turin, the most prestigious one in the country at the time, and he later graduated in industrial chemistry. A long-serving consultant to the United Nations for industrial development in Latin America, as well as a consultant of Industrialconsult of Rome for feasibility studies in South America, Mr. Levi was a **prominent figure in the tanning industry**.

The Fifties and the country's economic boom were a bright period for the company, which started producing in the Veneto region. Mr. Mario Levi then first moved to Somalia, then to Venezuela, and eventually came back to Italy in the Seventies.

In the **Seventies** it started **breaking into the automotive market**, starting with the Fiat and Alfa Romeo Group, then progressively broadening its reach. The founder's two children, **Guido and Elisa Levi-Gattinara**, the current president, supported and then succeeded him at the helm of the company.

From the 1990s, ML underwent **significant growth**, increasing its production capacity and becoming entirely independent in terms of the selection and procurement of raw materials. The management's vision then shifted to global scenarios by establishing **partnerships in Romania, China and Morocco**.

MARIO LEVI'S APPROACH

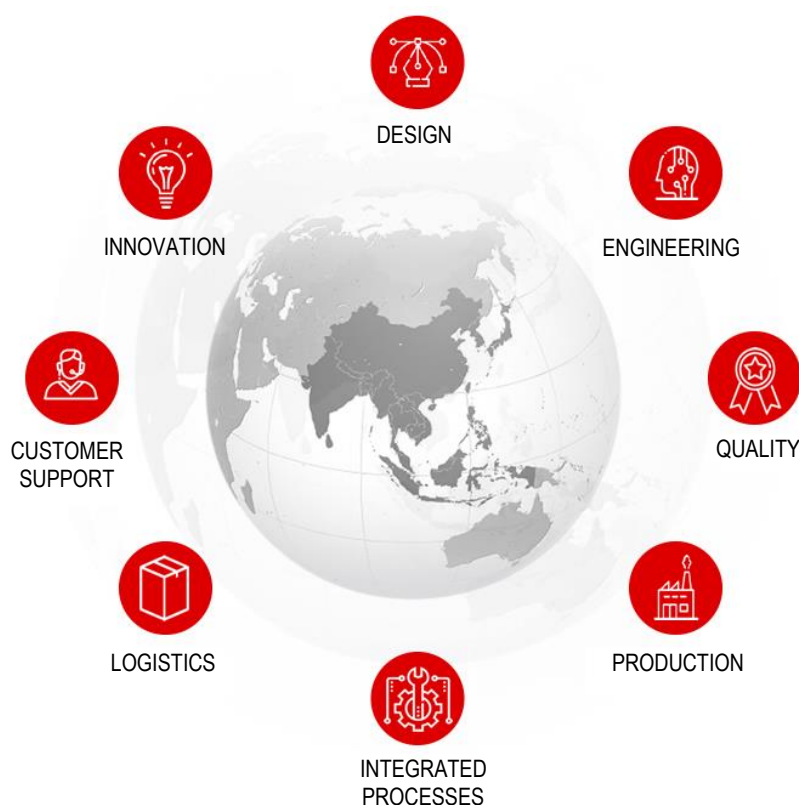


This process allowed the Group to stand out in Italy and to become an international landmark as a one-stop shop **capable of covering the entire production chain**. Indeed, today the Mario Levi Group is able to manage and control the entire production flow, starting from the tanning of the hides up to the production of the sewn seat covers.

The Group's geographic expansion, the increase in production capacity (today more than 2 million m²/year), the acquisition of total independence in the choice and procurement of raw materials, and the degree of excellence achieved in tanning and finishing processes, allow Mario Levi to cater for OEMs (Original Equipment Manufacturers) as a **Service Provider and Partner in product development from the early concept stages to mass production**.

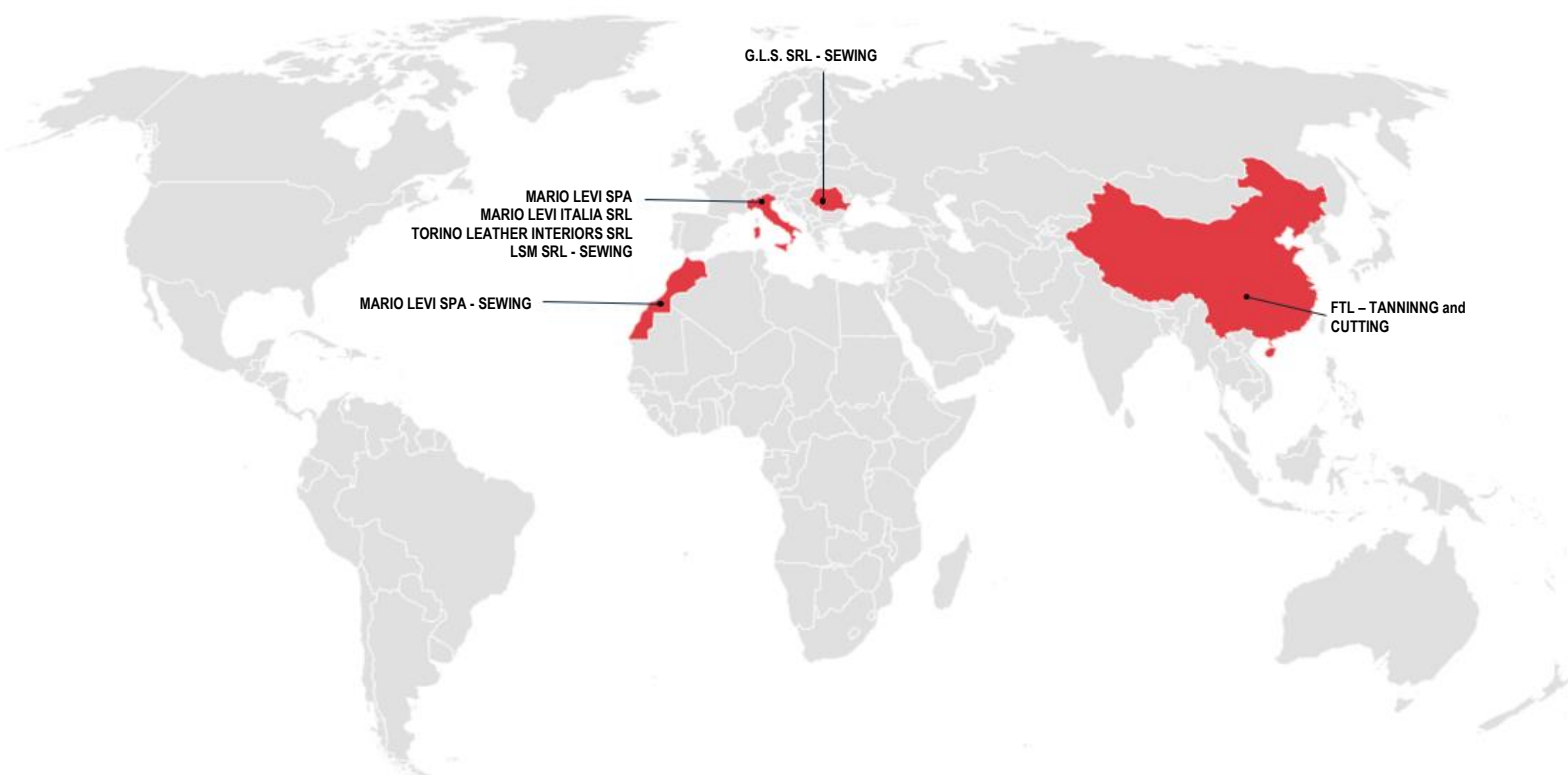
Its leather culture and forward-thinking entrepreneurial policy have therefore allowed the Group to carve out for itself a **leading role at an international level**. Indeed, in recent years, the strategy has borne fruit, as the recent expansion of the Chiampo plant and the opening of a new site in Zermeghedo, both in the Vicenza area, has allowed the entire production cycle to be carried out within the company and all processes to be under its direct control. The ultimate goal is to preserve the dual nature of Mario Levi, which has always been able to **deal with both the tanning of the raw material and the subsequent processing operations up to the manufacturing of seat covers**, meeting the needs of current market complexities.

THE GROUP'S STRENGTHS



THE GROUP'S OFFICES AND PARTNERSHIPS

Acclaimed for its state-of-the-art technology and high quality, along with its innovative capacity in terms of stylistic content, the **Group works with top players operating on the market**. In its role of Global Supplier, Mario Levi is able to meet the specific needs of all customers and therefore embodies Italian excellence in terms of tradition, quality and artisan care, standing out as one of the most qualified concerns in the international arena, with production plants in Europe, Morocco and China.



COMPANY OFFICES

MARIO LEVI S.p.A
Via Acqui 45/B
10098 Rivoli (TO), Italy

MARIO LEVI S.p.A
Via Mario Levi Gattinara 2
25028 Verolanuova (BS), Italy

MARIO LEVI ITALIA S.r.l. Via Arzignano
130
36072 Chiampo (VI), Italy

MARIO LEVI ITALIA S.r.l.
Via Leonardo Da Vinci 13B
36050 Zermeghedo (VI)

T.L.I. S.r.l.
Via Acqui 43/B
10098 Rivoli (TO), Italy

MIA S.a.r.l.
Technopolis, Salé, Rabat region
Morocco

(Company in partnership)

G.L.S. SRL
Str. Iasomieii 161,
Jud. Iliof cod 077010 (Romania)

LSM SRL
Zona Industriale ASI,
25028 Marcianise (CE), Italy

FTL
Qianjiang Industrial Zone,
Haining, Zhejiang, 312414 China

(Company in partnership)

(Company in partnership)

(Company in partnership)

*Company in partnership refers to companies that are not directly part of the Mario Levi Group, with which, however, special agreements and supply agreements are in place, for the implementation of some steps of the production process.

2.2 The mission and values

Mario Levi is fully aware that **business ethics is a key value and an essential condition for the Group's success**. Principles such as **integrity, transparency, reliability, the sense of responsibility and honesty** underlie all the activities that form the corporate mission. That is why, among other initiatives, the Company has adopted a **Code of Ethics** with the aim of formalising the values linked to the business. In addition to these principles forming the foundation of any long-lasting trading relationship, **know-how, quality and customer orientation** are the pillars of the entrepreneurial model.



Therefore, these are the principles that the Group draws inspiration from every day to provide all its customers with quality products that meet all their needs and to achieve, through the constant commitment and dedication of all its resources, significant objectives in terms of growth.

As of this year, it was decided to supplement and integrate these principles with the **Sustainable Development Goals (SDGs)** to contribute to their pursuit. The SDGs are global goals developed by the United Nations that aim to tackle the greatest challenges of contemporary society, such as poverty, inequality, health protection and the promotion of

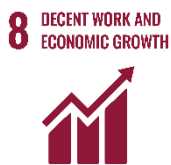
education, and environmental protection. The achievement of some of these goals is essential to promote **a more equitable and sustainable future** for future generations, as well as to foster greater harmony between human activities and the Planet. This goal requires collective commitment: civil society, States, businesses. That is why also Mario Levi has decided to take into account these goals in the pursuit of its activities and its business, adopting the widespread and well-established framework of the SDGs, consisting of 17 goals and 169 targets. Therefore, the significant SDGs are mentioned at the beginning of each chapter, in connection with the topics covered.

In addition to that, the next table **describes the initiatives, the actions and programmes implemented by Mario Levi to contribute to the pursuit of the respective SDG goals**, compatibly with the Group's dimensions and organisational features and the context in which it operates.



The SDGs that the Group contributes to



	SDGs	The Group's contribution
	Gender equality	Mario Levi is committed to ensure equal treatment in every situation , specifically by guaranteeing equal salaries and opportunities for growth regardless of gender. This commitment is evidenced by the will to obtain the UNI PdR 125/2022 certification on gender equality in the future.
	Decent work and economic growth	Continuous and constant commitment by the Group to the organisation and provision of training courses to its employees, in order to offer opportunities for technical, professional and human development.
	Industry, innovation and infrastructure	Commitment to Research and Development activities to produce items in leather alternatives . R&D activities made it possible to develop a new patented production process to produce " <i>Feeltek</i> ", which is described in more detail in Chapter 4.2 Materials Used.
	Reduced inequalities	Day-to-day activities are constantly carried out with the commitment to prevent any form of discrimination based on race, sex, age, nationality, religion, culture, political opinion, social and personal conditions.
	Responsible consumption and production	Environmental protection and efficient use of resources are achieved by using the most modern production solutions and through management choices aimed at complying with the regulatory framework and inspired by the best industry practices.
	Climate action	The environment is a primary asset, recognised as an essential resource for the community and for future generations. Therefore, Mario Levi is committed to protecting it from pollution, by planning and implementing more sustainable activities.
	Life on land	The leather processing industry plays a crucial role in circularity as the use of leather indeed prevents disposal of this type of "waste" in landfills, avoiding the emission of hundreds of tonnes of methane each year.
	Partnerships for the objectives	Taking into account and adopting the SDGs within the Sustainability Report represents a telling display of Mario Levi's commitment with the aim of integrating business objectives with significant sustainability objectives.

2.3 Activities and business model

2-1 Organizational details

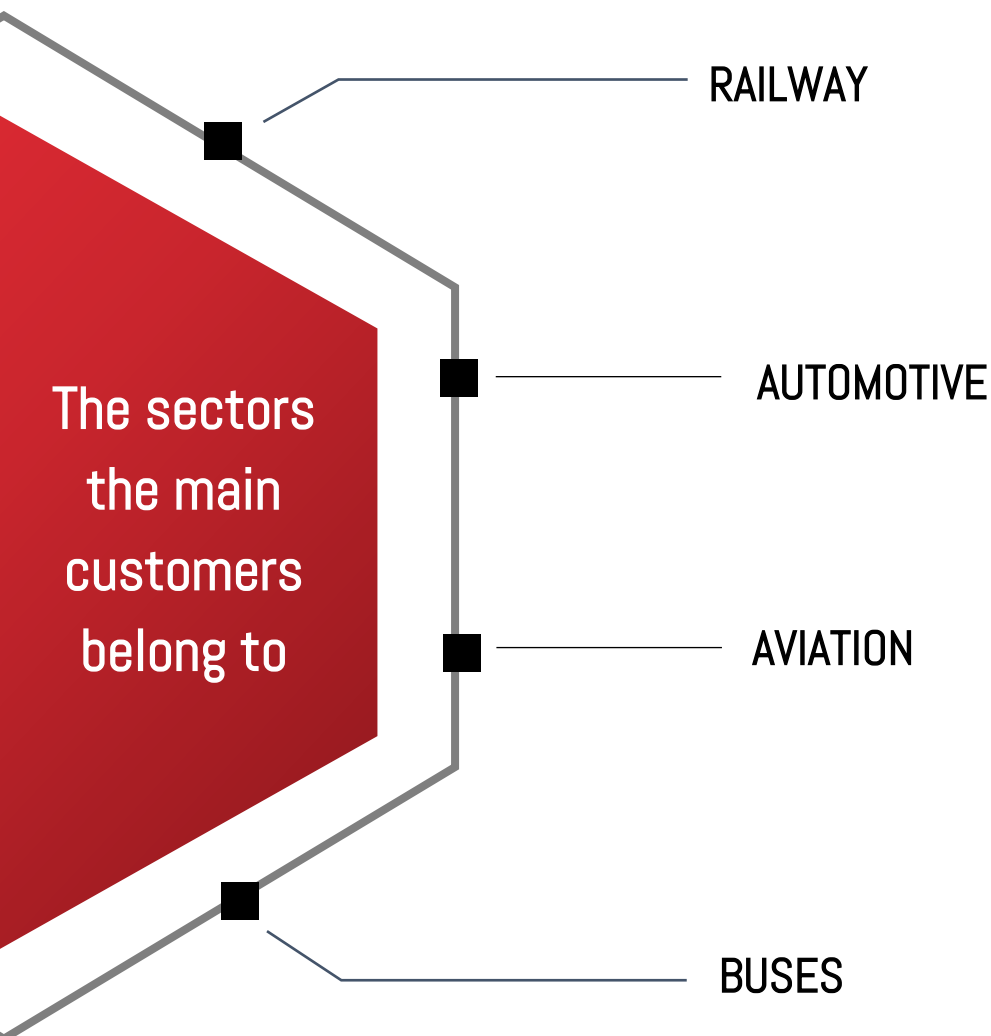
2-6 Activities, value chain and other business relationships

Each of the Group's companies plays a part in the leather supply chain and carry out different activities within the overall production process: Mario Levi Italia S.r.l. deals with **hide tanning and finishing**, from raw to finished hides; Mario Levi S.p.A. carries out the next processes with **cutting and crusting**; Torino Leather Interiors s.r.l. deals with trimming and **sewing** processes.

The products are sold to the so-called tier-one suppliers, i.e. direct suppliers of automotive companies, which are actually the entities with whom the offers and prices of the various products provided to car companies are defined.

Based on the product supplied from time to time, such as whole hides, rolls of synthetic material, *Feeltek*, kits of cut leather, sewn covers, the Group liaises with customers, for the provision of the services by its individual Companies.

The Mario Levi Group is an acclaimed outstanding supplier for the **automotive** industry, but it also successfully operates in the **railway and aviation** sectors.



In order to ensure the highest possible quality for its customers, the Group has its own **test laboratory, equipped with state-of-the-art instruments and manned by specialised technical personnel**. The leather produced undergoes **accurate tests** to verify its chemical and physical characteristics, as well as compliance with the requirements of customer specifications. Mario Levi also collaborates with qualified and accredited external test laboratories and is also able to offer **research consultancy applied to the sector of leather processing and finishing**, targeting the various design centres. All the Group companies have **multiple certifications** that reflect constant improvement in the completion of orders and ensure high levels of customer satisfaction.



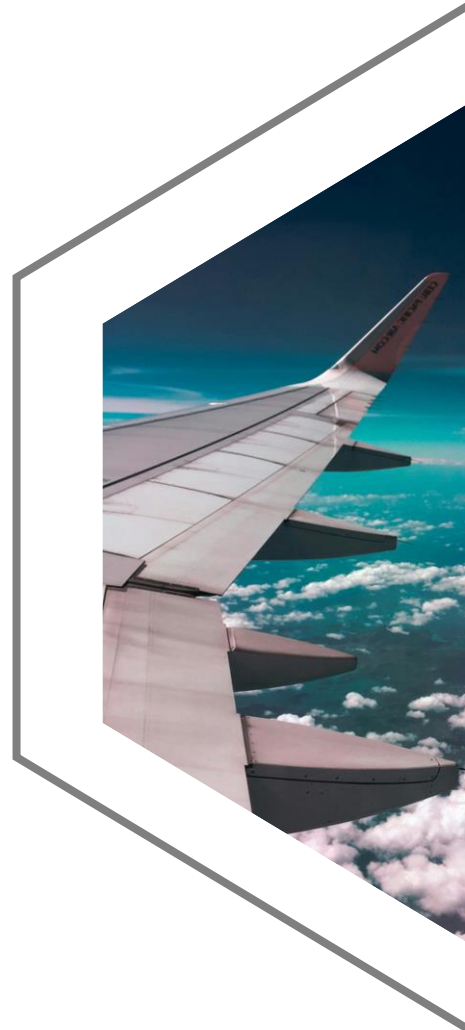


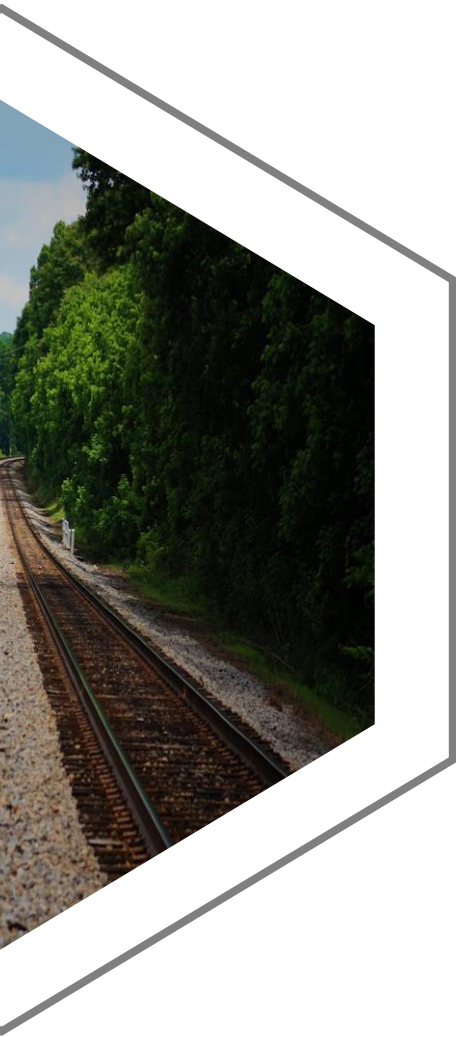
AUTOMOTIVE

The automotive sector is the Group's **core business**. Innovation, expertise and know-how allow us to cater for our customers' specific needs, and ensure the Group is the **go-to partner of major automotive companies**. The group provides its customers with design and creative support, its innovation capacity and its various manufacturing facilities throughout product development up to the start of production.

AVIATION

With orders from the aviation sector, special attention is placed on the production of leather. Building upon the experience gained in the automotive field, the Group can make **products that combine technical performance, colours and sophistication**. All the leather used for the aviation industry meets the sector standards: FAR JAR CS 25 APPENDIX F PART I (A) (1) (III); ATS 1000.001 – ABD 0031 ISSUE F – AITM 20007





RAILWAY

In the railway sector, the Mario Levi Group provides covers for carriages made with **leather featuring the highest level of technical and aesthetic quality and tanned only with eco-compatible products**. Strict and highly specialised checks guarantee products that comply with the most important European sector regulations. UNI CEI 11170-3 ED. 2005 + FA 2007; NF F 16-101: 1988; DIN 5510 2:2009; EN 45545.

BUSES

Also for Buses, the Group supplies products resulting in **the highest quality and care in interiors**, to meet the needs of customers and ensure the highest level of comfort on long journeys. Leather for the bus sector complies with Directive 95/98/EC and is type-approved in line with R118.



3. Corporate governance

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



17 PARTNERSHIPS
FOR THE GOALS





3.1 The corporate governance model

2-9 Governance structure and composition

2-13 Delegation of responsibility for managing impacts

2-14 Role of the highest governance body in sustainability reporting

2-17 Collective knowledge of the highest governance body

2-26 Mechanisms for seeking advice and raising concerns

The Group's organisation is based on a management and control model that consists of three bodies: the shareholders' meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors consists of **six members**, including two women. A key role is therefore played by the Board of Directors as the body responsible for running the Company and by the Chair of the Board of Directors in the person of **Ms. Elisa Levi-Gattinara**, who is in charge of setting the Group's strategies. The Managing Directors are vested with additional powers that include all the management powers of the Board of Directors, with the exception of those that cannot be delegated by law.

The Directors are appointed by the Shareholders' Meeting, and any potential conflicts of interest are managed and mitigated pursuant to the appropriate regulations (art. 2391 It. Civil Code) and related internal procedures. The Group's consolidated financial statements and the related financial statements of the Companies making up the Group are audited by an independent Auditing Firm, as per regulatory practice. The members of the Board of Directors and of the Board of Statutory Auditors shall remain in office until the approval of the 2024 Financial Statements.

MEMBERS OF THE BOARD OF DIRECTORS

Member	Post	Executive	Non executive	Employment status
Elisa Levi-Gattinara	President	●		Employee
Emanuele Ogliaro	Managing Director	●		Employee
Marco Bramardi	Managing Director	●		Employee
Francesco Rangoni	Vice-President		●	Independent
Claudio Frascarolo	Vice-President		●	Independent
Stefania Levi-Gattinara	Board Member	●		Employee

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Member	Post
Fulvio Civran	Chairman of the Board of Statutory Auditors
Giuseppe Biestro	Standing Auditor
Marco Marcon	Standing Auditor
Matteo Rozzo	Alternate Auditor
Marco Bellore	Alternate Auditor

The President and Managing Director **Elisa Levi-Gattinara** has the general management powers of the company, with regard to all the indicated topics; the Board members and Managing Directors **Marco Bramardi** and **Emanuele Ogliaro** have special powers linked to the conclusion of contracts, decisions on quality and environmental issues, on relations with customers and suppliers and on human resources. The Production Manager **Gianmarco Bodei** has special powers on workplace health and safety and environment. The Board Member **Stefania Levi-Gattinara** has powers on matters of privacy.

The Board of Directors is in charge of defining the guidelines of the internal control system as well as identifying and managing risks. The internal control system consists of the Finance-Accounting Control Model, the **Organisation, Management and Control Model pursuant to (It.) Legislative Decree 231/2001**, which the Company adopted in 2022, the company organisation chart, the various systems of delegations and powers, the organisational provisions, the internal policies and procedures. Specifically, the Model set up pursuant to (It.) Legislative Decree 231/2001 is aimed at preventing specific types of crime being committed by the Company's managers and all workers subject to management and/or supervision, employees and/or contractors in the interest or to the advantage of the Company. The assessment of the adequacy and effectiveness of the Model is entrusted to the **Supervisory Body (SB)** which is in charge of ascertaining the actual ability of the Model to prevent crimes and to monitor the functioning of and proper compliance with the adopted protocols. The Body consists of three members, two external ones and one internal one: Mr. **Roberto Capra**, lawyer (acting as Chair and representative of the Body), Ms. **Francesca Magagna**, lawyer and Mr. **Giuseppe Di Troia**.

The Model is updated from time to time as indicated by the Supervisory Body based on regulatory evolution. Specifically, the regulations specify that every time the Model is updated, all employees should be notified accordingly. The **Code of Ethics** is an integral part of the MOM 231 and contains the values and **ethical principles reflected by the Group** and which should inspire all its commercial partners. This is confirmed by the fact that contract clauses in supplier agreements usually contain a specific reference to the Code.

In compliance with the Model, the Group has put in place a procedure to report fraud or unlawful deeds (so-called "**whistleblowing**") accessible in electronic format by sending an e-mail to a specific address that is managed by the Supervisory Body. The Model also contains **anti-money laundering and anti-bribery policies as well as those addressing conflicts of interest**.

The wish to work in an ever more responsible and sustainable manner has led Mario Levi to develop and adopt a Governance system that would also **monitor and manage the new risk categories to do with ESG topics**. Various procedures have therefore been adopted to regulate the analysis activities of the information notices and requests from stakeholders, as well as those related to the drafting of the Sustainability Report and the related analysis and collection of documents.

Training courses on environmental issues are regularly scheduled **for all members of the Board of Directors**, but also for the cadres and/or managers of entities on the basis of a specific training plan that is updated annually.

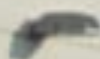
The Board of Directors is responsible for reviewing and approving the information reported in this Sustainability Report, takes decisions regarding the strategies and policies adopted in ESG matters and is responsible for their actual implementation. Frequent meetings are convened to assess compliance with the principles set forth in the policy, the review is carried out and the progress of any actions implemented is assessed.

IN all the areas involved in the corporate policy, the Group is committed to remedy any negative impacts caused, promptly taking the most appropriate actions. All stakeholders are entitled to report any kind of breach, negative impact or critical issue through the whistleblowing system and through the system pursuant to (It.) Legislative Decree 231/2001.





MARIO LEVI SpA
AUTOMOTIVE LEATHER





3.2 Ethics and integrity

2-10 Nomination and selection of the highest governance body

2-15 Conflicts of interest

2-16 Communication of critical concerns

2-27 Compliance with laws and regulations

205-2 Communication and training about anti-corruption policies and procedures

205-3 Confirmed incidents of corruption and actions taken

The Group's principles of ethics and integrity entail **strict rules of conduct** in performing business activities. These principles are broken down by thematic area and entail the adoption of a set of behaviours, procedures, consideration and activities for every topic of interest:

- **Forced or child labour:** no company operation employs personnel younger than the minimum age required to carry out a job. Where a child should be employed, primary consideration shall be given to the child's interests; similarly, no form of bonded or compulsory labour shall be used.
- **Health and safety:** employees are provided with a healthy and safe work environment, in compliance with international standards and national laws. Adequate information and training on health and safety issues are provided to employees.
- **Freedom of association:** to the extent permitted by applicable law, all employees are free to join or not to join trade unions or similar representation organisations.
- **Discrimination:** any form of discrimination based on race, sex, age, nationality, religion, culture, political opinion, social and personal conditions is prohibited.
- **Harassment and violence:** any act or behaviour that may be construed as harassment or violence within the workplace is deemed unacceptable, and specific procedures and adequate measures are adopted against those who have carried them out.
- **Disciplinary practices:** employees are treated with respect and dignity. Any physical or verbal abuse, harassment, threats or any other form of bullying of personnel is prohibited.
- **Salaries:** employees are aware of the terms and conditions of their work and receive fair and reasonable pay, in line with legal requirements.
- **Anti-corruption:** no form of bribery is tolerated, including illegal offers of payments to or from employees or any other associates, internal or external.
- **Workplace:** processes are put in place to actively improve the efficiency in the use of finite resources (such as energy, water, raw materials) and management, operational and technical controls are also put in place to reduce to the minimum the release of hazardous emissions for the environment. Lastly, appropriate measures are put in place to improve the environmental performance of the products when used by the end user.

Mario Levi believes that its operations depend not only on the degree of achievement of the corporate purpose, expressed in its mission, but also and to a large extent on its ability to promote ethical-social values and to create wellbeing for its stakeholders, namely those persons who have significant relationships with the Group and whose interests are in various ways involved in and by its activities.

The **expectations of stakeholders** are respected, carrying out activities in the protection of human rights, labour, safety, the environment, the market, as well as in compliance with laws, regulations, provisions and, in general, current standards and international conventions, **actively contributing to the promotion of the quality of life and socio-economic development** of the communities in which the Group's Companies operate.

Operations are carried out in alignment with the reconfirmed reference framework of the **United Nations Universal Declaration of Human Rights, the International Labour Organisation's fundamental Conventions, Confindustria's** guidelines and any other nationally significant guidelines; not only in order to pursue the specific corporate purpose, but also in order to promote the formation of human capital, the implementation and diversification of local capabilities and the dissemination of **ethically correct principles and values**. Every employee, external contractor, and consultant is required to comply with the ethical principles in the performance of the tasks entrusted thereto, in the belief that this aspect is key in the pursuit of an **ethically responsible and quality business model**, not only in terms of production but also professionally.

All employees and managers are aware of the Group's anti-bribery policy and have been trained in this connection in 2022 as well as in 2023. No incidents of corruption were recorded in the 2023-2022 two-year period, evidencing full compliance with all legal provisions and the transparency and fairness shown by all the people working for Mario Levi.

The decisions linked to the company's values and mission, strategies and sustainable development objectives are the direct responsibility of the Board of Directors.

Appropriate procedures and company regulations have been established to protect the company against conflicts of interest, in accordance with the provisions of (It.) Legislative Decree 231/2001, which also include whistleblowing mechanisms for reporting any irregularities.





3.3 The commitment to sustainability

2-23 Policy commitments

2-24 Embedding policy commitments

Mario Levi was certified in accordance with standard ISO 9000 already back in 2000.

In 2019 the Group set up an **Integrated Quality and Environment Management System**, in compliance with the international standards of reference: IATF 16949:2016 (specific standard for the automotive industry developed by the International Automotive Task Force, IATF); EN 9100:2018 (standard for quality management in the supply chain of the aerospace sector); **ISO 9001:2015** (quality management system) and **ISO 14001:2015** (environmental management system). The System, targeting employees and stakeholders, **expressly refers to Mario Levi's commitment to environmental protection, pollution prevention and the improvement of its own environmental performance**. Among the quantitative objectives set, which are explained in more detail below, we can mention, for example, the reduction of the quantity of waste for the Verolanuova cutting facility and for the tanneries at the Chiampo and Zermeghedo sites. Initiatives have also been undertaken to **recover production waste** which is handled as a by-product in the form of leather, bonded leather and linings, to be used in the manufacturing of small leather goods.

In addition to the aforementioned initiatives, **sustainability training courses** were activated for employees and a **corporate assessment on the topic of sustainability** was carried out with Cerved (year 2022 on 2021 data). In addition, activities have been undertaken to obtain the ISO 27001 and TISAX certifications and the UNI 11427 certification, which is expected to be obtained in 2024. The evaluation to obtain the Uni PdR 125/2022 certification on gender equality is also underway

The commitment to sustainability is also embodied by the supplier screening process, which takes into account environmental and social criteria by administering questionnaires and performing audits. For leather suppliers, the most extensively used material, the ESG assessment is binding for the actual selection. Another requirement which is considered particularly important is the **possession of the Leather Working Group (LWG) certification**, which certifies environmentally-friendly production also focused on Animal Welfare.



SUSTAINABILITY-VISION AND ACTIONS TOWARDS SUSTAINABLE DEVELOPMENT

Social equality

Environmental
responsibility

Economic
efficiency



3.4 Internal control system and risk management

Effective management of the risks which the company's business could potentially be exposed to is essential to **promote long-term sustainability** and maintain the Group's value over time. Based on these premises, the Group has therefore started to implement a **system for controlling risks and opportunities in the ESG field**, also supported by the new materiality assessment process introduced by the new European sustainability framework. This process includes the assessment of ESG risks and opportunities capable of having repercussions on the Group in financial terms.

The oversight and management of risks relating to ESG issues will therefore become part of the **Group's strategic planning processes**, influencing a host of decision-making and business management processes, as well as the development of new initiatives. Indeed, careful management cannot disregard a **painstaking, forward-looking activity of identifying and monitoring the major non-financial risks** which the Group could potentially be exposed to. The strategy will therefore be periodically reviewed in compliance with the different levels of exposure to ESG risks and opportunities with the aim of **minimising**, in the case of risks, or **maximising**, in the case of opportunities, any impact on the company's business in the short, medium and long term.

In order to carefully monitor potential risk areas not mapped in financial reporting, which usually refer to liquidity, credit and financial risks, **a process of identifying risks connected to sustainability issues has been initiated**, with the aim of supporting the assessments and decisions of the Board of Directors regarding their monitoring, control, oversight and mitigation. The output of this process was the **identification of specific risk areas**, the various activities involved, the type of impact, the relevant significance, the identification of a set of controls that can be carried out for the prevention and mitigation of said risks, and the implementation of the appropriate monitoring systems.

The purpose of the risk management procedure put in place is to provide the main management and operational guidelines. This procedure consists of a series of work steps:

- **Identification:** this step is aimed at identifying plausible sources of ESG risk and identifying potential consequences, in order to create a comprehensive catalogue of said risks, taking into account the Group's activities and specific characteristics;
- **Analysis:** the second step aims to assess the extent and probability of occurrence of the previously identified risks, also in relation to different scenarios that entail different levels of impact of the plausible consequences;
- **Prioritisation:** the purpose of this step is to analyse and prioritise risks based on the probability of occurrence and related consequences, consequently establishing the different priorities for action;
- **Management:** aimed at identifying practices and/or procedures to decrease the degree of exposure to risks, both in terms of magnitude and probability of occurrence, and implementing plans and specific actions.

This model aims to pursue **multiple purposes**: increasing business resilience, improving the achievement of business objectives, achieving better and more effective identification of risks and opportunities, and creating a solid data base to support decision-making processes and strategic planning.

THE RISK MANAGEMENT PROCEDURE



THE MAIN NON FINANCIAL RISKS CONSIDERED

The risks relating to sustainability issues have been clustered into **three macro-categories**: risks relating to environmental issues, risks connected to social issues and risks linked to governance.

Risks relating to environmental issues:

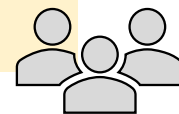
- **Climate risks**: they concern the physical and/or transition risks that may affect the Group's financial results. Examples of these risks may be extreme weather events that might cause disruptions in production processes or changes in regulations that might significantly reduce future developments in the automotive sector.
- **Pollution risks**: these risks may concern possible restrictions to the emission of greenhouse gases in the atmosphere which may require a reorganisation of production processes. Another example might be the expansion of the sectors involved in the Carbon Border Adjustment Mechanism (CBAM) which might affect the Group's activities. Other risks may be posed by problems in water purification and disposal systems, as well as by the incorrect management of hazardous substances.
- **Generic environmental risks**: they are linked to the regulatory evolution or a tightening of the existing laws on environmental protection or protection of land or biodiversity.



Risks connected to social issues:

- **Risks related to the value chain and human rights protection**: this type of risk concerns the possible failure to comply or fraudulent conduct by suppliers regarding environmental and social sustainability issues, such as failure to respect human rights and inefficient protection of the personnel's health and safety in the workplace. Compliance with these values and principles is indeed considered an integral part of relations with the companies that the Group collaborates with.
- **Risks relating to human capital**: both risks linked to health and safety and those linked to personnel management are considered in this area. The Group's constant commitment to the protection and promotion of health and safety in the workplace translates into careful risk management and the constant analysis of critical issues through the adoption of a **preventive approach**. Also essential in the field of health and safety is the Risk Assessment Document (DVR) which every Group office has, in addition to the various activities for training and for the promotion of the safety culture in all workplaces. Other areas of risk concern the respect for diversity, inclusion, attraction, appreciation and retention of the human capital. The management system is based on the constant maintenance of inclusive, stimulating, healthy and safe workplaces that can energise and motivate workers. This commitment can help improve productivity and provide a more stimulating work environment, as well as being able to establish long-lasting and efficient work teams.

- **Risks linked to local communities:** they are related to the involvement of the local area and the community and any impacts produced by the Group on them. The mitigation of these risks requires an extensive knowledge of the local area and of the needs of the various stakeholders.



Risks linked to governance:

- **Risks linked to corruption:** that is, the risks relating to administrative liability in the event of infringements of the anti-corruption regulations. This risk is mainly mitigated by adopting the Organisation, Management and Control Model (pursuant to It. Legislative Decree 231/2001), which acts as a guarantor and incentivises the adoption of transparent and ethical conduct by all employees. Furthermore, the risk of this type of crimes is mitigated by the adoption of the Code of Ethics, which establishes the professional practices and conduct that all employees must adhere to whenever they liaise with third parties. As a further mitigation mechanism, by adopting Model 231 a specific communication channel has been activated, so that the Company can receive any reports on bribery incidents and other types of fraud.
- **Risks of regulatory compliance:** specific training plans have been activated for all employees on the general rules of conduct to disseminate, promote and ensure an effective compliance culture and the dissemination of and adherence to ethical values.
- **Risks of business continuity:** they concern partial or total interruptions of production and/or sales activities leading to economic and reputational losses.
- **Risks linked to cyberattacks and the protection of personal data:** these are dealt with in more detail in the chapter on data privacy and cybersecurity, and concern the potential exposure to increasingly sophisticated, harmful and frequent cyberattacks, due to constant digitalisation and innovation. What is more, it is ever more crucial to ensure the protection of personal data, also in compliance with the privacy regulations, in order to avoid economic, financial and reputational losses.



8



9



3.5 Value creation and distribution

201-1 Direct economic value generated and distributed

204-1 Proportion of spending on local suppliers

Already during the 2022 financial year, the consolidated trend of sales revenues recorded an **approximately 30% increase** compared to the results recorded in the previous financial year, strongly marked by the presence of COVID-19 and the containment measures implemented by all countries around the world. However, a rapid and sudden increase in almost all operating costs was recorded at the same time, on a national scale, with negative effects on margins. In the first months of 2023 production grew markedly, which allowed it to recover to pre-pandemic levels.

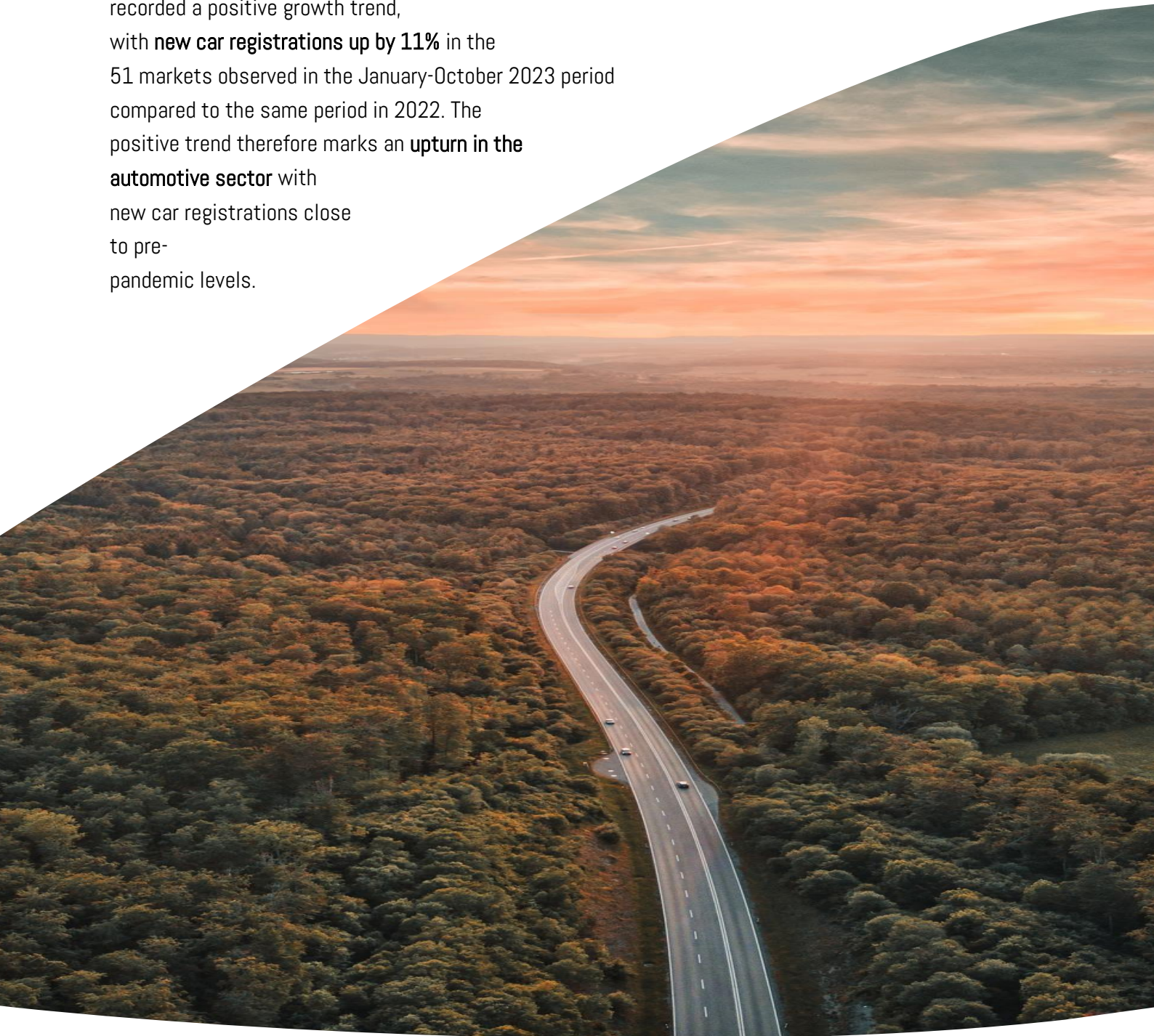
The results achieved have a greater value when viewed against the general international context of instability and uncertainty in which the Group operated. Indeed, during 2022, the persistent emergency linked to COVID-19, which turned endemic, contributed to influencing the global dynamics. Already starting in 2021, the restrictive lockdown measures adopted by European and non-European governments triggered an inflationary escalation, which was intensified by the general increase in the prices of raw materials and energy, with the maximum peak recorded after the invasion of Ukraine by Russia. This context further complicated the situation, contributing to the shortage of semiconductors, crucial components for vehicle production, and leading to the closure of a number of factories in Europe due to the difficulties in sourcing electronic components and in dealing with the increasing costs of raw materials. At macroeconomic level, one observed the persisting 'stagnation' effect, already visible in the previous financial years, especially in the automotive sector and, specifically, in the sector of car interior components.

Another significant fact for the Automotive sector was the agreement signed at the end of October 2022 between the European Parliament and Council concerning the emissions for passenger cars and light commercial vehicles which will ban new combustion engine vehicles as of 2035. The agreement, the first of the package called **"Fit for 55"**, is part of a series of measures aimed at reducing polluting emissions in order to achieve climate neutrality by 2050. This agreement opened a delicate industrial phase for the European Automotive sector, which is now forced to undergo a major production transformation, which however should not affect the Mario Levi Group. On the contrary, the transformation of production is seen as an opportunity since an increasing number of new vehicles will have to be produced to replace those with internal combustion engines, with good growth prospects for the future.

The pathway towards the reduction of air emissions is commonly associated, in a broader context, with the search for ever better performing products from an environmental point of view. In other terms, one is witnessing **direct association between electric propulsion and *bio-based* interiors**, which might involve the phasing out of leather in many new-generation electric cars and even in hybrid-engine cars. This aspect of the problem is raising concerns in the tanning industry, which might witness, in the coming years, a progressive decrease in demand for covers made of natural leather, although it is not necessarily always less sustainable than alternative materials to leather since it is a waste product of the food industry. That is why its use in the tanning industry avoids the production of waste and the related emissions. In this

scenario, however, **the Group proved to be forward-thinking** because it invested in the production of **bio-based items** and on the '*Feeltek*' leather alternative, and developed a **new, patented production process** that has attracted the interest of a number of car manufacturers and has been applied on several new models. Indeed, during 2022 a **new investment plan** was implemented for the restructuring/transformation of the company's technical equipment so as to efficiently carry out the *Feeltek* production process. Lastly, the constant increase, direct as well as indirect, of contracts related to sewing car seat covers, especially for new customers and their new models, open up a **broader growth outlook**.

According to the British statistics Institute Jato Dynamics, in 2023 global sales in the Automotive sector recorded a positive growth trend, with **new car registrations up by 11%** in the 51 markets observed in the January-October 2023 period compared to the same period in 2022. The positive trend therefore marks an **upturn in the automotive sector** with new car registrations close to pre-pandemic levels.



Considering new car registrations in Europe only, however, according to the figures from UNRAE (National Association of Foreign Car Makers), the whole of 2023 ended with a **positive balance** (+13.7%) and 12,847,481 new car registrations, **an increase compared** to 11,294,502 in 2022.

The Italian market also recorded a fair growth (+18.9%) ranking first in terms of percentage growth among the five main European markets, but ranking fourth in relation to the volumes of newly registered cars. Italy's percentage growth is followed by the United Kingdom (+17.9%), Spain (+16.7%), France (+16.1%) and Germany (+7.3%).

The growth in the automotive market, main target market for Mario Levi, also managed to drive up the economic value generated, which **increased by 12%** compared to 2022.

ECONOMIC VALUE GENERATED AND DISTRIBUTED IN € (2021-2023)

Indicator	2023	2022	2021
Economic value generated	116,125,982	103,813,037	79,798,246
Economic value distributed	108,431,159	97,035,879	73,539,391
Economic value retained	7,694,823	6,777,158	6,258,855

The economic value distributed is **mainly distributed to suppliers throughout the country**. Indeed, the largest portion of suppliers, in terms of number as well as expenditure in Euro, consists of Italian companies. In addition to allowing the Group to make a **tangible contribution to the growth of value for the local area**, the geographical proximity to the main suppliers allows it to monitor more effectively any shortages and to adopt the appropriate corrective solutions.

PERCENTAGE OF EXPENDITURE ON LOCAL SUPPLIERS (2021-2023)

Expenditure on local suppliers	UM	2023	2022	2021
Purchases from Italian suppliers	€	49,725,000	42,718,000	35,311,000
Total purchases	€	88,955,000	82,142,000	61,268,000
Expenditure on local suppliers	%	56%	52%	58%
Suppliers based in Italy	no.	229	190	239
Total suppliers	no.	276	229	274
Percentage of local suppliers	%	83%	83%	87%

3.6 Data privacy and cybersecurity

In order to ensure the security of the data normally used, the Group has drawn up a specific **risk assessment document** which identifies the appropriate technical and organisational measures in relation to the possible occurrence of events that may lead to a breach of personal data.

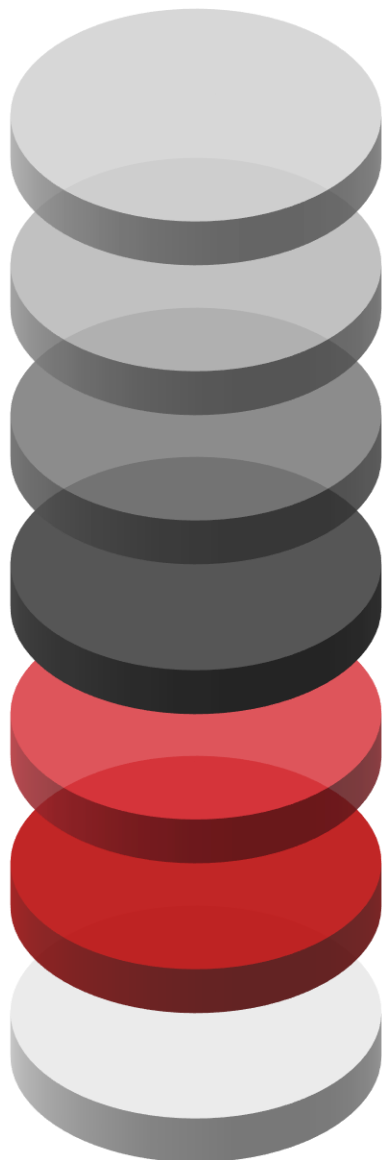
This document analyses possible verifiable events and breaks them down into **three macro areas**:

- **Events related to operators' conduct:** these include the occurrence of incidents of theft of authentication credentials, general lack of awareness, carelessness or negligence, intentionally unfair or fraudulent behaviour and possible material errors;
- **Events related to the use of work tools:** they concern the possible presence of computer viruses, spamming or sabotage techniques, malfunctions or unavailability of the IT tools used, unauthorised external access or interception of information on the net;
- **Events related to the context:** unauthorised access to restricted areas/departments, theft of tools containing data, destructive events such as fires, floods, earthquakes, as well as malicious or negligent incidents, damage to complementary systems (electrical installation, air conditioning, etc.) and human errors in the management of physical security.

The identification of the aforementioned risk factors allowed the Group to **identify the measures to be adopted** in order to prevent, counteract and reduce the effects of each specific threat.



This comprehensive set of measures includes, by way of non-limiting example:



- **Mandatory change of the access password** every 90 days and update of the policy for setting up the access codes;
- **Setting up a daily encrypted back-up system** carried out at night;
- **Purchase of state-of-the-art antivirus systems**, antispam filters;
- **Restriction of IT access** as well as to the archive of hard copy documents only to authorised employees;
- **Constant surveillance** by the personnel with access log to the server room and activation of anti-burglary systems with video surveillance at night;
- **Training of employees** on proper data processing;
- **Specific back-up procedures** of the data and restore procedures in case of data loss or damage.

The protection of the personal data of persons acting in the Group's name and on its behalf is ensured by **strict compliance with the relevant legislation in force** ((It.) Legislative Decree 196/2003, as updated by European Regulation no. 679/2016- GDPR as amended). Specifically, the Group, in the persons of its employees and associates, refrains from using personal data for purposes not related to the performance of its activities, as well as from seeking confidential data, unless expressly and consciously authorised and in accordance with legal regulations.

Similarly, employees and other persons working in the name of or on behalf of the Group are bound not to disclose to third parties, under any circumstances, either during or after the termination of the employment relationship, information concerning the Group's knowledge and activities, as well as other information not

of public domain relating to the Group, except where such disclosure is required by law or other regulatory provisions or where it is expressly provided for in specific contractual agreements, nor to use it to obtain direct or indirect personal advantages.

In the performance of its activities, the Group produces and, at the same time, comes into contact with confidential and/or reserved data, documents and information relating to persons, facts, activities, operations, procedures, contracts, etc., which must be stored, **managed and processed in a manner that complies with the applicable laws in force and our principles and internal rules.**

All recipients (employees, contractors, consultants and, in general, persons working for the Group) of data, information, confidential or reserved documents concerning the Group, are required, each according to his or her role, work requirements and except in the cases provided for by law, **not to disclose them outside**, especially if their disclosure may cause economic or reputational damage.

By way of example, confidential data and information includes: industrial, commercial or strategic objectives, plans and results, information on work projects, technological processes, financial or commercial operations, operational strategies, price sensitive information, namely, information that may significantly influence the price of financial instruments if made public, lists of suppliers, customers, etc., and other data or documents relating to the Group's knowledge and products.

With regard to the above, each recipient shall:

- acquire and use **only the data and information strictly necessary** for their work;
- store the aforementioned data and information in such a way as to **prevent external third parties from becoming aware thereof**;
- use and disclose the aforementioned data and information in compliance with the principles and rules set forth in our Code of Ethics and our Organisation and Management Model 231/2001;
- Evaluate and determine the confidential or reserved nature of the data and information to be handled or communicated;
- **maintain secrecy about the Group's confidential and reserved information** even after termination of the employment relationship or contract, in compliance with the regulations in force and the contractual commitments undertaken.

Furthermore, the Company undertakes to protect the confidential and personal data and information of persons working for it (employees, contractors, consultants, suppliers, customers, etc.) from dissemination as well as from misuse, in accordance with the privacy legislation (European Regulation no. 679/2016 - GDPR and (It.) Legislative Decree 196/2003 as amended).

4. Environment

6 CLEAN WATER
AND SANITATION



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



15 LIFE
ON LAND





4.1 Energy efficiency and climate change

302-1 Energy consumption within the organization

302-3 Energy intensity

305-1 Direct (Scope 1) GHG emissions

305-2 Energy indirect (Scope 2) GHG emissions

305-4 GHG emissions intensity

At Mario Levi, **environment is considered a primary asset**, an essential resource for the community, and for future generations in particular. Therefore, the Company is committed to **protecting** it from exploitation and pollution, by planning and implementing more sustainable activities.

The Company is committed to ensuring that its activities always comply with the legal requirements in force, as well as with the agreements, standards, regulations, practices and, more in general, with national and international environmental protection policies.

The drafting of the first Sustainability Report aims to spread the commitment to **protecting the environment as a strategic promotional factor for the company**, with specific reference to the reduction of GHG (Greenhouse Gas) emissions, waste reduction, energy saving, the use of renewable energy sources and the management of resources in compliance with principles inspired by sustainability.

With a view to the transparency towards the community, one of the Group's upcoming objectives is to activate an internal management system that allows it to improve the environmental performance of production processes, in compliance with the above principles, and that, at the same time, also serves as benchmark on the environmental issues of greatest concern for the Group.

When defining business decisions, environmental issues are taken into account, and the possibility of adopting environmentally-friendly technologies and production methods, with the goal of **reducing the environmental impact of its activities**.

As highlighted and shown by the materiality analysis, environmental aspects and related impacts, risks and opportunities are greatly significant issues for the business.

In order to reduce the amount of energy consumed, in 2020 the Company initiated a **plan for increasing the efficiency of internal lighting** in offices and production facilities, replacing neon lamps with more modern, low-consumption

LEDs. Cost reduction, and consequently the decrease in associated emissions, is indeed a crucial aspect for the business. Mario Levi pays special attention to **containing the greenhouse gas emissions** derived from the supply chain by selecting LWG-accredited suppliers and the use of returnable iron containers for handling and storing leather and *Feeltek* rolls.

Despite the hefty increase in turnover and production recorded in 2023 (+30% on 2022), **electricity and heating energy consumption was lower than the previous year** (-1.3% on 2022). This result proves the effectiveness of the various activities undertaken by the company to increase energy efficiency, which contributed to **containing the environmental impact despite the growth in production**.

In general, the Group's energy consumption is due to the use of **several energy vectors**: natural gas for heating the workplaces, petrol and diesel fuel for the company vehicles and electricity purchased from the grid.

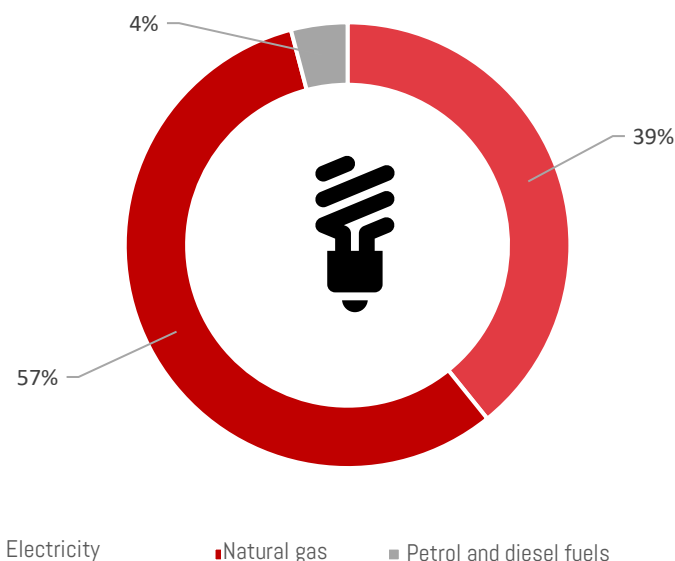
In 2023 electricity consumption amounted to 2,263.9 MWh (39% of the total energy consumption for 2023), while thermal energy consumption amounted to 3,510.7 MWh (61% of the total). Both are down on the previous year.

ENERGY CONSUMPTION IN MWh BROKEN DOWN BY SOURCE (2021-2023)

Energy consumption	2023	2022	2021
ELECTRICITY	2,263.9	2,308.7	2,136.3
<i>Electricity from non-renewable sources</i>	<i>2,263.9</i>	<i>2,308.7</i>	<i>2,136.3</i>
THERMAL ENERGY	3,510.7	3,539.0	3,579.4
<i>Natural gas used for heating</i>	<i>3,274.2</i>	<i>3,267.6</i>	<i>3,467.4</i>
<i>Petrol for motor vehicles</i>	<i>20.5</i>	<i>3.3</i>	-
<i>Diesel fuel for motor vehicles</i>	<i>215.9</i>	<i>268.1</i>	<i>139.0</i>
Total	5,774.6	5,847.7	5,742.7

The use of thermal energy however is as follows: consumption of natural gas for heating (3,274.2 equal to 93% of the total thermal energy consumed), diesel fuel used to power the vehicles of the company fleet (215.9 MWh, 6% of the total thermal energy consumption), and lastly, consumption connected to the use of petrol for motor vehicles (20.5 MWh).

Energy consumption by type (2023)



ENERGY INTENSITY (2021-2023)

Indicator	UM	2023	2022	2021
Total energy consumed	MWh	5,774.6	5,874.7	5,742.7
Group Revenues	€	116,125,982	103,813,037	79,798,246
Group Energy Intensity	kWh/€000	50	57	72

The higher efficiency achieved in the use of the different energy vectors is evidenced by the data on energy intensity, as a matter of fact, **although the Group's turnover increased significantly** during the three-year period (+46%), **the amount of energy used for each euro earned decreased by 31%**. Specifically, the increase in energy efficiency in the last year amounts to 12%.

Climate change is one of the main challenges of contemporary society, therefore solutions are needed to **reduce the impacts of production activities on the environment**. This important awareness led to the adoption in **2015 of the Paris Agreement** in one of the United Nations Framework Conventions on Climate Change (**UNFCCC**). This important document requires all states in the world to make an effort to be able to limit the rise in global temperatures to below 1.5°C or 2°C maximum compared to pre-industrial levels.

The first fundamental step taken by the Company to contribute to reducing environmental externalities was to **calculate direct (Scope 1) and indirect (Scope 2) GHG climate changing emissions** associated to the Group's business. This activity allowed us to become aware of the environmental impacts produced and be able to limit them in the future, setting improvement goals.

Accounting and reporting of greenhouse gas emissions was based on the guidelines drawn up by the **GHG Protocol**, the international methodology of reference, and entailed the adherence to the following principles:



Relevance: the GHG inventory appropriately reflected the GHG emissions of the company so that it would serve the decision-making needs of users – both internal and external to the company.



Completeness: all GHG emission sources and activities within the chosen inventory boundary were accounted for and reported on. Any specific exclusions were disclosed and justified.



Consistency: in calculating emissions, consistent methodologies were used to allow for meaningful comparisons of emissions over time. Any changes to the data, inventory boundary, methods, or any other relevant factors in the time series were transparently documented.



Transparency: all relevant issues were addressed in a factual and coherent manner, based on a clear audit trail. All relevant assumptions were disclosed and appropriate references were made to the accounting and calculation methodologies and data sources used.



Accuracy: the aim of the calculation was to ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, so that uncertainties are reduced as far as practicable. This enables users to make decisions with reasonable assurance as to the integrity of the reported information.

Greenhouse gases responsible for climate change are classified into three different categories: **Scope 1, Scope 2 and Scope 3**.

Scope 1 emissions refer to **relative direct emissions from the energy vectors directly used for the production** of electricity, heat or steam, to operate industrial plants, to cool workplaces or to use company cars.

Scope 2 emissions are **produced from the generation of electricity, steam, heating and cooling purchased and consumed**. Scope 2 therefore refer to the emissions produced to generate the amount of energy used in production activities.

In accordance with international guidelines, Scope 2 emissions can be quantified by using two different methodologies: the **"Location-based"** and the **"Market-based"** methodology.

The **"Location-based"** methodology takes into account the average national energy mix used to produce the energy consumed in a given country during the year and involves the use of a national average emission factor. This methodology therefore reflects the average intensity of greenhouse gas emissions produced by energy providers, net of the actual energy mix used to produce the energy actually consumed by the Group. The emission factor is therefore expressed as the average emissions generated for the production of 1MWh of electricity in the region in question.

Whereas the **"Market-based"** approach considers the emissions produced to generate the amount of energy actually used. These specific energy mixes can be established on a contractual basis with the electricity provider. Failing specific agreements or other special arrangements in the purchase contracts, such as the presence of Guarantees of Origin that certify the energy shares produced by using renewable energy, the calculation of emissions is carried out using the emission factor relating to the national 'residual mix', i.e. the national energy mix that excludes from the calculation the quantity produced by using renewable energy sources.

Scope 3 emissions include all emissions generated upstream or downstream of the value chain (production of raw materials, transport, use of the products, end-of-life processing and so on).

In this first report, the calculation of Mario Levi's GHG emissions was limited to the quantification of **Scope 1 and Scope 2 emissions**.

Polluting emissions are conventionally expressed in equivalent tonnes of carbon dioxide (eqtCO₂) although a heterogeneous variety of greenhouse gases are released into the atmosphere, such as methane (CH₄), sulphur hexafluoride (SF₆) or nitrous oxides (N₂O). However, the use of eqtCO₂ makes it possible to represent them with a common unit of measurement, hence with a common scale that is easily comparable. Indeed, in order to express different greenhouse gases through a common scale, it is necessary to consider their **Global Warming Potential (GWP)**. The GWP indicates the infrared thermal radiation from the sun that is retained in the Earth's atmosphere by the various greenhouse gases, thus causing global warming, in terms of CO₂: **the indicator therefore quantifies how much CO₂ would be necessary to absorb the same quantity of infrared radiation of another gas**. That is precisely why one refers to equivalent CO₂. For example, methane, which is a more powerful greenhouse gas than carbon dioxide, has a GWP over 20 years of 81.2 eqtCO₂, meaning that a leak of a tonne of methane is equivalent to emitting 81.2 tonnes of carbon dioxide measured over 20 years.

The emissions in the following table represent the sum of the emissions generated by each of the Group Companies included in the scope of this Report.

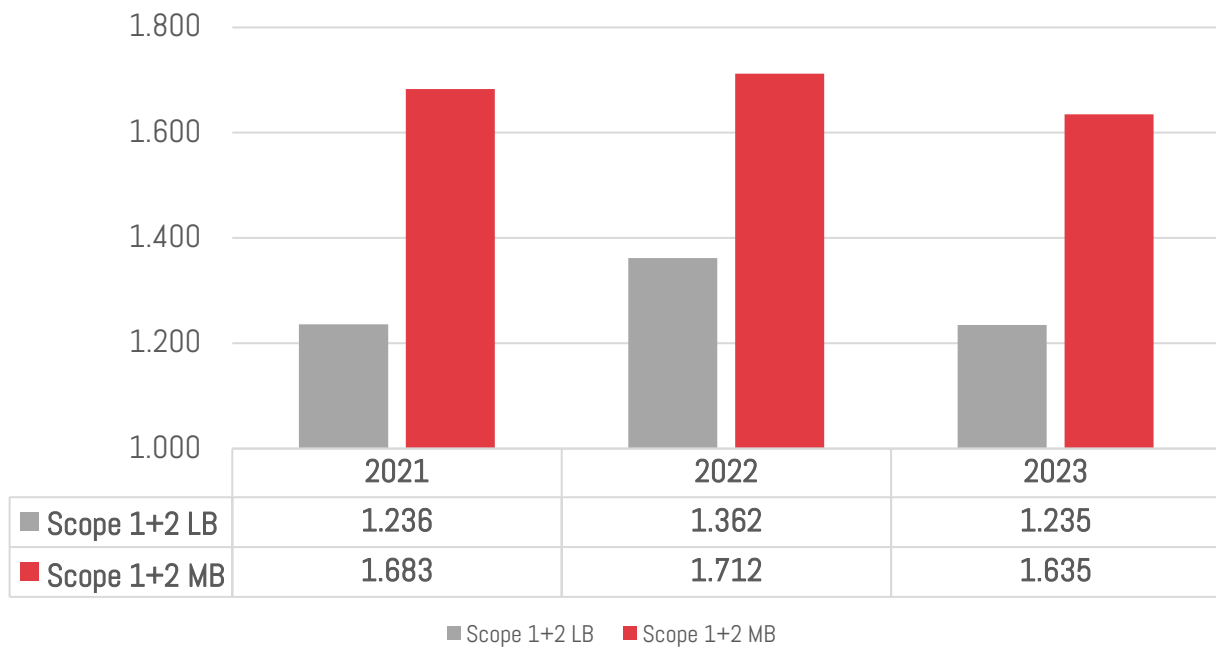
In detail, **the Group's Scope 1 emissions** are generated by the use of natural gas for heating the workplaces and by the use of diesel fuel and petrol for the company vehicles. Whereas **scope 2 emissions** consist of the electricity purchased from the grid.

Scope 1 emissions represent 52% of total Scope 1 and 2 (Location Based) emissions in 2023 (649 eqtCO₂) and the majority of these are attributable to the use of natural gas for heating the workplaces (589 eqtCO₂).

The reduction in consumption in 2023 compared to 2022 made it possible to achieve a similar **reduction in emissions**, which **decreased by 9.3% overall** considering the 'Location Based' calculation method. Specifically, scope 1 emissions decreased by 1.35%, while scope 2 'Location Based' emissions decreased more markedly (-16.7%), due to the reduction in electricity consumption and the more efficient national energy mix used to produce the electricity consumed in Italy in 2023. The reduction appears less marked if one also takes into account scope 2 Market Based emissions (-1.9%) and total emissions also taking into account this last type (-1.7%).

EMISSIONS PRODUCED IN eqtCO₂ BY CATEGORY (2021-2023)

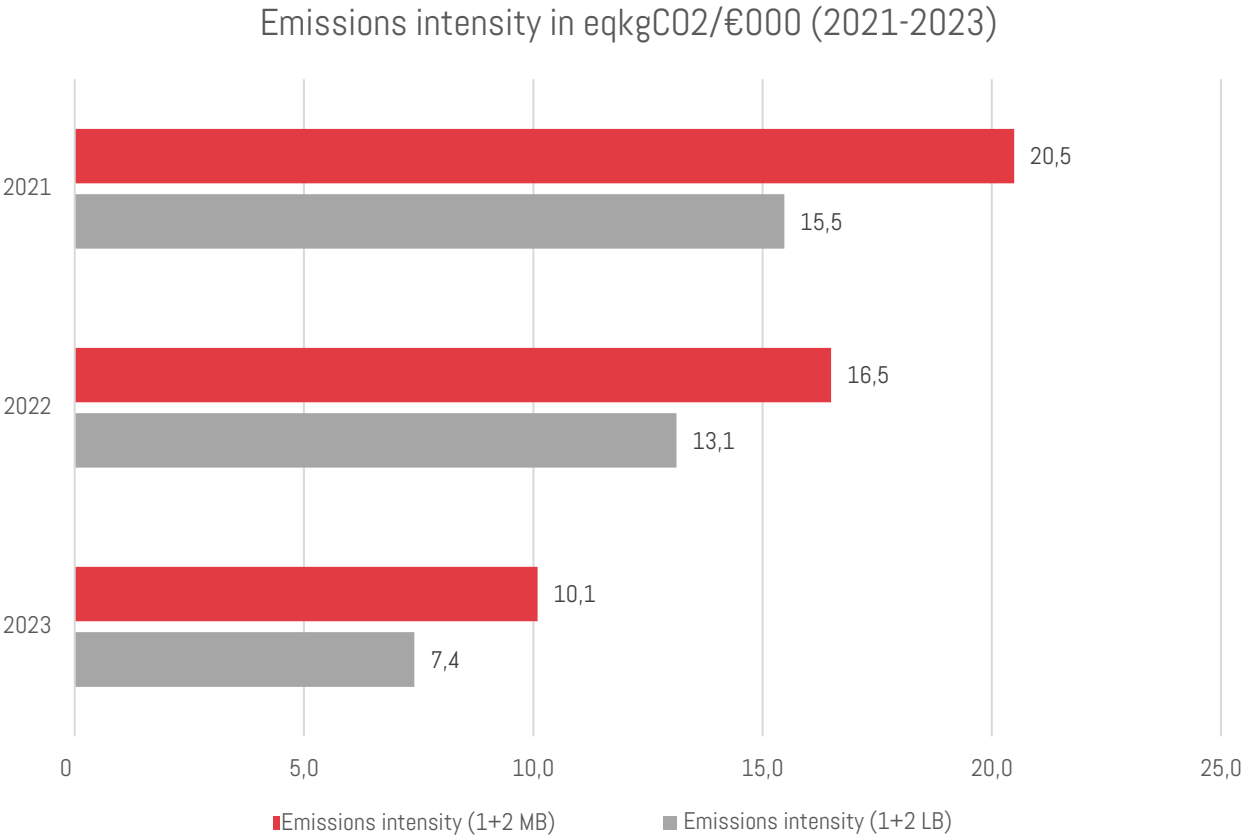
Emissions	2023	2022	2021	Chg 23-22
Scope 1 Emissions	649	657	659	-1.5%
<i>Natural gas</i>	<i>589</i>	<i>589</i>	<i>623</i>	<i>0.0%</i>
<i>Diesel fuel</i>	<i>5</i>	<i>1</i>	<i>35</i>	<i>400.0%</i>
<i>Petrol for motor vehicles</i>	<i>54</i>	<i>68</i>	-	<i>-20.6%</i>
Scope 2 – Location Based emissions	587	705	576	-16.7%
Scope 2 – Market Based emissions	1,035	1,055	976	-1.9%
Total 1+2 Location Based	1,236	1,362	1,235	-9.3%
Total 1+2 Market Based	1,683	1,712	1,635	-1.7%

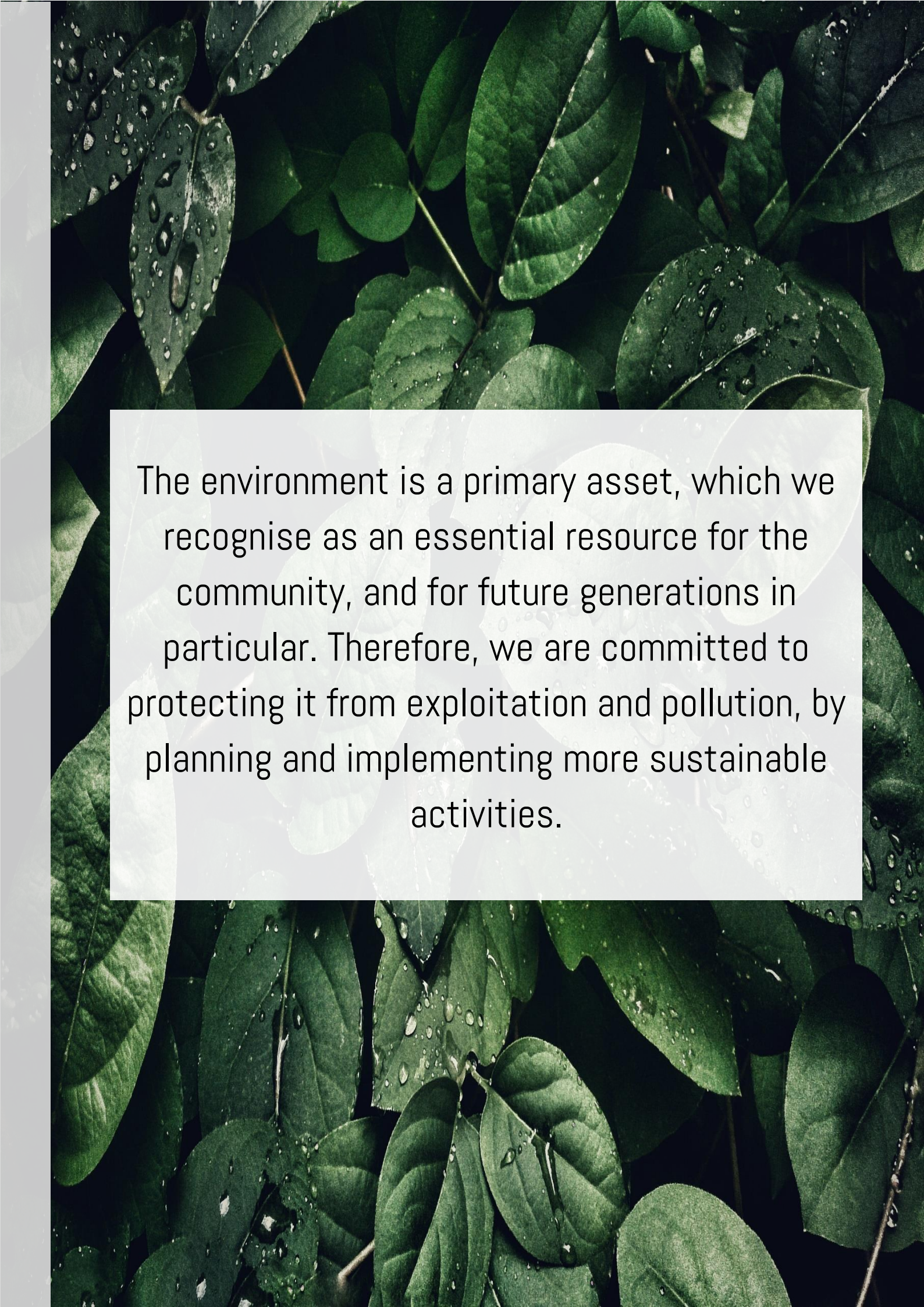
Total Group emissions in eqtCO₂ per year (2021-2023)

EMISSIONS INTENSITY (2021-2023)

Indicator	UM	2023	2022	2021
Scope 1 emissions	tCO ₂ e	649	657	659
Scope 2 Location Based emissions	tCO ₂ e	587	705	576
Scope 2 Market Based emissions	tCO ₂ e	1,035	1,055	976
Total 1+2 Location Based	tCO ₂ e	1,236	1,362	1,235
Total 1+2 Market Based	tCO ₂ e	1,683	1,712	1,635
Revenues	€	116,125,982	103,813,037	79,798,246
Emissions intensity (1+2 LB)	eqkgCO ₂ /€000	10.6	13.1	15.5
Emissions intensity (1+2 MB)	eqkgCO ₂ /€000	15.5	17.6	22.2

The increased energy efficiency achieved in recent years is reflected in the figures for the kg of emissions generated per 1,000€ of revenues. Indeed, the indicator shows a 21% decrease from 2021 to 2022 and a further 12% decrease from 2022 to 2023, for an **overall saving of 30%** considering the 2021-2023 figures. These results are clear evidence of the **soundness of the strategic choices made by the Group over the years** and encourage us to continue on the clearly marked route.





The environment is a primary asset, which we recognise as an essential resource for the community, and for future generations in particular. Therefore, we are committed to protecting it from exploitation and pollution, by planning and implementing more sustainable activities.

4.2 Materials used

301-1 Materials used by weight or volume

308-1 New suppliers that were screened using environmental criteria

In terms of raw materials, The Group' production activity mainly requires the use of leather, fabrics, yarns, Alcantara and coagulated polyurethane textiles, 25% of which are produced using recycled fabrics and Bio Based polyurethane. These raw materials mainly come from Italy, Brazil and Australia.

In light of car buyers' increasing concern about sustainability, most automakers are starting to require their suppliers to source their materials transparently and responsibly.

In the case of leather products, this increased awareness translates into the need to know the origin of the hides, the livestock farming practices and the relevant environmental impact. This trend led to **the Group's increased awareness** and the search for suppliers that are able to provide products from sustainable and environmentally-friendly farming practices. This approach ensures a **reduction in polluting emissions**, improved soil health, careful management of water resources and greater support to biodiversity, while also contributing to the **general improvement of animal welfare**.

That is why the Group wishes to use **supplier screening systems based on sustainability criteria**, to ensure greater visibility of the value chain and a more responsible product. Therefore, these aspects are already priorities for the Mario Levi Group.

To date, the Company mainly uses raw material (leather) suppliers in possession of the Animal Welfare certification for the production of seats. In the event non conformity of the certification should be ascertained, the company policy requires the business relationship with the supplier to be terminated and alternative solutions to be sought.

As already mentioned, Mario Levi Italia Srl has already obtained the LWG certification, following which all the Company's new suppliers are also screened in accordance with the environmental criteria set forth by the certification. Similar policies for the environmental screening of Mario Levi S.p.A. and Torino Leather Interiors Srl's suppliers are not in place yet, but we aim to implement them soon.

To make its products, the Group also uses *Feeltek* and *Feeltek Bio*, a synthetic material created with a high percentage of bio raw materials, both certified PETA-Approved Vegan.

On leather, *Feeltek* and *Feeltek Bio* products the Company has performed a comparative Life Cycle Assessment (LCA).

THE RESULTS OF THE COMPARATIVE LCA

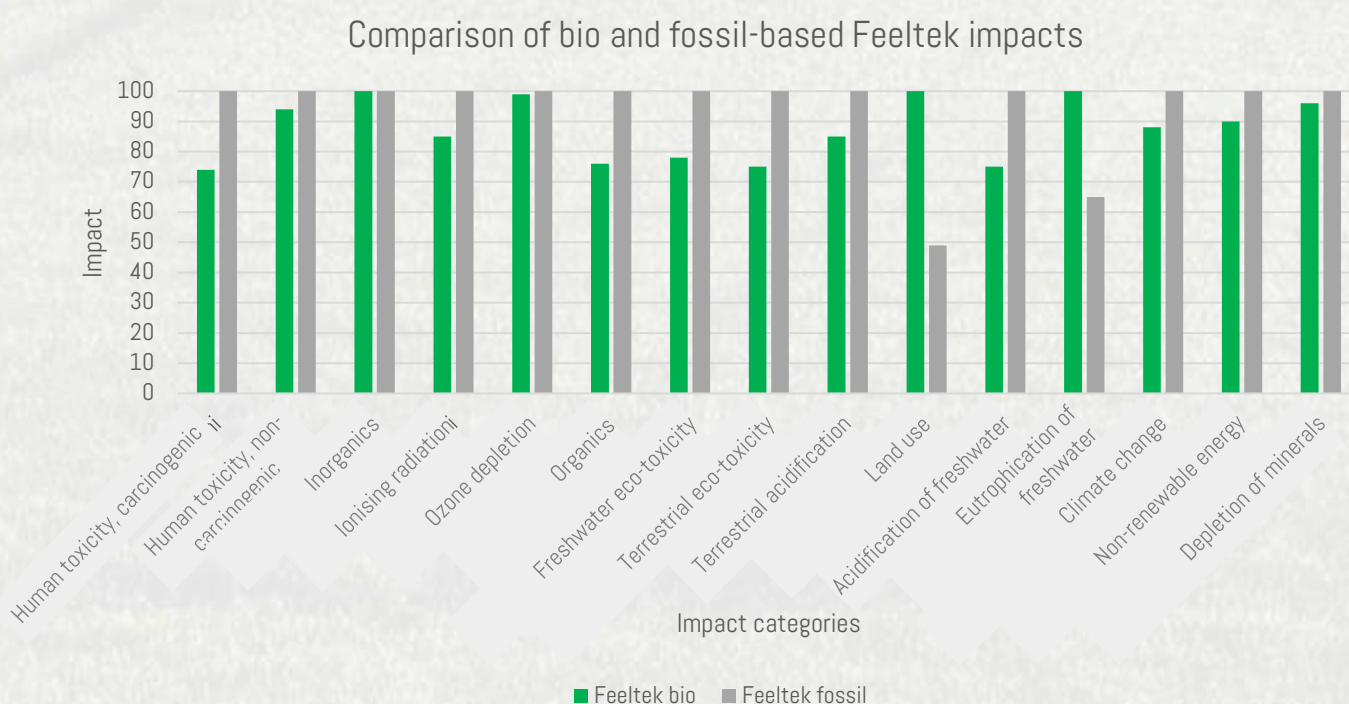
Owing to the high awareness and the will to improve the environmental performance of its production processes, **the Group decided to perform a comparative LCA assessment on various types of *Feeltek***, i.e. the synthetic products made in **fossil-based** and **bio-based** material to achieve better visibility of the impacts associated to the two different types through a **cradle-to-gate approach**. Products made in bio-based material are indeed generally considered less impactful than similar solutions made in fossil-based materials.

The assessment was carried out in accordance with the **requirements of ISO 14040:2006 and ISO 14044:2006** and was based on the impacts arising from production of 1m² of cover made with the two different types of *Feeltek* using the most up-to-date version of the **Impact2002+ calculation method**.

The processing methods for the two products are identical, which is why the differences in terms of end impact are exclusively due to the differences in the inputs. **The assessment therefore showed that the bio-based alternative has less impact than the fossil-based one** on 10 impact categories analysed over a total of 15. The bio-based was found to be more impactful in two categories only, while for three categories the differences appear negligible.

In general, the results of the assessment showed **a 14% lower impact for products made in *Feeltek* bio compared to fossil origin ones**, considering the impacts in terms of human health, quality of ecosystems, climate change and resource use. **With regard to the water resources, the bio-based alternative has 38% fewer impacts than the fossil-based version.**

The picture below shows the quantification of impacts relating to the two products for the categories analysed, assigning the value 100 to the product with the highest impacts and assigning a proportional score to the other.





4.3 Water resource management

303-3 Water withdrawal

Being aware of the importance of the water resources and their proper management, the Group is committed to protect their quality and availability through **careful and regular checks** carried out by specifically appointed personnel.

Total water withdrawals are set out in the table below. All withdrawals are from **areas not subject to water stress**¹.

After collecting all the data related to water consumption and identifying how water is used at our facilities, the Company intends to **develop a plan for the reduction and reuse of water**, providing tools and indications on possible improvements that can be implemented. Data collection will therefore help monitor water use **in order to use it more efficiently and study possible approaches for reusing it within our facilities**. The aim of this activity is to increase awareness, also among employees, of the need to use water responsibly in all activities. The ultimate aim is to encourage a circular approach to the management of this resource.

Low water consumption devices have been installed, and sustainable water resource management practices have been implemented to manage and reduce the impact.

Process wastewater is currently managed as waste and collected in underground tanks, while non-industrial wastewater is only discharged into public sewers. Legal parameters are complied with in all cases. At the Zermeghedo facility, where the tanning process takes place, **there is a water recovery system**, before disposal in the wastewater system, which allows up to 60% of the total process wastewater to be recovered.

GROUP WATER CONSUMPTION IN MEGALITRES (2021-2023)

Indicator	2023	2022	2021
Total water consumption	13.1	10.2	9.1

¹ Water stress areas identified as set forth by the *CEO Water Mandate, Corporate Water Disclosure Guidelines, 2014*



4.4 Responsible waste management and circular economy

306-2 Management of significant waste-related impacts

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

Mario Levi promotes the reduction in the production of waste through initiatives based on the concepts of “reuse, renewal, recycling and redesign”. Because a Company cannot manage that which it does not measure, the waste flows were therefore defined and quantified, with the eventual aim of setting appropriate reduction targets.

TONNES OF WASTE BY TYPE AND DISPOSAL METHODS (2021-2023)

	2023	2022	2021
Indicator	3,877.1	3,735.2	3,258.8
Directed to disposal	2,739.8	2,619.9	1,908.4
Non hazardous	2,738.4	2,619.2	1,907.9
Hazardous	1.3	0.7	0.5
Directed to other recovery operations	1,137.4	1,115.3	1,350.4
Non hazardous	1,136.8	1,115.0	1,349.8
Hazardous	0.6	0.3	0.6

Hazardous waste amounts to less than 1% of the total quantity of waste generated.

70% of the total waste is directed to disposal, while the remaining part is collected to undergo appropriate recovery operations. In both cases the **waste is managed by authorised third party operators** in compliance with legal provisions.

The activities of the administration offices only produce urban waste, which is therefore managed as such by the public services.

Production waste mainly consists of leather, **Feeltek**, packaging materials, office supplies and catering waste.

Regular maintenance of plants and machinery is scheduled to promote circularity and to prevent the production of waste. Furthermore, **leather processing waste is collected to be sold rather than disposed of**. We have also designed a system to **streamline the transport** of hides/*Feeltek*: the product rolls are stacked vertically on metal structured designed in-house in order to increase efficiency and reduce the number of journeys.

Waste data are collected through appropriate forms, managed in accordance with a specific procedure, and monitored consistently with the KPIs set in the environmental management system, and delivered to authorised operators to undergo the various disposal or recovery operations.

Highlights on environmental data 2021-2023

+0.6%	Electricity used
-31%	Energy intensity
-30%	Emissions generated per € of revenues
-18%	Waste generated per € of revenues
-1.1%	Water resources used per € of revenues



4.5 responsible management of chemical resources

The use, management, handling and safety of chemicals are an issue of particular concern in product development and in the Group's activities. To this end, the company complies with all legal requirements, including those of the **European Union's REACH Regulation** and those specified by the various customers.

The integrated management system implemented by the Group defines procedures **and instructions for the use of chemical substances and hazardous materials in compliance with the relevant regulations**. The management system also makes it possible to carry out continuous monitoring of the use of said products in order to minimise the associated risks and to promptly apply the appropriate changes.

To reduce the consumption of chemicals, the Mario Levi Group has always used alternative, water-based products.



4.6 Land and biodiversity protection

304-2 Significant impacts of activities, products and services on biodiversity

A recent WWF report² has highlighted the **crucial role played by the leather industry in the promotion of a circular economy**. According to the report, the leather processing industry, a by-product of the beef and dairy industry fuelled by the increase in global beef consumption, plays a crucial role in circularity. As a matter of fact, **the use of leather in a number of applications**, ranging from shoe production to airplane seat upholstery, **contributes to preventing this type of 'waste' from being landfilled, while also avoiding the emission of hundreds of tonnes of methane each year**. Indeed, the Group does not source the hides from farms that only provide leather for the tanning industry, but **the leather we use is a byproduct of the meat and dairy industry**.

At the same time, the synthetic covers and other alternative products are often made of plastic, which is produced from fossil fuels. Furthermore, while some regions have less cattle-related deforestation risk than others (i.e. even if leather is sourced from European cows), corn or soy are likely to be used as feed likely coming from potential deforestation (such as Brazil, Paraguay or Argentina) or grassland conversion (USA, Brazil, Argentina), making changes at origin critical.

In any case, companies that purchase leather are not exempt from the need to address problems related to deforestation and that is why **the Group pays special attention to the choice of suppliers, trying to avoid sourcing from those whose activities are based in sensitive geographical areas, opting for alternative solutions**. This approach complies with **Regulation (EU) 2023/1115**, in accordance with which companies may only sell products in the EU if the supplier has issued a "due diligence" statement. In other words, this statement must certify that the **products purchased are not from plots of land that underwent deforestation and that they did not contribute to forest degradation after 31 December 2020**. As required by Parliament, companies must therefore ascertain that said products comply with the relevant legislation

² Leather Also Has a Role to Play in the Fight Against Deforestation, WWF. Viewable at [WWF-REPORT-v4.pdf \(mariolevi.com\)](https://www.mariolevi.com/WWF-REPORT-v4.pdf)

of the country of production, including on human rights, and that the rights of the indigenous peoples concerned have been respected.

Therefore, Mario Levi undertakes to engage in constant dialogue with suppliers in order to carefully select commercial partners who can ensure high levels of animal welfare, traceability and respect for the environment.

The Group also recognises the "**Five freedoms of animals**", principles formalised in 1979 by the **Farm Animal Welfare Council (FAWC)** which aim to ensure the welfare of farm animals by limiting as much as possible the procurement of raw materials from countries with insufficient controls and traceability and with a high risk of non-compliance with animal welfare criteria.

In order to improve environmental performance, one of the Group's future objectives may be that of increasing the procurement of raw hides from regenerative agricultural systems and value chains. Regenerative agriculture indeed stimulates biodiversity, improves soil health, reduces polluting emissions, makes it possible to reduce the amount of water used, and ensures high levels of animal welfare. This model also ensures **a high level of traceability of the raw materials** and has positive effects on animal welfare, on farming, on deforestation and on circularity.

The Company **also pays attention to the impacts on biodiversity potentially resulting from sourcing of raw materials for the production of bio-based synthetic materials**. As a matter of fact, plant materials are selected, mainly corn, coming from plots of land not subject to deforestation, but already used for the cultivation of vegetables not intended for the food industry.

5. Social

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



10 REDUCED
INEQUALITIES





5.1 Workers' health, safety and well-being

403-1 Occupational health and safety management system

403-2 Hazard identification, risk assessment, and incident investigation

403-3 Occupational health services

403-4 Worker participation, consultation, and communication on occupational health and safety

403-5 Worker training on occupational health and safety

403-6 Promotion of worker health

403-8 Workers covered by an occupational health and safety management system

403-9 Work-related injuries

403-10 Work-related ill health

Mario Levi guarantees the health and well-being of its human resources by creating safe and healthy working environments, the suitable provision of compliant equipment, the promotion of working conditions suited to the physical needs of workers and respectful of individual dignity, **in full compliance with the regulations in force concerning the prevention of workplace accidents and the protection of workers**. To this end, the Company undertakes to:

- 1 pursue technical, organisational and economic conditions that enable adequate health and safety protection such as, for example, updating operating methodologies and systems in the light of the best available technologies;
- 2 perform periodic risk assessment of the workplaces and activities carried out, in relation to changes in legislation and the Group's structure;
- 3 identify and implement appropriate measures to reduce, eliminate and prevent the identified risks;
- 4 disseminate and consolidate a culture of safety that supports a thorough knowledge of the risks and responsibilities of all, also through adequate training and information.

The well-being of employees, the proper operation of employment relationships and respect for personnel have always been **cornerstones of the business**. These are the pillars on which growth is founded and to which the Group devotes the utmost care. The Occupational Health and Safety system is based on a set of standard and voluntary fulfilments in accordance with the criteria set forth by (It.) **Legislative Decree 81/2008** and covers all the employees of our Companies.

The focus on health and safety issues aims at **identifying potential risks so as to identify the most suitable measures to be implemented for the protection of employees**. These activities are supported by the provision to all employees of specific courses on health and safety pursuant to the regulations.

The Risk Assessment Document (**DVR**) is the key document for the proper monitoring of risks related to health and safety, and contains a set of tasks, roles, methods for managing, identifying and monitoring this type of risk. If the identified sources of risks cannot be eliminated, **the document requires the implementation of all the specific protective measures to ensure the workers' safety**. The DVR is updated every time significant changes take place concerning the workplace, the activities carried out, the machinery used or upon the occurrence of significant injuries or accidents. The assessment activities carried out for drafting the document make it possible to adopt a **precautionary approach that reduces the likelihood of the occurrence of harmful events for employees' health**.

To ensure the document and the ensuing actions are as effective as possible, employees are involved in the document development process, in its assessment and through **regular training and feedback collection activities**. This feedback is collected, assessed and discussed during regular meetings with management. It is therefore possible for workers to send anonymous reports to management and safety officers to highlight potential dangerous situations observed. All the reports are appropriately assessed, also with the support of external consultants who are experts in the field, with the aim of **identifying and adopting measures for the mitigation of the risks observed**. After every recorded incident, appropriate reports are drawn up on the event, also containing requirements on the mitigation or elimination of the risk factors that led to the incident.

Over the years, this whole set of activities has made it possible to **constantly decrease the risks connected to the performance of work activities**.

The analyses carried out to prepare the DVR highlighted that the greatest risks that may arise in the work activities carried out in our facilities arise from the following incidents: being hit and crushed by a forklift truck or by external vehicles in the yard in front of the factories; handling of hazardous substances; use of vehicles on the road; contact with high-temperature parts and fluids; handling, lifting and storage of material; cuts and wounds due to the use of sharp equipment and tools (cutters, work equipment containing sharp parts).

The health of its employees is therefore one of the issues that the Group especially focuses on. A total of 4 incidents were recorded in 2023. These incidents mainly concerned cut injuries of the hands and crush injuries of the feet from collisions with forklift trucks. Two injuries involving non employee workers of the Group were recorded in 2022, whereas in 2023 and 2021 only one case was recorded.

The accident indexes are calculated in accordance with the methods set by disclosure **403-9 of the GRI standard, following the methodology set out by standard UNI 7249/2007 "Statistics on occupational injuries"**. The rate of recordable work-related injuries for fiscal year 2023 was 14.95 injuries per million hours worked, **down 13% from 2021**.

All employees undergo medical examinations to ensure they are in good health and fit to perform the required tasks. The check-ups are repeated regularly as directed by the company doctor and are differentiated on the basis of the risks the workers are exposed to while performing their duties. The priority purpose of health surveillance is to contribute to the risk assessment with a constant feedback derived from the outcome of the medical examinations.

In compliance with the laws on the matter, all workers attend hours of mandatory training, both general and specific on the topic of occupational health and safety. The effectiveness of the training courses is assessed through the administration of specific tests on the topics covered by the courses. Employees also attend a **training course on the use of the defibrillator**. Although the company is not required by law to install it, it is present in one of our facilities. The course provides **a general qualification to workers which can also be used outside the workplace**. All workers are covered by health insurance (Sanimoda or Campa Fund depending on the National Labour Contract) with an adequate plan for company needs. Every year, workers are also provided with a leaflet summarising the insurance terms and conditions for the current year, containing information on the cover and any reimbursements.

No diseases that may affect daily work activities (so-called occupational diseases) were observed, while the oversight of other risk categories relating to employees' health and safety made it possible to identify the main causes of injuries and the most appropriate actions to be implemented to limit them:

- **biomechanical overload of the upper limbs and risks associated with manual handling of loads:** the actions for the mitigation of this type of risk entailed setting up adequate processes for the organisation of work operations, adequate workplace ergonomics, workstation rotation, adequate break and recovery times, provision of adequate work equipment, training, recurring routine and extraordinary maintenance of work tools, restrictions for some workers following health surveillance.
- **noise risk:** actions in progress involve adequate organisation of work operations, proper use of PPE in specific cases and in some workstations where values, however, are always below the limit thresholds, work procedures, worker training, adequate routine and extraordinary maintenance of work tools.
- **vibration risk:** the level of exposure to vibrations is lower than 0.5 m/s^2 . In addition to that, the further measures adopted concern information and training of workers and adequate routine and extraordinary maintenance of work equipment.
- **chemical risks:** although the measured values are well below the exposure values, operators wear adequate PPE when using chemical products (nitrile gloves, masks, goggles), aspirators are used, whose filters are regularly checked, and specific training is provided on the matter. The Group also requires adequate routine and extraordinary maintenance activities of work equipment.



The data relating to employees' health are not processed by the company, but only and exclusively by the suppliers who are involved in the activities from time to time, in more **general compliance with the privacy regulations and with the GDPR**.



5.2 Human capital and talent development

2-7 Employees

2-8 Workers who are not employees

2-30 Collective bargaining agreements

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

404-1 Average hours of training per year per employee

404-3 Percentage of employees receiving regular performance and career development reviews

Employees are a precious resource and the Group **firmly believes in the strategic importance of being able to rely on employees who feel their work is appreciated**. To this end, the Company promotes a process of personnel growth and engagement in decisions for the resolution of problems related to work activities, with a view to promoting continuous improvement and **creating an environment that is conducive to innovation and personnel motivation**.

The primary source of the information and knowledge used for personnel training comes mainly from the Group know-how, and as such it must be safeguarded, enhanced and disseminated. The various training activities are planned in order to **develop the professionalism of the company personnel over time**, to deal with the new market needs, the evolution of the technologies used in production, the increasingly specific techniques and work methodologies, as well as the growing demands for excellence in the environmental area. Training is an activity that targets all employees, specifically those who carry out activities that have a direct influence on the quality of the products and services or on the Group's environmental performance. **Therefore, the focus in this regard is on all personnel, including newly hired or temping personnel.**

The various training activities essentially concern:

- **acquiring** the technical skills required to perform the activities one is tasked with;
- **training** regarding quality, safety, environment and continuous improvement;
- **knowledge** of the criteria and operative and management methods of the company Management System;
- regulatory updates;
- the continuous **improvement** of the company's effectiveness and efficiency;
- the processing **methods** and the use of tools or equipment;
- the environmental operative **procedures**, including waste management, emergency management, oversight of regulatory fulfilments.
- specific **regulatory aspects** in environmental matters.

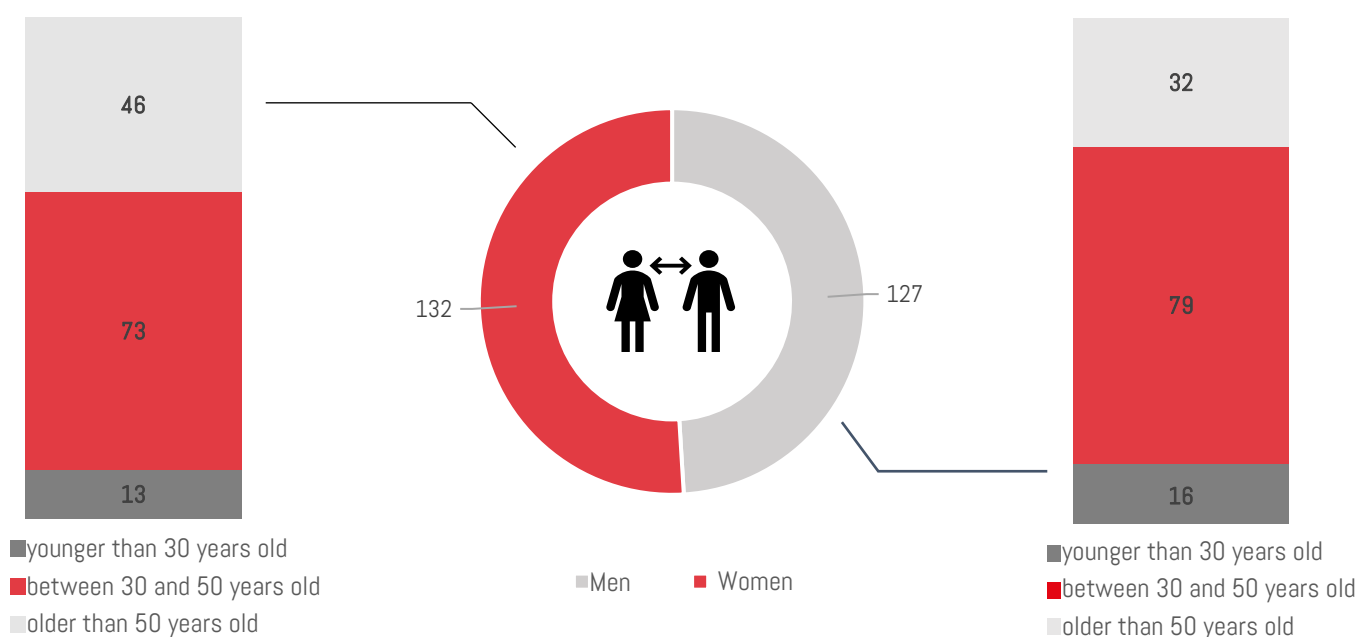
The training and coaching needs are identified by the various Department Heads, from the gaps emerging from the skills tests carried out for each employee and from the multitasking matrix. These needs are collected by the Personnel Manager who, in collaboration with the person in charge of the Management System, draws up a training plan and submits it to Management for approval.

Training activities are carried out by qualified personnel, either internal or external to the Group. An assessment of the effectiveness is carried out after each training session. If, following these assessments, the results are not as expected, the relevant managers analyse the causes and prepare new dates or methods for repeating the course contents. Furthermore, for the Verolanuova personnel, **specific performance objectives** were set through the Performance Bonus (PDR), which sets objectives, upon achievement of which employees obtain a cash reward, and through the Proximity Agreement, which describes specific training plans of pre-established duration aimed at reaching a higher job classification level.

All employees are covered by the collective bargaining of the **National Collective Labour Agreement for the leather and leather substitute industries** and the **National Collective Labour Agreement for the tanning industry**.

No employee performance review activities are currently performed on a regular and formal basis. However, it is evident that each department head constantly engages in informal dialogue with their reports and regularly assesses the activities performed. This assessment is shared with the reports and top management on a yearly basis. However, the Group has started working on this aspect and action will be taken in the short term.

As at 31/12/2023 the Group's workforce consists of 259 employees, 54% of them women. Most employees are hired on **open-ended contracts (97%)** and **full-time (90%)**. The numbers of the Group's workers remained essentially stable compared to 2022, when they were 261 in total, while it increased by 7% compared to 2021 (242 units). The number of non-employee workers, which in 2023 was 49, increased both compared to 2022 (+9%) and 2021 (+58%), respectively 45 and 31 units in absolute value.



Our employees are one
of our most precious resources, that
is why we believe in the strategic
importance
of being able to rely on
resources who feel that their work is appreciated.





5.3 Diversity, social inclusion and non discrimination

405-1 Diversity of governance bodies and employees

405-2 Ratio of basic salary and remuneration of women to men

406-1 Incidents of discrimination and corrective actions taken

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

408-1 Operations and suppliers at significant risk for incidents of child labour

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

In carrying out Business activities the Group is constantly committed to **ensuring equal opportunities in employment and professional advancement for all employees and internal staff**.

Each department head is responsible for ensuring that for all aspects of the employment relationship, such as recruitment, training, remuneration, promotions, transfers and termination of the contract, **employees and internal staff are treated in a manner consistent with their ability** to meet the requirements of the job, avoiding any form of discrimination on grounds of race, gender, age, nationality, religion, culture, political opinion, social and personal conditions.

The Company firmly condemns any kind of harassment towards employees, both inside and outside the workplace. Harassment shall refer to any form of intimidation, threat, undesirable behaviour or act that offends the dignity and freedom of the person subjected to it, or that is likely to create retaliation or a climate of intimidation towards him or her, and that causes an impediment to the regular and peaceful performance of his or her duties.

The Company demands that in work relations inside or outside the organisation, no harassment takes place, or behaviour that might be construed as mobbing, all of which are prohibited, without exception.

The following conduct can be classified as such:

- create a hostile, intimidating, isolating or otherwise discriminatory environment towards anyone, individual or group;
- engage in unjustified interference with the performance of others' work;
- hinder others' individual job prospects for reasons of personal competitiveness or that of other employees.

Any incidents of discrimination may be reported to the Supervisory Body, which shall carry out the necessary investigations and inform the Board of Directors for the implementation of appropriate measures. In such cases, **the Group undertakes to protect those involved against any form of retaliation or retribution**. No incidents of discrimination were recorded in the three-year period.

The intention of adopting policies in line with the **ILO Convention** is also firmly stated within the Code of Ethics, by promoting the prevention of child labour not only in the Group's activities but also in those of its suppliers. As already described in the previous chapters, respect for human rights in the supply chain is also ensured through the **administration of an ESG questionnaire to suppliers, which is periodically reviewed and assessed**. The questionnaire concerns various certifications – including SA 8000 – and the adoption of policies concerning, among other issues, the prevention of incidents linked to child labour, forced labour and lack of freedom of association and collective bargaining.

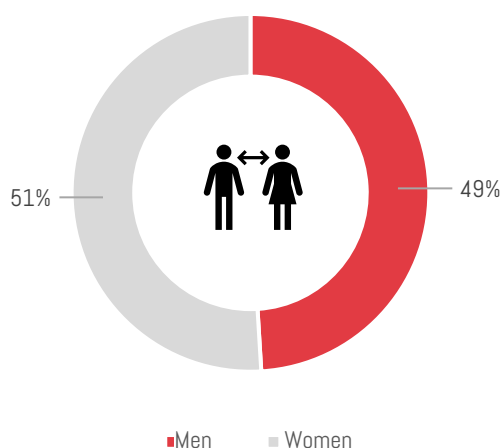
Owing to its presence in several countries, the Company is careful to prevent the exploitation of child labour by expressly forbidding the employment in its production activities, even through intermediaries, of minors below the minimum age for employment established by Italian law and by the regulations in force where the service is provided. Similarly, Mario Levi strives to ensure that its suppliers do not breach local and international regulations on child labour either, by carrying out checks on them to avoid entering into contractual relationships with parties that exploit personnel below the minimum age allowed by the regulations and that violate human rights.

IN the pursuit of its business, the Group constantly strives to provide its employees with dignified, ethical, inclusive and respectful work environments, as set forth also by the Code of Ethics. Employees are granted the freedom to associate and to choose whether they wish to be represented by a third party, in compliance with the regulatory framework.

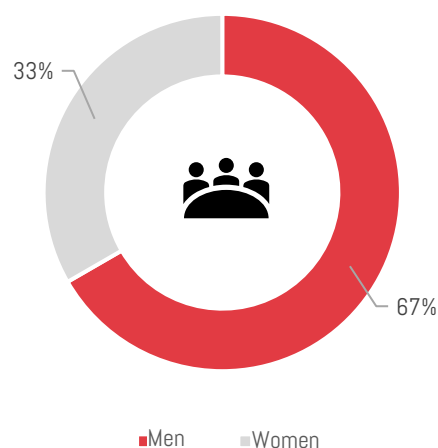
Mario Levi undertakes to provide equal opportunities for work and career advancement, without any discriminations, continuing to uphold the importance of an inclusive and diversified organisation.

Although the number of women working for the Group Companies is high (54%), the Group acknowledges that there is still room for improvement at top-management level. Therefore, the Group is pursuing strategies to **boost women's progress in middle and top management positions** as well as in the most critical operational and technical positions, where under-representation may be more marked.

Gender diversity among employees



Gender diversity in the Board



5.4 Quality, safety of the products and customer satisfaction

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

In the pursuit of its quality policy, the Company assesses processes, activities and services on a yearly basis, in order to identify those that might fail to ensure the highest quality in the products supplied to customers. **A great deal of attention is paid to the achievement of the expected results in the quality of the products and services provided.**

With the quality management system the Group aims to:

- **meet** customers' expectations, aiming to implement improvement plans, where a deficiency in the organisation is evident, or the possibility of better addressing the customer's needs;
- **consolidate** the company's position in its areas of operation;
- **promote** activities aimed at breaking into new markets;
- **promote** opportunities for cooperation and synergies with partner companies in the industry;
- **improve** the quality level of its products, by streamlining company processes and the continuous monitoring of suppliers, also with regard to aspects of sustainability and compliance with the regulations protecting the environment;
- **increase** competitiveness, always in compliance with legal provisions, with specific reference to regulations on the Environment, Occupational Health and Safety and fire prevention;
- **pursue** the motivation and professional improvement of the organisation's workers, promoting equal opportunities;
- constantly **streamline** its production processes through improvement plans, always with a view to the prevention and protection from accidents and occupational disease;
- **reduce** the costs of "non quality";
- **improve** environmental and sustainability performance;
- **ensure** ever growing attention to environmental protection, including pollution prevention (with specific reference to the reduction of GHG emissions), waste reduction and energy savings.

Furthermore, in addition to providing safe and high quality products, solely with regard to environmental issues, the Group also undertakes to:

- **carry out** direct and indirect processes compliant with the environmental laws in force, with internal regulations and with all the requirements derived from contractual agreements with third parties;
- **pay attention** to pollution prevention;
- constantly **carry out** an analysis of the Environmental Management System with a view to continuous improvement of performance by identifying suitable objectives;
- openly engage in **dialogue** with stakeholders on the possible environmental effects of operations and guarantee cooperation with public authorities;
- **encourage** accountability and awareness by employees engaged at all levels in company activities through appropriate information and training programmes;
- **safeguard** water resources by preventing accidental leaks of hazardous substances and waste of energy and other resources;
- **ensure** the appropriate management of the waste generated, promoting its recovery where possible.

Over the years the **Group has never received fines or monetary penalties for non-compliance with the information notice and labelling of its products or with regard to their impact on health and safety**; furthermore, no product already on the market has ever been recalled due to non conformity.

The Group is constantly committed to guaranteeing **adequate quality standards** for all products and services offered, aimed at achieving total customer satisfaction, which are also defined on the basis of any suggestions or complaints from customers.

To this end, a quality management system has been prepared and implemented for all operational and support processes: from design to construction in general.

For special activities and projects, which have a significant impact on customers, the Group also undertakes to consult consumer protection associations to learn and assess their considerations and indications (regulations, guidelines, etc.) on the matter.

No instances of product non-conformity to the health and safety regulations have been observed.

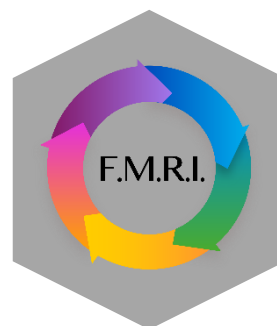
5.5 Support and involvement of the local community

413-1 Operations with local community engagement, impact assessments, and development programmes

As a group, Mario Levi is engaged in **a number of philanthropic activities**, including donations to various national bodies, such as **Gruppo Verolese Volontari del Soccorso**, **Fondazione Telethon**, **Italian Cancer Research Association (AIRC)** and the **Federation of Rare Children's Diseases**.

The Group is aware of the effects of its activities on the economic, social and cultural development of the community, as well as its well-being in general. Therefore, the Mario Levi Group believes social acceptance in the communities it interacts with is very important.

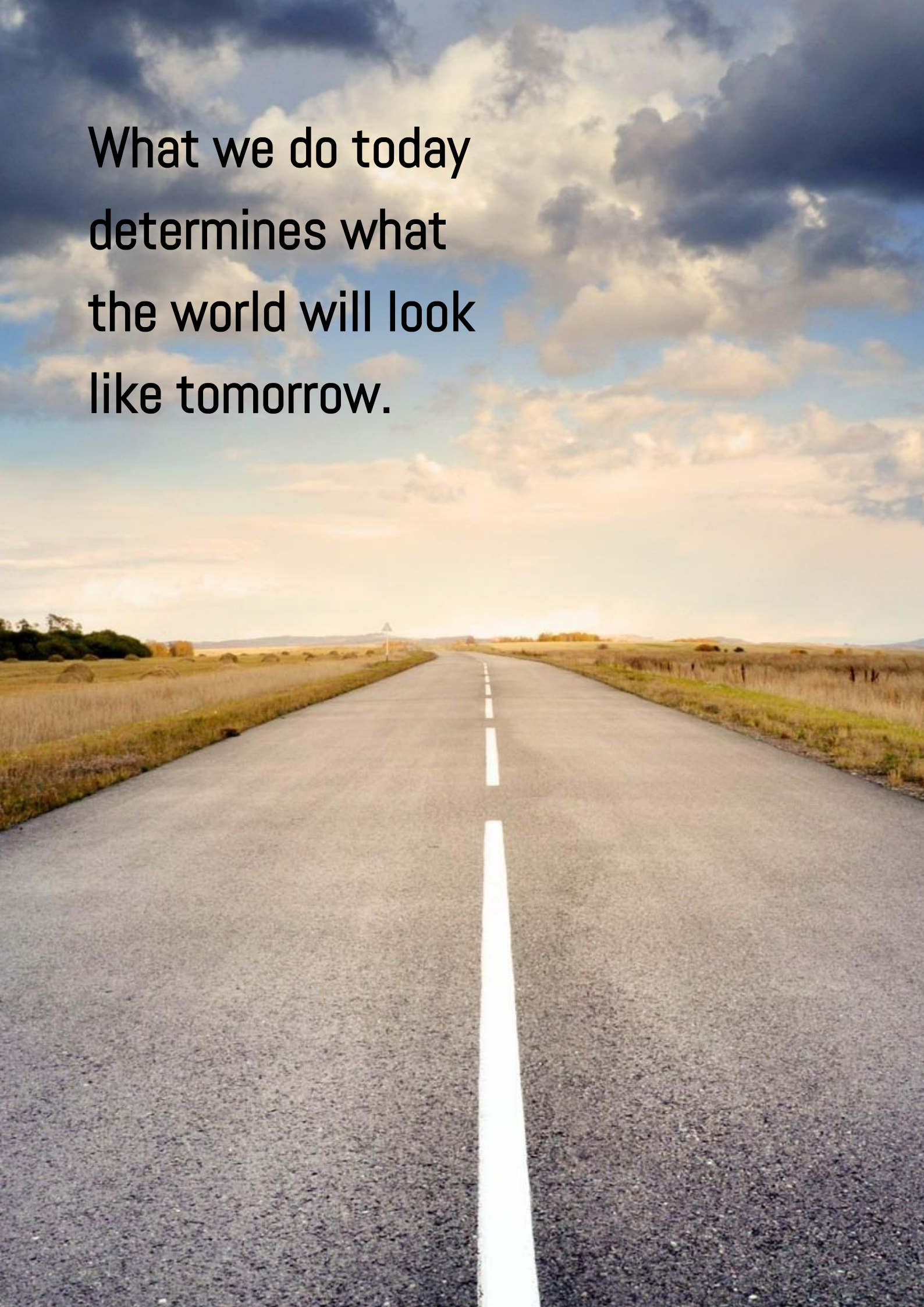
THE MAIN ASSOCIATIONS SUPPORTED

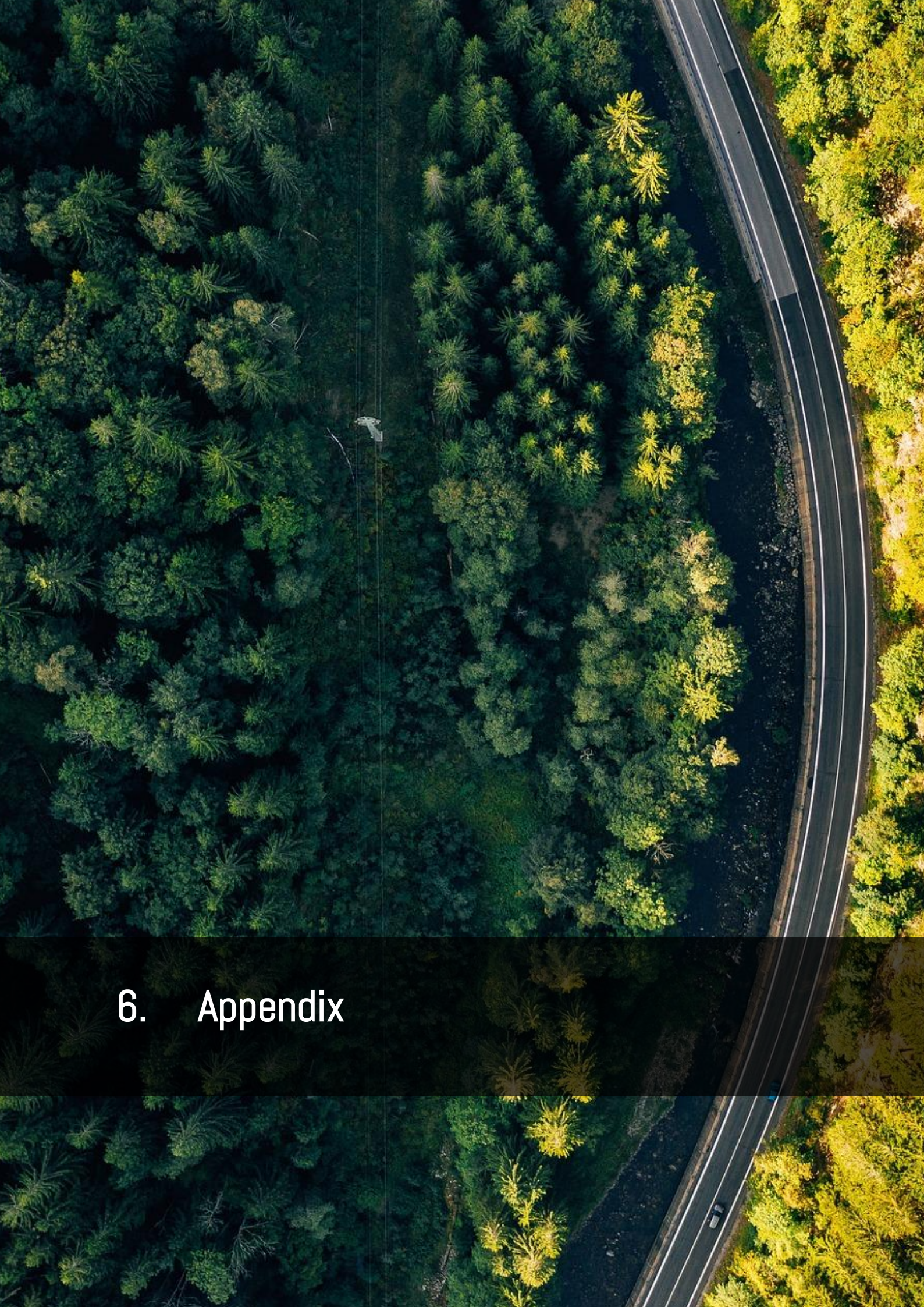


The Group intends to conduct its investments in accordance with **sound business practices and with respect for the rights, needs and expectations of local communities**, in order to enhance its reputation and the social legitimacy of its operations, and to make an active contribution to the progress of the community.



What we do today
determines what
the world will look
like tomorrow.





6. Appendix

6.1 GRI content index

Statement of use	Mario Levi S.p.A. has reported the information included in this GRI content index for the period 1 January 2023 – 31 December 2023 in accordance with GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI CONTENT INDEX		
GRI STANDARD	DISCLOSURE	LOCATION/NOTES
GENERAL STANDARD DISCLOSURES (2021)		
General disclosure		
The organisation and its reporting practices		
GRI 2: General disclosure 2021	2-1 Organizational details	<i>2.3 Activities and business model</i>
	2-2 Entities included in the organisation's sustainability report	1.2 The drafting criteria of the Sustainability Report
	2-3 Reporting period, frequency and contact point	1.2 The drafting criteria of the Sustainability Report
	2-4 Restatements of information	Not applicable as first year of reporting
	2-5 External assurance	The 2023 Report will not be subject to external assurance
Activities and workers		
GRI 2: General disclosure 2021	2-6 Activities, value chain and other business relationships	<i>2.3 Activities and business model</i>
	2-7 Employees	<i>5.2 Human capital and talent development</i>
	2-8 Workers who are not employees	<i>5.2 Human capital and talent development</i>
	2-9 Governance structure and composition	<i>3.1 The corporate governance model</i>
	2-10 Nomination and selection of the highest governance body	<i>3.2 Ethics and integrity</i>
	2-13 Delegation of responsibility for managing impacts	<i>3.1 The corporate governance model</i>
	2-14 Role of the highest governance body in sustainability reporting	<i>3.1 The corporate governance model</i>
	2-15 Conflicts of interest	<i>3.2 Ethics and integrity</i>
	2-16 Communication of critical concerns	<i>3.2 Ethics and integrity</i>
	2-17 Collective knowledge of the highest governance body	<i>3.1 The corporate governance model</i>
Strategy, policies and practices		
GRI 2: General disclosure 2021	2-22 Statement on sustainable development strategy	<i>Letter to the stakeholders</i>
	2-23 Policy commitments	<i>3.3 The commitment to sustainability</i>
	2-24 Embedding policy commitments	<i>3.3 The commitment to sustainability</i>
	2-26 Mechanisms for seeking advice and raising concerns	<i>3.1 The corporate governance model</i>
	2-27 Compliance with laws and regulations	<i>3.2 Ethics and integrity, table 4.1</i> NUMBER OF FIES RECEIVED AND

		RELEVANT AMOUNTS PER COMPANY" in appendix
Stakeholder engagement		
GRI 2: General disclosure 2021	2-29 Approach to stakeholder engagement	<i>1.3 Stakeholder engagement and the process for identifying material topics</i>
	2-30 Collective bargaining agreements	<i>5.2 Human capital and talent development</i>
Material topics		
Disclosures on material topics		
GRI 3: Material topics 2021	3-1 Process to determine material topics	<i>1.4 The material topics</i>
	3-2 List of material topics	<i>1.4 The material topics</i>
	3-3 Management of material topics	<i>1.4 The material topics; for the individual material topics reported within each specific chapter</i>
Economic		
Economic performance		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	<i>3.5 Value creation and distribution</i>
Procurement practices		
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	<i>3.5 Value creation and distribution</i>
Anti-corruption		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	<i>3.2 Ethics and integrity</i>
	205-3 Confirmed incidents of corruption and actions taken	<i>3.2 Ethics and integrity</i>
Anti-competitive Behaviour		
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<i>6.1 GRI Content Index</i>
Environment		
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>4.2 Materials used</i>
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<i>4.1 Energy efficiency and climate change</i>
	302-3 Energy intensity	<i>4.1 Energy efficiency and climate change</i>
Water and Effluents		
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	<i>4.3 Water resource management</i>
Biodiversity		
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	<i>4.6 Land and biodiversity protection</i>
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<i>4.1 Energy efficiency and climate change</i>
	305-2 Energy indirect (Scope 2) GHG emissions	<i>4.1 Energy efficiency and climate change</i>
	305-4 GHG emissions intensity	<i>4.1 Energy efficiency and climate change</i>

Waste		
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	<i>4.4 Responsible waste management and circular economy</i>
	306-3 Waste generated	<i>4.4 Responsible waste management and circular economy</i>
	306-4 Waste diverted from disposal	<i>4.4 Responsible waste management and circular economy</i>
	306-5 Waste directed to disposal	<i>4.4 Responsible waste management and circular economy</i>
Supplier Environmental Assessment		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	<i>4.2 Materials used</i>
Social performance		
Employment		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>5.2 Human capital and talent development</i>
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	<i>5.1 Workers' health, safety and well-being</i>
	403-2 Hazard identification, risk assessment, and incident investigation	<i>5.1 Workers' health, safety and well-being</i>
	403-3 Occupational health services	<i>5.1 Workers' health, safety and well-being</i>
	403-4 Worker participation, consultation, and communication on occupational health and safety	<i>5.1 Workers' health, safety and well-being</i>
	403-5 Worker training on occupational health and safety	<i>5.1 Workers' health, safety and well-being</i>
	403-6 Promotion of worker health	<i>5.1 Workers' health, safety and well-being</i>
	403-8 Workers covered by an occupational health and safety management system	<i>5.1 Workers' health, safety and well-being</i>
	403-9 Work-related injuries	<i>5.1 Workers' health, safety and well-being</i>
	403-10 Work-related ill health	<i>5.1 Workers' health, safety and well-being</i>
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	<i>5.2 Human capital and talent development</i>
	404-3 Percentage of employees receiving regular performance and career development reviews	<i>5.2 Human capital and talent development</i>
Diversity and equal opportunity		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	<i>5.3 Diversity, social inclusion and non discrimination</i>
	405-2 Ratio of basic salary and remuneration of women to men	<i>5.3 Diversity, social inclusion and non discrimination</i>
Non Discrimination		
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	<i>5.3 Diversity, social inclusion and non discrimination</i>

Freedom of Association and Collective Bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<i>5.3 Diversity, social inclusion and non discrimination</i>
Child Labour		
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	<i>5.3 Diversity, social inclusion and non discrimination</i>
Forced or Compulsory Labour		
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	<i>5.3 Diversity, social inclusion and non discrimination</i>
Local Communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	<i>5.5 Support and involvement of the local community</i>
Supplier Social Assessment		
Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<i>5.4 Quality, safety of the products and customer satisfaction</i>
Privacy		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<i>3.8 Data privacy and cybersecurity</i>

6.2 Data and indicators

LIST OF MATERIAL TOPICS AND RELEVANT IROs

LIST OF IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED TO EACH MATERIAL TOPIC

Material topics	IRO	Description of impact, risk or opportunity	P/N	A/P
Innovation, study of materials and circular economy	I	Lower environmental impact and increased efficiency of work processes derived from research into the production of bio-based leather and supported by the LCA assessment	Positive	Current
	O	Increase in revenues derived from the increase in sales of bio-based products as an alternative to animal-origin products		
Energy efficiency, emissions into the atmosphere and climate change	I	Emissions into the atmosphere of pollutants and GHGs	Negative	Current
	R	Loss of market share due to the lack of a decarbonisation strategy		
	O	Economic savings and increased market share derived from the use of energy from renewable sources		
Water use and wastewater treatment	I	Environmental impact derived from incorrect practices in wastewater management from production processes	Negative	Potential
	R	Loss of market share linked to reputational aspects in connection with any negative environmental impacts		
	R	Penalties resulting from management practices deviating from the regulations in force		
Responsible waste management	I	Environmental impact derived from non-compliant waste management practices	Negative	Potential
	R	Decreased market share linked to reputational costs resulting from potential negative environmental impacts		
	R	Loss of revenues due to penalties relating to incorrect waste management		
	O	Increased revenues and market share originating from the sale of production scraps		

Management and reduction of hazardous chemical substances	I	Environmental contamination related to the use or release of chemical substances during production processes	Negative	Potential
	O	Loss of revenues due to penalties for failure to comply with the obligations set forth by (It.) Legislative Decree no. 1907/2006 (REACH regulation)		
Land and biodiversity protection	I	Impacts on changes in land use due to the procurement of bio-based raw materials	Negative	Current
	R	Reputational costs and loss of market share due to failed monitoring of possible supplier failures in the protection of the land and biodiversity		
Occupational health, safety and well-being	I	Occurrence of work-related injuries and/or cases of occupational diseases caused by the type of activities	Negative	Potential
	R	Loss of revenues due to any penalties and/or compensation due to occupational diseases, injuries, cases of nonconformities		
	O	Economic savings linked to the increased awareness in the field of health and safety as a result of training and awareness-raising activities provided to employees and workers		
Human capital and talent development	I	Consolidation and growth of employees' skills through training and specialisation courses, also raising personnel's awareness on sustainability issues; and use of pathways aimed at developing talents	Positive	Potential
	O	Increased revenues thanks to greater personnel specialisation and efficiency		
Quality and safety of the products and customer satisfaction	I	Possible cases of nonconformities to the quality standards and product safety features	Negative	Potential
	R	Loss of market share and risk of legal disputes due to nonconforming products		
	O	Financial impacts derived from the consolidation of customer satisfaction safeguards through end-user feedback collection practices		

Support to and development of local communities	I	Social and economic development of the local communities where the Company operates thanks to solidarity initiatives and sponsorships	Positive	Current
	O	Reputational costs and loss of market share due to failed monitoring of possible supplier failures in the protection of the land and biodiversity		
Diversity, equal opportunity and non discrimination	I	Dissemination of a corporate culture aimed at promoting inclusivity, equal opportunity and preventing all forms of discrimination	Positive	Potential
	I	Occurrence of incidents of discrimination against minorities and/or under-represented groups	Negative	Potential
	O	Increased market share thanks to obtaining the UNI/PdR 125:2022 certification		
Human Rights, Responsible Value Chain and Traceability	I	Consolidation and growth of employees' skills through training and specialisation courses, also raising personnel's awareness on sustainability issues; and use of pathways aimed at developing talents	Negative	Potential
	R	Financial impacts linked to loss of customers and supply breakdowns due to cases of nonconformities in the environmental and social fields		
	O	Increased brand reputation in relation to the implementation of certified and standardised assessment procedures for products, guaranteeing the protection of the environment and people along the value chain		
Compliance, ethics and corporate governance	I	Mitigation of cases of non conformity to the applicable regulations thanks to adoption of MOM 231	Positive	Potential
	I	Occurrence of cases of nonconformities to the applicable regulations in terms of ethics and corporate governance	Negative	Potential
	R	Incidents of corruption and unlawful conduct with economic repercussions on the company due to penalties		
Animal welfare	I	Negative impact on animal welfare due to failed monitoring of livestock management practices	Negative	Potential
	R	Loss of market share and customers due to nonconforming practices for animal welfare for the sourcing of hides		

Value creation and distribution	I	Distribution in the local area of the economic value generated through business operations	Positive	Potential
	O	Positive financial impacts derived from increased local wealth		
Risk management	I	Prevention of cases of nonconformities thanks to risk identification and management procedures	Positive	Current
	R	Financial impacts linked to the occurrence of events associated to risks unmapped in the ESG area		
	O	Economic savings derived from the strengthening of safeguards protecting business areas subject to risks		
Cybersecurity and Data Privacy	I	Loss or publication of sensitive data, confidential information on products, employees, customers and partners	Negative	Potential
	R	Financial impact linked to the breakdown of activities due to cyberattacks, specifically on the management systems of production processes		
	O	Increased market share thanks to obtaining the ISO 27001 certification		

1. PERSONNEL MANAGEMENT

1.1 NUMBER OF EMPLOYEES PER WORK CONTRACT BROKEN DOWN BY GENDER (2021 – 2023)

	FY 2023			FY 2022			FY 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Mario Levi Group	127	132	259	129	132	261	120	122	242
Open-ended contracts	126	126	252	124	127	249	119	119	238
Temporary contracts	1	6	7	5	5	10	2	2	3
Other	-	-	-	-	-	-	-	-	-

1.2 NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT (FULL-TIME/PART-TIME) AND GENDER (2021-2023)

	FY 2023			FY 2022			FY 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Mario Levi Group	127	132	259	129	132	261	120	122	242
Full-time	125	107	232	128	113	241	119	105	224
Part-time	2	25	27	1	19	20	1	17	18

1.3 NUMBER OF WORKERS WHO ARE NOT EMPLOYEES (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group	49	45	31

1.4 GENDER DIVERSITY IN THE GOVERNANCE BODY BY AGE GROUP (2021 – 2023)

	FY 2023			FY 2022			FY 2021		
	Men	Women	share	Men	Women	share	Men	Women	share
Gender share (%)	67%	33%		67%	33%		67%	33%	
Mario Levi Group (no.)	4	2		4	2		4	2	
Age < 30 years old	-	-	-	-	-	-	-	-	-
Age 30<x<50	-	1	17%	-	1	17%	-	1	17%
Age > 50	4	1	83%	4	1	83%	4	1	83%

1.5 GENDER DIVERSITY AMONG EMPLOYEES BY AGE GROUP AND COUNTRY (2021-2023)

	FY 2023			FY 2022			FY 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Mario Levi Group	127	132	259	129	132	261	120	122	242
Executives	5	-	5	5	-	5	5	-	5
Less than 30 years old	-	-	-	-	-	-	-	-	-
Between 30 and 50 years old	2	-	2	2	-	2	2	-	2
Over 50 years old	3	-	3	3	-	3	3	-	3
Middle Managers	7	2	9	7	-	7	9	-	9
Less than 30 years old	-	-	-	-	-	-	-	-	-
Between 30 and 50 years old	5	-	5	5	-	5	6	-	6
Over 50 years old	2	2	4	2	-	2	3	-	3
Heads	15	9	24	14	12	26	12	12	24
Less than 30 years old	-	-	-	-	-	-	-	-	-
Between 30 and 50 years old	9	7	16	10	7	17	10	8	18
Over 50 years old	6	2	8	4	5	9	2	4	6
Production workers	100	121	221	103	120	223	94	110	204
Less than 30 years old	16	13	29	22	10	31	25	19	44
Between 30 and 50 years old	63	66	129	62	69	131	57	58	115
Over 50 years old	21	42	63	19	41	60	12	33	45

1.6 PERCENTAGE RATIO BETWEEN BASE SALARY PAID TO WOMEN COMPARED TO MEN (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group	90%	83%	86%
Executives	-	-	-
Manager	-	-	-
Office workers	90%	91%	95%
Production workers	89%	69%	71%

2. HUMAN CAPITAL FORMATION AND DEVELOPMENT

2.1 AVERAGE NUMBER OF TRAINING HOURS PER YEAR BY GENDER AND LEVEL (2021-2023)

	FY 2023			FY 2022			FY 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Mario Levi Group	4.3	4.7	4.5	6.3	6.3	6.3	6.2	4.1	5.1
Executives	8.0	-	8.0	-	-	-	47.5	-	47.5

Manager	10.6	9.5	10.4	5.7	-	5.7	14.7	-	14.7
Office workers	8.3	8.2	8.2	30.3	19.5	23.3	6.0	25.9	20.6
Production workers	3.4	4.4	4.0	5.5	5.8	5.3	3.7	2.1	2.9

3. WELL-BEING, OCCUPATIONAL HEALTH AND SAFETY

3.1 NUMBER OF EMPLOYEE ACCIDENTS BY TYPE (2021-2023)

Work-related injuries (no.)	FY 2023	FY 2022	FY 2021
Mario Levi Group	4	-	4
Injuries	4	-	4
At work	4	-	4
Commuting	-	-	-
Accidents with serious consequences	-	-	-
Deaths following accidents	-	-	-

3.2 NUMBER OF NON-EMPLOYEE WORKER ACCIDENTS BY TYPE (2021-2023)

Work-related injuries (no.)	FY 2023	FY 2022	FY 2021
Mario Levi Group	1	2	1
Injuries	1	2	1
At work	1	-	1
Commuting	-	2	-
Accidents with serious consequences	-	-	-
Deaths following accidents	-	-	-

3.3 WORK-RELATED ACCIDENT RATE OF EMPLOYEES (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group			
Total recorded accidents	4	-	4
<i>In Company</i>	<i>4</i>	<i>-</i>	<i>2</i>
<i>Commuting</i>	<i>-</i>	<i>-</i>	<i>2</i>
Rate of recordable work-related injuries	14.9	-	17.2
Death rate	-	-	-

Serious injuries rate	-	-	-
Estimated worked hours	267,603	266,676	232,935

3.4 WORK-RELATED ACCIDENT RATE OF NON-EMPLOYEE WORKERS (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group			
Total recorded accidents	1	2	1
<i>In Company</i>	1	-	1
<i>Commuting</i>	-	2	-
Rate of recordable work-related injuries	13.2	29.6	18.22
Death rate	0	0	0
Serious injuries rate	0	0	0
Estimated worked hours	75,857	67,507	54,908

Calculation notes:

*Rate of recordable work-related injuries: (no. of recordable injuries / no. of hours worked) * 1,000,000.*

*Rate of deaths due to work-related injuries: (no. of deaths due to work-related injuries / no. of hours worked) * 1,000,000.*

*Rate of work-related injuries with serious consequences (fatal accidents excluded): (no. of work-related injuries with serious consequences / no. of hours worked) * 1,000,000.*

4. OTHER GOVERNANCE INDICATORS

4.1 NUMBER OF PENALTIES RECEIVED AND RELEVANT AMOUNTS PER COMPANY (2021-2023)

	FY 2023		FY 2022		FY 2021	
	Number of penalties	monetary value	Number of penalties	monetary value	Number of penalties	monetary value
Total	10	4,291.01 €	8	3,157.47 €	5	2,019.22 €

Notes: No case related to the penalties received is especially significant.

4.2 PROPORTION OF SPENDING ON LOCAL SUPPLIERS³ (2021-2023)

		FY 2023	FY 2022	FY 2021
Mario Levi Group				
Purchases from Italian suppliers	€	49,725,000	42,718,000	35,311,000
Total purchases	€	88,955,000	82,142,000	61,268,000
Expenditure on local suppliers	%	55.9%	52.0%	57.6%
Suppliers based in Italy	no.	229	190	239
Total suppliers	no.	276	229	274
Percentage of local suppliers	%	83.0%	83.0%	87.2%

5. RESPONSIBLE WASTE MANAGEMENT AND CIRCULAR ECONOMY

5.1 TONNES OF WASTE GENERATED BROKEN DOWN BY TYPE AND PROCESSING AT DESTINATION (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group	3,876.6	3,735.2	3,258.8
Directed to disposal	2,739.7	2,619.9	1,908.4
Non hazardous	2,738.4	2,619.2	1,907.9
Hazardous	1.3	0.7	0.5
Directed to recovery operations	1,136.9	1,115.3	1,350.4
Non hazardous	1,136.8	1,115.0	1,349.8
Hazardous	0.1	0.3	0.6

6. ENERGY TRANSITION AND CLIMATE CHANGE

6.1 ENERGY CONSUMPTION IN MWh BROKEN DOWN BY SOURCE (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group	5,774.6	5,847.7	5,742.7
Natural gas used for heating	3,274.2	3,267.6	3,467.4
Electricity from non-renewable sources	2,263.9	2,308.7	2,136.3
Petrol for motor vehicles	20.5	3.3	-
Diesel fuel for motor vehicles	215.9	268.1	139.0

³ 'Local' refers to suppliers based in Italy

6.2 ENERGY INTENSITY IN MWh/000€ (2021-2023)

	UM	2023	2022	2021
Mario Levi Group				
Energy consumed	MWh	5,774.6	5,874.7	5,742.7
Revenues	€	116,125,982	103,813,037	79,798,246
Energy intensity	MWh/€000	50	57	72

6.3 GHG EMISSIONS IN TONNES OF CO₂eq BY TYPE (SCOPE 1, SCOPE2 MB/LB, 2021-2023)⁴

Greenhouse gas emissions (eqtCO ₂)	FY 2023	FY 2022	FY 2021
Mario Levi Group (1+2 Location Based)	1,236	1,362	1,235
Mario Levi Group (1+2 Market Based)	1,622	1,712	1,635
Direct Scope 1 emissions	649	657	659
<i>Natural gas</i>	<i>589</i>	<i>589</i>	<i>623</i>
<i>Petrol for motor vehicles</i>	<i>5</i>	<i>1</i>	-
<i>Diesel fuel for motor vehicles</i>	<i>54</i>	<i>68</i>	<i>35</i>
Indirect Scope 2 emissions – Location-based	587	705	576
Indirect Scope 2 emissions – Market-based	1,035	1,055	976

6.4 GHG EMISSIONS INTENSITY IN eqkgCO₂/€000 (2021-2023)

	FY 2023	FY 2022	FY 2021
Mario Levi Group			
Scope 1 emissions (eqtCO ₂)	649	657	658
Scope 2 emissions – Location-based (eqtCO ₂)	587	705	576
Scope 2 emissions – Market-based (eqtCO ₂)	1,035	1,055	976
Total Scope 1+2 LB (eqtCO ₂)	1,236	1,362	1,235
Total Scope 1+2 MB (eqtCO ₂)	1,683	1,712	1,635
Annual turnover (m €)	116,125,982	103,813,037	79,798,246
Emissions intensity scope 1	5.6	6.3	8.2
Emissions intensity scope 2 LB	5.1	6.8	7.2
Emissions intensity scope 2 MB	8.9	10.2	12.2
Emissions intensity scope 1+2 LB	10.6	13.1	15.5
Emissions intensity scope 1+2 MB	14.5	16.5	20.5

⁴ The conversion factors for calculating Scope 1 emissions were taken from the following document: Table of national standard parameters published by the Higher Institute for Environmental Protection and Research (ISPRA); whereas emission factors were taken from "Greenhouse gas reporting: conversion factors" (DEFRA).

The conversion factors for calculating Scope 2 Location-based emissions were taken from the following report: Efficiency and decarbonisation in Italy and in the largest European countries. Published by the Higher Institute for Environmental Protection and Research (ISPRA). The conversion factors for calculating Scope 2 Market-based emissions were taken from the following report: European Residual Mixes published by the Association of Issuing Bodies (AIB).

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