2023 Sustainability Report

FREELAND

Contents

1. Letter to stakeholders

In our opinion, doing business responsibly means being aware of the social, environmental, and economic impacts a business may have and being able to organize it in such a way as to minimize its negative effects and continuously seek to create positive ones.

This notion is based on a strong belief, moral obligation, and generational responsibility that we should pass on an alternative thought to our children, a new approach aimed at protecting the world by preserving the environment and the social and economic development of our planet.

By drawing up this voluntary Sustainability Report, Freeland intends to put on paper the management practices and the attention it has paid to social and environmental aspects for many years now, updated for the year 2023.

The path undertaken by Freeland over the years, of which this report is only the last section, is fundamental in our view to ensure our credibility and soundness vis-à-vis our stakeholders, and comes even before any product-related issue.
For our past and present success, we must emphasize the valuable collaboration with all the players involved in the Freeland system: employees, partners, service providers and contractors, people who are always ready and open to share information and modify their habits in the name of change and for the sake of customers, as an inexhaustible source of good practices and driving philosophies.

The objectives we set ourselves are increasingly challenging, but necessary to support the principle that “Made in Italy” cannot be linked only to products, but must also be a guarantee of a wholly sustainable process and continuous improvement.

“Leave this world a little better than how you found it.”
quote from Sir Robert Baden-Powell

Enjoy your reading!

CEO & Chairman
Giacomo Tiezzi


TREELAND

2. Highlights

Female quota

146

Women are **64**% of our workforce

Employee training hours

790

+**114%** compared to 2022

2023 turnover

€ 85,534,762

+**18%** compared to 2022

Employee increase

+40

+**21**% compared to 2022

Community suppliers

48%

Of total suppliers

Investments

€ 2,293,829

+**448%** compared to 2022

Supplier audits

+25

+ **47%** compared to 2022

Support to voluntary organizations and social cooperatives

€ 17,000

+ **42%** compared to 2022

Pairs produced

472,000

+ **22,000** compared to 2022

CHAPTER 3

Freeland: who we are

3. Freeland: Who we are

Freeland S.r.l. is a limited-liability company that manufactures footwear for major national and international brands. We have approximately 230 employees who work in 4 buildings located in Via Giovanni da Verrazzano, Via Fogar, Via Caboto, and Via Falcone in Fucecchio (in the province of Florence, Italy).

3.1 OUR HISTORY

2000
Freeland S.r.l. was founded in 2000 with operational headquarters in Fucecchio (via Galilei).

2006
With the development and increase of our operations, between 2005 and 2006 we moved to our current location in via Verrazzano and, in the same year, we obtained the ISO 14001 certification for our Environmental Management System.

2009
SA8000 certification obtained. At the beginning of the year 2009, we started using the warehouse located at street numbers 10 and 12 as a new building for our pattern-making activities.

2015
In via Ambrogio Fogar, in Fucecchio, we started the construction of the third building, to be mainly used as a control centre where goods and semi-finished products are sorted, as well as a warehouse for raw materials.

2016
We merged with Ypsilon Calzature S.r.l.

2017
The two buildings in via G. da Verrazzano are connected by an elevated walkway.

2018
Purchase of a new production site in via Caboto, where we transferred our manufacturing facility that was previously located in via Galilei.

2020
Between 2019 and 2020, the two buildings in via G. da Verrazzano were united with the construction of a new Special Processes department.
Subsequently, this department was transferred to the new local unit of via Falcone in Fucecchio (2022). During the same year, we obtained the ISO 45001 certification for our Occupational Health and Safety Management Systems (OHSMS).

2023
In September 2023, the new Upper Construction Department was set up in the premises of via Fogar.

3.2 OUR CORPORATE VALUES

Freeland is a company that aims to obtain a very high level of quality of its products, trying to fully meet the demands and expectations of customers and stakeholders. For us, high quality must necessarily go hand in hand with sustainable development, which reconciles environmental, social and governance needs.

Our values are not only our inspiring principles for everyday behaviour, but also the foundation of a periodic and systematic review of our objectives and development plans.

For several years, the Management has been codifying these values through codes of ethics and reference policies for the organization and all its stakeholders.

Within the framework of the management systems and control models we adopted, plans and objectives are reviewed on an annual basis in the areas of quality, good governance, social accountability, and the environment. This review activity is supported by the SA8000, ISO14001, and ISO45001 certifications Freeland has obtained over the years.

With the voluntary publication of this Sustainability Report, Freeland is committed to ensure that all the actions defined in our policies are implemented through our management systems and organizational models, and that everything is accounted for in a timely and transparent manner with recognized tools and standards.

In fact, a correct and effective reporting will further underline our focus on the protection of each person and respect for human rights at all times during work, as well as on the control and mitigation of our environmental impact.

In addition, all these targeted actions expand outside our business units and also affect our production chain, which is essential to support and ensure future development.

3.3 BUSINESS AND ORGANIZATIONAL MODEL

Freeland can fully meet the expectations of its customers by ensuring both the design and development of its products (where required) and the production of a wide range of shoes and sandals for both men and women.

Thanks to the experience and skills acquired from the year 2000 (our foundation year), we offer the possibility of being a primary partner for the most important fashion brands. By combining traditional craftsmanship and an industrial mentality supported by advanced technologies, Freeland has developed both manual skills and innovation over the years in a winning harmonious blend.

Our internal structure has developed over the years up to the present day and now we have a system of functions capable of supervising all business processes. Furthermore, our continuous training and professional development programs have constantly allowed us to develop new skills and establish a skilful and motivated team.

The organizational tools adopted, such as management systems and control models, are inspired by international and national regulations (SA8000, ISO14001, ISO45001, D.Lgs. [Legislative Decree] no. 231/01) that lay the basis for our governance of processes. Certification bodies and the Surveillance Board determine an additional level of control that contributes to continuous improvement.

The protection of workers, the maintenance of a positive work environment, and our strong focus on occupational safety allow us to create an inclusive and pleasant working environment for our staff through recurrent effective initiatives.
The contribution of a large number of suppliers allows our company to obtain our raw materials (leather, textiles, accessories) in a dynamic, fast, and professional manner. The supply chain of raw materials and accessories is directly defined and controlled by our clients/brands, while manufacturing processes are selected and controlled directly by Freeland, which ensures quality for products and each individual process.

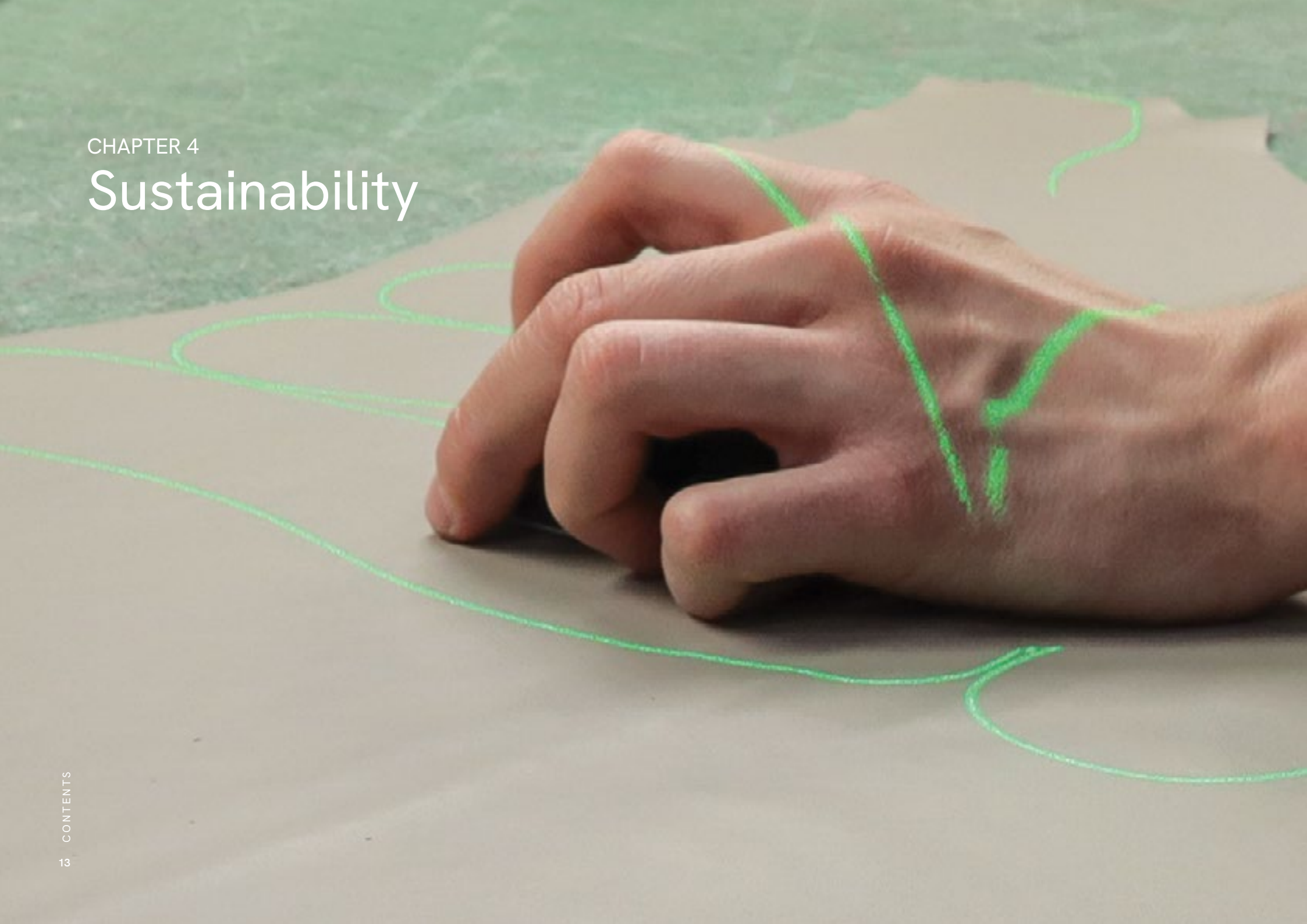
3.4 OUR CERTIFICATIONS

Over the years, in order to ensure sustainable development, we have adopted an integrated management system to obtain the following certifications:

ISO 14001:2015; a process started on 12 December 2006 for our sites of via Giovanni da Verrazzano and via Ambrogio Fogar.

SA8000:2014; process started in 2009 for all our manufacturing sites.

ISO 45001:2018; process started on 23 July 2020 for our sites of via Giovanni da Verrazzano and via Ambrogio Fogar.



CHAPTER 4

Sustainability

4. Sustainability

4.1 OUR VALUE CHAIN

Our value chain consists of two main flows: the development of prototypes and samples, and footwear assembly.
Each phase of the chain involves various internal and external stakeholders, whose expectations and requests vary considerably and may impact social, environment, and governance topics in various ways.

Development

DRAWING

PREPARATION OF A PATTERN

PROTOTYPING

FAULT IDENTIFICATION

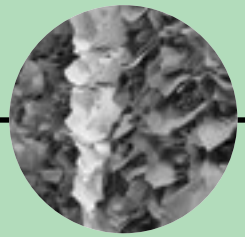
SAMPLE SET

INDUSTRIALIZATION

ANCILLARY PROCESSES

CUTTING

RECEPTION AND CONTROL OF MATERIALS



ORDER OF SUPPLIES

CREATION OF BILLS OF MATERIALS (BOM)

Manifacturing

UPPER BINDING

STROBEL STITCHING

ASSEMBLING

FINISHING

PACKAGING

4.2 OUR STAKEHOLDERS

An effective management of sustainability reporting requires in-depth knowledge and analysis of the peculiarities, expectations, and needs of all stakeholders.

Our stakeholders are all those who are or could be positively or negatively affected by our operations and activities.

Our internal and external stakeholders have been identified and analysed with the purpose of determining their level of influence and degree of interaction with our company.

The resulting map provides a clear picture of the situation and reflects the impact of each stakeholder on Freeland and the degree of relationship we have with each of them on an annual basis.

Impact and intensity have been assessed on a scale of 1 to 10 and their appropriate combination has determined the relevance of each stakeholder.

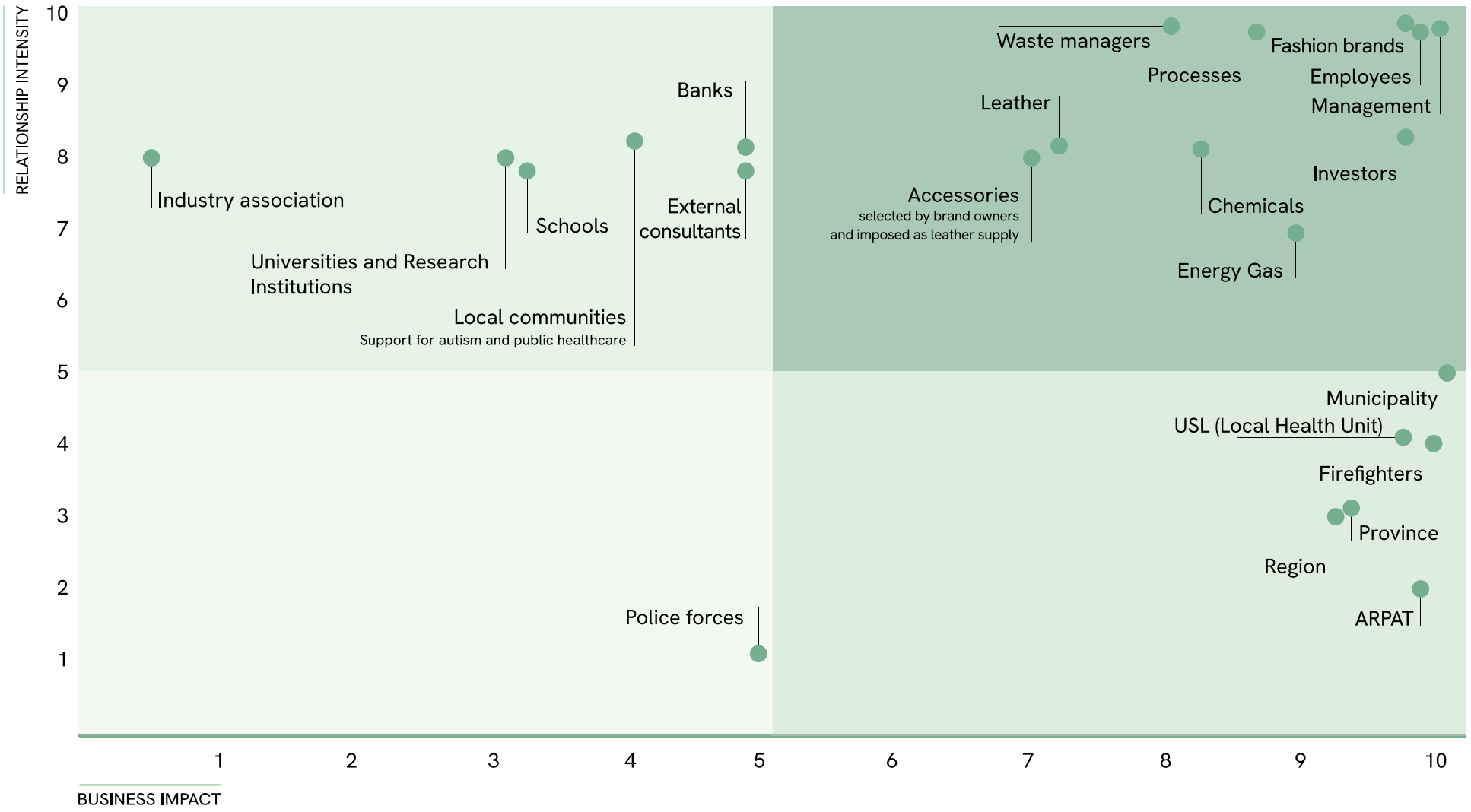
Our main stakeholders have been grouped into four categories, graphically highlighted through a four-quadrant chart showing the most significant stakeholders in dark green.

This is Freeland's first voluntary Sustainability Report, which has been prepared according to ESRS standards addressing the issues required by the Corporate Sustainability Reporting Directive (CSRD). It contains a direct assessment of material issues, which has been conducted by involving our stakeholders identified above.

We involved stakeholders by presenting them with specific questionnaires based on the main ESG topics. In order to make the collection of information more reliable and effective, requests have been distinguished between internal and external stakeholders.

Based on this approach, we obtained relevant and meaningful data and information from each of the identified categories of stakeholders.
The information so collected has enabled us to conduct a materiality analysis (double materiality).

PUBLIC ENTITIES AND GOVERNMENTAL INSTITUTIONS	Region Province Municipality Water conditioner Industry association ARPAT (Environment Protection Agency) USL (Local Health Unit) Fire Brigade Banks Police forces
LOCAL COMMUNITIES AND ASSOCIATIONS	Universities and Research Institutions Schools Local communities
CLIENTS	Brands Fashion Investors
SUPPLIERS	Leather Chemicals Accessories Processes External consultants Energy and gas Waste managers
WORKFORCE AND MANAGEMENT	Employees Management External partners


RELATIONSHIP INTENSITY
10
9
8
7
6
5
4
3
2
1
Industry association
Universities and Research Institutions
Schools
Local communities
Support for autism and public healthcare
Banks
External consultants
Police forces
Waste managers
Processes
Fashion brands
Employees
Management
Leather
Accessories
selected by brand owners and imposed as leather supply
Chemicals
Investors
Energy Gas
Municipality
USL (Local Health Unit)
Firefighters
Province
Region
ARPAT
1
2
3
4
5
6
7
8
9
10
BUSINESS IMPACT

4.3 DOUBLE MATERIALITY

The materiality analysis has been developed according to ESRS 1 – General requirements, which implies the adoption of the double materiality criterion as a key requirement of non-financial reporting. The analysis required by the new standards consists in assessing not only the environmental and social impact of a company, but also its financial impact.

Freeland decided to conduct this analysis by distinguishing the impacts of the external environment on the organization ("out-in" perspective) from the impacts the organization has on the external environment ("in-out" perspective).

Through an in-depth analysis, the information collected regarding our stakeholders has provided key information that helped us determine which topics were the most sensitive, seen from outside ("out-in" perspective).

Another important step of this analysis has been the identification of the possible impacts deriving from our own operations, through an internal analysis on each of the topics referred to in the CSRD. This analysis took into account the magnitude of the impact, whether it can be remedied or not, the involvement of the supply chain, and the probability of occurrence ("in-out" perspective).

The result of these two different perspectives on our impacts is provided in the following table, according to the 'level of materiality'.
A 'high' materiality level corresponds to a definitely significant topic, while a 'medium' materiality level corresponds to a moderately significant topic. A 'low' level of materiality corresponds to poorly significant topics.

Freeland's reporting focuses on significant material issues and, as far as possible, will also cover moderately significant issues. Based on the results of this analysis, Freeland will be able to assign priorities and detail to significant topics without neglecting those that are important for our stakeholders, albeit to a lesser extent, or those that may offer food for thought for our organization as a whole.

TOPIC 'ENVIRONMENT'	SUB-TOPIC 'ENVIRONMENT'	MATERIALITY LEVEL
ESRS E1 Climate change	Adapting to climate change	Medium-High
ESRS E1 Climate change	Mitigation of climate change	High
ESRS E1 Climate change	Energy	High
ESRS E2 Pollution	Air	High
ESRS E2 Pollution	Water	Medium-High
ESRS E2 Pollution	Soil	Medium
ESRS E2 Pollution	Living organisms	Medium
ESRS E2 Pollution	Substances of concern	Medium-High
ESRS E2 Pollution	Microplastics	Medium
ESRS 3 Water and marine resources	Withdrawal/discharge	Medium
ESRS E4 Biodiversity and ecosystems	Direct impact on loss of biodiversity	Medium-low
ESRS E4 Biodiversity and ecosystems	Impact on the state of the species	Medium-low
ESRS E4 Biodiversity and ecosystems	Impact on the extent and condition of ecosystems	Medium-low
ESRS E 5 Circular economy	Waste	Medium-High
ESRS E 5 Circular economy	Resource inflows and outflows	High

TOPIC 'SOCIAL'	SUB-TOPIC 'SOCIAL'	MATERIALITY LEVEL
ESRS S1 Own workforce	Working conditions	High
ESRS S1 Own workforce	Equal treatment and opportunities for all	High
ESRS S1 Own workforce	Other labour-related rights	Medium-High
ESRS S2 Own workforce	Working conditions	Medium
ESRS S2 Own workforce	Equal treatment and opportunities for all	Medium
ESRS S2 Own workforce	Other labour-related rights	Medium
ESRS S3 Affected communities	Economic, social, and cultural rights of communities	Low
ESRS S3 Affected communities	Civil and political rights of communities	Low
ESRS S3 Affected communities	Rights of indigenous peoples	Low
ESRS S4 Consumers and end-users	Legal impacts on information	Medium
ESRS S4 Consumers and end-users	Users' health and safety	Medium
ESRS S4 Consumers and end-users	No discrimination	Medium

TOPIC 'GOVERNANCE'	SUB-TOPIC 'GOVERNANCE'	MATERIALITY LEVEL
ESRS G1 Business conduct	Corporate culture	Medium-High
ESRS G1 Business conduct	Protection of information	Medium-High
ESRS G1 Business conduct	Animal wellbeing	Medium
ESRS G1 Business conduct	Management of relationships with suppliers, including payment practices	Medium
ESRS G1 Business conduct	Corruption and bribery	Medium

CHAPTER 5

The environment

5. The environment

In line with the Agenda 2030, Freeland considers a correct management of both actual and potential environmental impacts to be an essential part of its development.
Thanks to the experience gained in environmental management, the analysis and evaluation tools available today enable us to control an appropriate system of indicators that allow us to monitor the improvements achieved.

5.1 CLIMATE-CHANGE

One of the main topics defined by Agenda 2030, also pursued by European Union policies, concerns the adoption of measures to prevent and mitigate climate change.
We have analysed the impact of our operations from the climate change perspective starting from the identification of the most relevant topics and aspects deriving from both external (stakeholders) and internal sources.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS E1 Climate change	Adaptation to climate change	2.67	4.2	2.9	**6.51**
ESRS E1 Climate change	Mitigation of climate change	3.00	4.2	4.3	**7.67**
ESRS E1 Climate change	Energy	2.67	4.2	4.4	**7.51**

Our materiality analysis showed that our stakeholders are very sensitive to the climate change topic, which is related to the energy mix used and the amount of greenhouse gases emitted into the atmosphere.

This topic is also important for the effects that climate change causes at local level, with an impact on the operations of our sites. During 2023, we had extreme precipitation events in the Tuscan district, with flooding of rivers and streams that heavily affected - and in some cases even blocked - the production activities of many companies.

Although fortunately this disaster did not affect Freeland to date, the issue remains relevant for its environmental and financial impacts, and must be carefully monitored and managed, where possible, to prevent or mitigate its effects by adopting mitigation measures.
The main areas in which Freeland has taken action to develop effective practices are based on the requirements also established by the EU, namely:

- strengthen our resilience and capacity to adapt to climate change risks and the resulting natural disasters;
- develop a climate change strategy and add it to our corporate policies;
- educate and raise the awareness of our human resources on climate change and the necessary measures recommended to mitigate, adapt, reduce impact, and be alert at an early stage.

As part of our ISO14001 environmental management system (EMS), our organization has collected the necessary information to monitor energy consumption. Our contribution in terms of energy consumption is given below for the various vectors:

2023 ENERGY CONSUMPTION		
VECTOR	**VALUE**	**UNIT OF MEASUREMENT**
Electrical energy	1,199,935	Kwh
Methane gas	17,400	m^3
Diesel fuel for motor vehicles	14, 012	Lt

5.2 POLLUTION

According to ESRS standards, the topic of pollution includes the following sub-topics:

- Air pollution
- Water pollution
- Soil pollution
- Living organisms and food resources
- Substances of concern and substances of very high concern
- Microplastics

Not all of the above topics are applicable or materially relevant; therefore, Freeland's reporting is exclusively based on material aspects. The materiality analysis we conducted has allowed us to collect the following results:

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS E 2 Pollution	Air	2.33	4.5	4.6	**7.62**
ESRS E 2 Pollution	Water	0.67	4.5	4.6	**6.51**
ESRS E 2 Pollution	Soil	0.67	4.5	4.6	**6.51**
ESRS E 2 Pollution	Living organisms	0.67	4.5	4.6	**6.51**
ESRS E 2 Pollution	Substances of concern	1.67	4.5	4.6	**7.18**
ESRS E 2 Pollution	Microplastics	0.67	4.5	4.6	**6.51**

The resulting material issues are air pollution (therefore, emissions into the atmosphere) and the use of substances of concern or of very high concern (which, in our industry sector, are referred to as restricted or hazardous substances and can be used both in production processes and in semi-finished and finished products).

With regard to air pollution, this topic is again linked to the emission of greenhouse gases that can cause climate change.

There is no other material cause of air pollution originated by our operations.

Greenhouse gas emissions

Although the environmental aspects related to greenhouse gas emissions from our production cycle are not material, they are monitored continuously in line with legal requirements. The emission levels of our manufacturing sites are authorised under a permit called AUA (Autorizzazione Unica Ambientale - Unified Environmental Authorization) and periodically monitored, as required by the applicable regulations. These monitoring activities are supported by specific procedures of our ISO14001 management system.

Restricted substances and Zero Discharge of Hazardous Chemicals (ZDHC) Protocol

This Protocol, established in 2011, has been adopted by many fashion brands and industries with the aim of gradually reducing the use of chemicals that are hazardous for human health and the environment.

The ZDHC Manufacturing Restricted Substances List (MRSL) is a list of chemical substances that have been banned from intentional use in textile, leather, and accessories manufacturing companies.

The increasing request to comply with this protocol that has come from the major luxury brands has led the undertakings of this supply chain to adopt internal chemical management systems, as well as serious certification processes for these systems.

Freeland is embarking on an internal process aimed at implementing an advanced internal chemical management system in the near future.

5.3 WATER AND MARINE RESOURCES

The topic of the use of water resources is crucial for local communities at both national and international level, just as climate change and the management of energy supplies. The requests set out in the CSRD do not allow the option to omit or postpone reporting on this issue, in view of its absolute importance.

However, Freeland's analysis has shown that the materiality of this topic is low in our context, as shown by the data collected and reported below.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS E 3 Water and marine resources	Withdrawal/discharge	3.00	4.1	2.1	**6.10**

Freeland does not use water for production purposes, but only for other hygiene and sanitation purposes. The water we use comes exclusively from public mains.
However, we keep monitoring this environmental aspect with specific procedures of our ISO14001 management system in order to avoid waste and support a conscious use of water.

5.4 BIODIVERSITY AND ECOSYSTEMS

The topic of the loss of biodiversity and its impact on ecosystems is not negligible in absolute terms and in accordance with CSRD requirements. Our materiality analysis has shown that this issue is not material for us, and therefore does not need to be further taken care of by Freeland in its reporting.

However, there are a number of key actions we adopt to help prevent negative impacts on biodiversity and ecosystems.
Although we do not directly control the choices of the supply chain for the main raw materials, as these are often determined by brand owners/buyers, our supply specifications include the following clauses:

- Supplying products derived from the animals referred to in the Washington Convention of 3 March 1973 — "International Trade in Endangered Wild Species of Animals and Plants" is not permitted.
- Compliance with the European REACH regulation on the manufacturing, marketing, and use of hazardous substances and mixtures is required.
- The hazardous/restricted substances listed in the ZDHC Protocol must not be used.

5.5 CIRCULAR ECONOMY

Proper management of resources is necessary to make production more efficient and avoid waste. Freeland pays close attention to this topic and shares the priority of this theme with its collaborators.

As clearly proved by the information collected, there is a focus of our stakeholders on activities concerning the correct management of waste and its disposal, including reuse and recycling.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS E 5 Circular economy	Waste	0.80	4.5	4.2	**6.33**
ESRS E 5 Circular economy	Waste	2.00	4.5	4.2	**7.13**
ESRS E 5 Circular economy	Waste	2.00	4.5	4.2	**7.13**
ESRS E 5 Circular economy	Inflows and outflows of resources	2.67	4.5	4.2	**7.58**
ESRS E 5 Circular economy	Inflows and outflows of resources	3.00	4.5	4.2	**7.80**

An effective and correct waste management is based on two aspects:

- Staying abreast of legal obligations and good practices allowing for a proper management of all stages up to disposal, while monitoring service suppliers (who collect, transport, and dispose of waste)

- Implementing policies and procedures that support an increasing use of recovered, reused and/or recycled materials

Freeland is already applying specific operating procedures for waste management under its ISO14001-certified management system and is monitoring inflows and outflows according to specific indicators. The table below provides the figures related to waste generated in 2023 according to the specific **European Waste Catalogue (EWC)** identification codes.

In 2023, 93.26% of waste was sent for recovery and only 6.74% for disposal. The traceability procedures and tools used make it possible to trace the destination of waste as follows.

It is important to point out that only a small percentage of the waste we produce is classified as hazardous, while **96.7**% of our waste is non-hazardous.

WASTE TYPE	2023 (KG)
Hazardous*	**6,221**
Non-hazardous	**186,250**
Radioactive	**0**

DESCRIPTION OF WASTE	WASTE GENERATED BY EWC (KG)	2023 (KG)	WASTE DESCRIPTION	ACTION
Wastes not otherwise specified	04.01.99	77,900	R12	**RECOVERED**
Plastic packaging	15.01.02	5,840	R12	**RECOVERED**
absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, contaminated with hazardous substances	15.02.02*	2,589	R12	**RECOVERED**
packaging containing residues of or contaminated by dangerous substances	15.01.10*	2,227	R13	**RECOVERED**
components removed from discarded equipment, other than those mentioned in 16 02 15	16.02.16	89	R5	**RECOVERED**
aqueous suspensions containing paint or varnish other than those mentioned in 08 01 19	08.01.20	9,746	D9	**DISPOSED OF**
metallic packaging containing a hazardous solid porous matrix (for example, asbestos), including empty pressure containers	15.01.11*	72	R13	**RECOVERED**
other solvents and solvent mixtures	14.06.03*	1,333	R12	**RECOVERED**
aqueous liquid wastes other than those mentioned in 16 10 01	16.10.02	3,019	D9	**DISPOSED OF**
inorganic wastes, other than those mentioned in 16 03 03	16.03.04	208	D14	**DISPOSED OF**
wastes from dressing and finishing	04.01.09	980	R12	**RECOVERED**
waste tanned leather (blue sheeting, shavings, cuttings, buffing dust) containing chromium	04.01.08	49,008	R12	**RECOVERED**
wooden packaging	15.01.03	36,800	R13	**RECOVERED**
wastes from processed textile fibres	04.02.22	2,660	R12	**RECOVERED**

As far as life cycle assessment is concerned, the life span of the footwear products manufactured by Freeland is may even be very long, but still difficult to determine due to various aspects, such as:

- the specific use end-users can make of the product;
- the use of medium- to high-quality raw materials and accessories to meet the demands of the luxury sector;
- the design of products in response to changing fashion trends;
- the use of raw materials and accessories that can be repaired or serviced in the event of damage and wear;
- the continuous increase of the second-hand market.

As regards the end-of-life impact of products, considering that the textile/ fashion waste treatment and reuse chain is still in the process of being put into operation in the general Italian context, we still note that initiatives for possible circular economy solutions are increasing.

In particular, brand owners and clients are also multiplying projects on the use of raw materials with a low environmental impact, which may help supporting the notion of the durability of a product for a broader assessment of its life cycle.

That is how the notions of product reusability and repairability are becoming increasingly more topical and new opportunities are being created for the second hand and vintage markets.

5.6 ENVIRONMENTAL GOALS

Based on the requirements of the CSRD and in line with the materiality analysis we conducted, the following environmental goals have been defined for Freeland:

AREA	GOAL	TIME HORIZON
Sustainability Report	Initiate process to obtain the certification on our Sustainability Report	Expected 80% completion date 31 December 2024
Refurbish our car fleet	Rent/purchase new electric vans	2023
Energy savings	Install occupancy sensors in all changing rooms and toilets	2023
Environmental sustainability	Replace bags used for packaging raw materials with bags made from 100% recycled plastic	2023
Waste	Separate collection of plastic to be disposed of with EWC code 15 01 10 instead of 04 01 99	2023
Waste	Launch an internal project to implement specific solutions aimed at reducing the generation of waste with EWC codes 04 01 99 and 04 01 08	2024
Waste	Purchase water bottles for all employees and introduce drinking water dispensers	100% June 2024

CHAPTER 6

Social accountability

6. Social accountability

Respect for human rights and the protection of individuals at all stages of their working lives have always been one of the fundamental pillars on which Freeland has based its growth. To proof all this, since 2009 we have been among the first footwear companies in Italy to implement a SA8000 management system for social accountability.

For 10 years now, Freeland has published a SA8000 Report on its website, available to those stakeholders who want to obtain information on our main social performance. Our business strategy is continuously supported by our social policy, that is shared with our stakeholders and reviewed annually to consolidate its contents that are still topical, renew approaches and solutions, and define new commitments and objectives.

A Social Accountability Team has been created, where members from the Management and employee representatives cooperate to improve working conditions and our corporate climate. The fashion industry is strongly impacted by the social topic due to the evident effects of market and production globalization on workers, particularly in countries of the world where diffuse poverty and the lack of protection legislation result in very unstable conditions of treatment of persons and disregard for the most basic human rights.

The materiality of the topic, within the context described above, has clearly emerged from the analysis carried out by Freeland, as shown in the table below.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS S1 Own workforce	Working conditions, job mapping	0.80	4.9	4.7	**6.93**
ESRS S1 Own workforce	Working conditions, training and career	0.40	4.9	4.7	**6.67**
ESRS S1 Own workforce	Working conditions, health and safety	0.80	4.9	4.7	**6.93**
ESRS S1 Own workforce	Working conditions	3.00	4.9	4.7	**8.40**
ESRS S1 Own workforce	Working conditions, equal treatment and opportunities	3.00	4.8	4.6	**8.27**
ESRS S1 Own workforce	Working conditions, equal treatment and opportunities	2.00	4.8	4.6	**7.60**
ESRS S1 Own workforce	Other labour-related rights	2.00	4.8	3.6	**6.93**

6.1 OUR PEOPLE, OUR STRENGTH

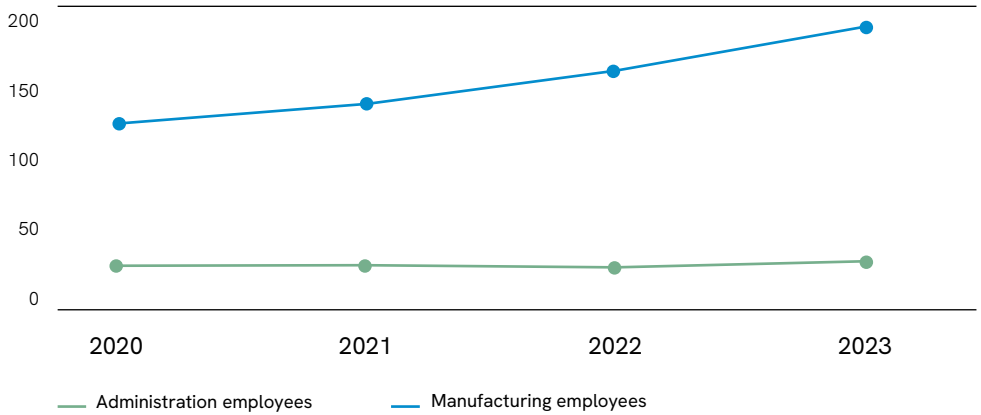
We have experienced an almost continuous increase in our activities, and consequently in our workforce, over the years. At the end of 2023, our workforce consisted of 227 employees, 146 women and 81 men.

GENDER	NUMBER
Men	81
Women	146
Total	**227**

As evidenced by data on the distribution of personnel, our company has adopted policies of inclusion and equality by promoting gender equality at all stages of the worker's life cycle within the company.

There is a higher number of people working in production (blue collars) compared to administrative personnel (white collars).

YEAR	ADMINISTRATION	PRODUCTION
2020	27	136
2021	27	141
2022	26	161
2023	**29**	**198**



6.1.1 PROTECTION OF HUMAN RIGHTS

Freeland is committed to ensuring that its activities do not have any negative impact on the human rights of its employees, suppliers, and any person otherwise affected or involved in its operations.

We do not use or tolerate child labour and we ensure that this practice is not used in our supply chain.

When we employ young workers aged between 16 and 18, we are very careful to categorically avoid heavy or hard work and overtime.

When we employ young workers who have not completed compulsory education, we ensure that they work only during non-school hours, as defined in the ILO Conventions, SA8000 Standard, and national laws, as most favourable for them.

Our compliance with these commitments is monitored with specific operating procedures and internal auditing processes.

AGE	WOMEN	MEN
16-18	0	0
19-29	44	30
30-39	30	19
40-49	35	15
50-59	27	13
60+	10	4
Total	**146**	**81**

6.1.2 EMPLOYMENT, DIVERSITY AND INCLUSION

The protection of our employees must be based on a transparent and fair employment relationship that fully meets all applicable legal requirements. Freeland has implemented all its procedures for the selection, recruitment, remuneration, and professional development of its employees starting from this assumption.

Compliance with labour laws and the national collective labour agreement is guaranteed with the support of an internal HR office and external specialist advice that meets the needs and expectations of workers in the different stages of the life of the company.

The employment agreements signed and workers' files contain all the legal and technical aspects which make it possible to guarantee an appropriate level of protection and fully comply with the applicable legislation.

Talent protection and loyalty policies have always pushed Freeland to maintain stable and long-lasting employment relationships, always giving priority to permanent forms of employment.

As anyone can see, even in the year 2023, the total number of permanent employment contracts covers over 89% of the workforce.

Freeland also uses traineeship and apprenticeship contracts for younger workers to foster individual growth, skill building, the acquisition of know-how and special abilities.

We do not use work from home.

TYPE OF CONTRACT	WOMEN	MEN
Permanent full-time employees	83	47
Permanent part-time employees	12	0
Fixed-term full-time employees	16	7
Fixed-term part-time employees	1	1
Intermediate employees	0	3
Apprentices	30	20
Home workers	0	0
Trainees	4	3
Total	**146**	**81**

The selection and recruitment steps are conducted with extreme care, taking into account diversity and inclusion principles. Under no circumstances are activities influenced by discriminating factors such as ethnicity, cultural origin or gender; on the contrary, the only qualifying elements we consider are skills, attitudes, and abilities.

The presence of personnel from other countries (including non-EU countries) is growing significantly, also in connection with the company's development over the years.

YEAR	FEMALE NON-EU PRODUCTION EMPLOYEES	MALE NON-EU PRODUCTION EMPLOYEES
2020	10	0
2021	6	0
2022	12	0
2023	**14**	**1**

In order to facilitate the integration and inclusion of foreign personnel, Freeland has undertaken the following actions:

- organization of Italian language courses
- provision of compulsory training courses in the employee's mother tongue
- provision of accommodation
- provision of a transport service to the premises with a special shuttle

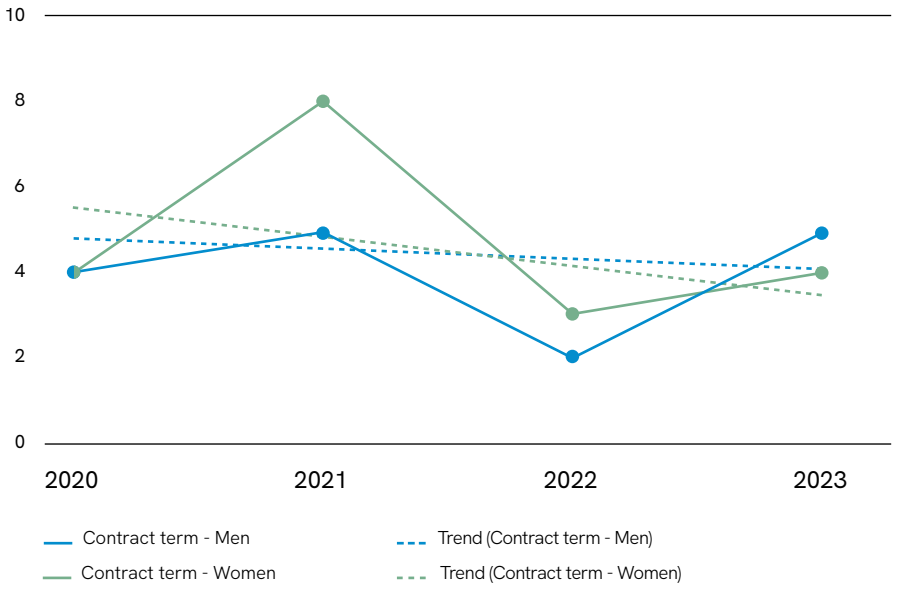
The internal operating procedures defined under our management system for social accountability allow for a continuous monitoring of the main KPIs related to human resources. Each stage of the employee's life cycle in the company is monitored (recruitment, position changes and transformations, training, resignation).

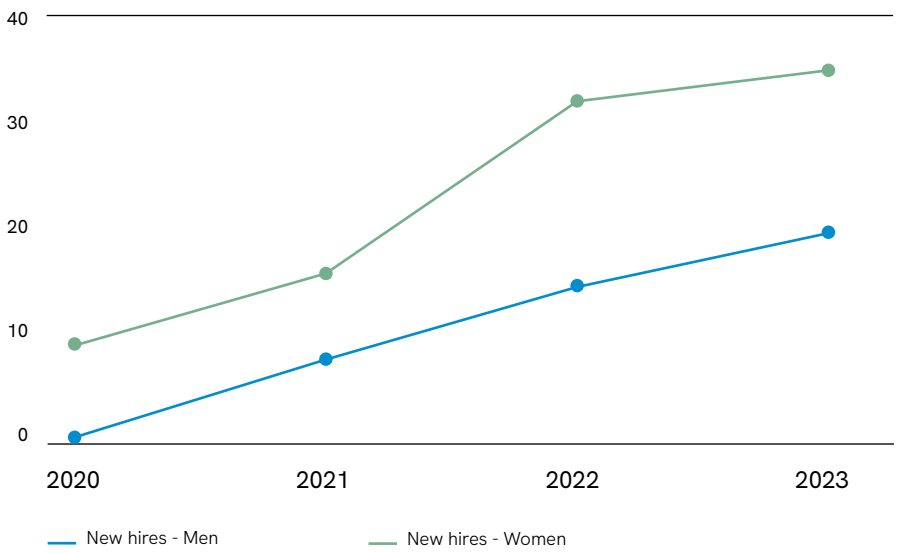
YEAR	CONTRACT TERMS MEN	CONTRACT TERMS WOMEN	RESIGNATIONS MEN	RESIGNATIONS WOMEN	NEW HIRES MEN	NEW HIRES WOMEN
2020	4	4	0	2	1	9
2021	5	8	4	7	8	17
2022	2	3	8	12	15	32
2023	**5**	**4**	**12**	**18**	**20**	**35**

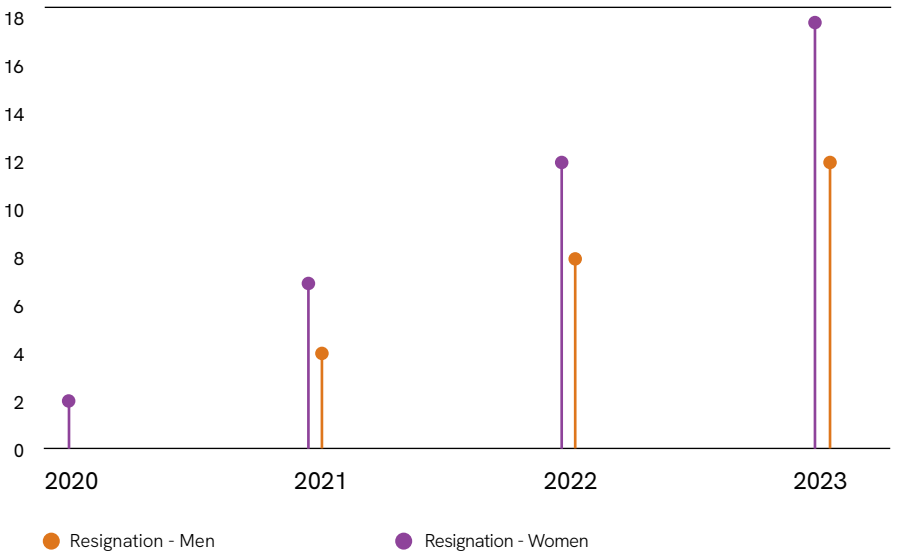
After the emergency period of the COVID pandemic, Freeland had an increase in corporate turnover, which confirmed a social and economic trend that impacted all the sectors of the economy.

Our Human Resources pay a particular attention to the analysis and assessment of issues relating to the resignation of employees, so as to systematically gather information that may contribute to improving the working climate and relationship with employees.

As required by the national collective bargaining agreement (CCNL), Freeland ensures its employees the supplementary benefits provided by the "Fondo di assistenza sanitaria integrativa" dedicated to all the people who work in the fashion industry (SANIMODA).


10
8
6
4
2
0
2020
2021
2022
2023
Contract term - Men
Trend (Contract term - Men)
Contract term - Women
Trend (Contract term - Women)


40
30
20
10
0
2020
2021
2022
2023
New hires - Men
New hires - Women


18
16
14
12
10
8
6
4
2
0
2020
2021
2022
2023
Resignation - Men
Resignation - Women


DOPO L'USO
CHIUDERE
LE PORTE
131

6.1.3 VOLUNTARY NATURE OF LABOUR

Freeland is committed to ensure that any person works voluntarily and does not tolerate any form of forced or compulsory labour.

Under no circumstances are workers required to deposit money and their identity documents and residence permits are never retained.

When employees are hired, they are informed about the contract terms they are about to sign, as well as of all the necessary and appropriate remuneration and organizational conditions. Specific onboarding procedures ensure transparency and fairness with regard to new hires.
The necessary information governing the employment relationship with the organization is always available to each employee, including through their designated representatives.

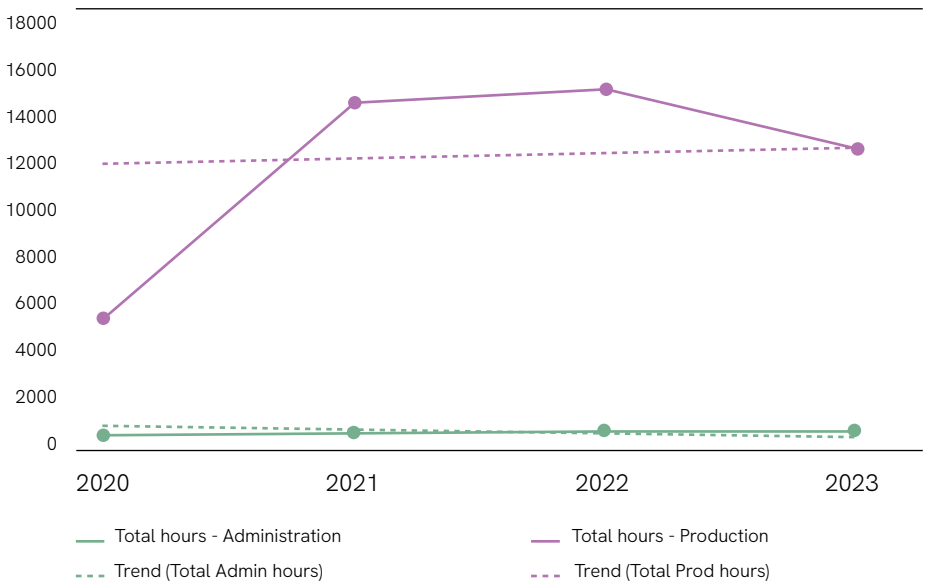
The company empowers employees to report any issue and express suggestions concerning all the social aspects of work. Boxes are available in each business unit for reporting purposes, including anonymously (whistleblowing). These boxes are managed with the utmost transparency with the support of workers' representatives and each case is processed by the Social Accountability Team.

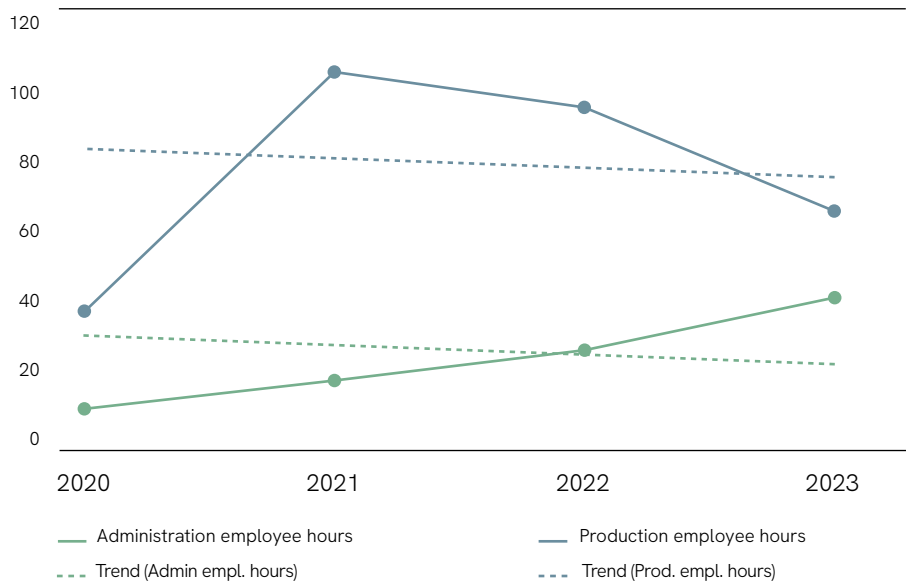
Working time is organized in such a way as to ensure both production requirements and work-life balance, and overtime work is used only in case of real need.

Overtime work is used only on a voluntary basis and always within legal limits.

Specific monitoring procedures put in place by the HR staff allow the incidence of overtime to be monitored on a timely basis throughout the year for the entire workforce.

YEAR	OVERTIME HOURS OF ADMINISTRATIVE STAFF (TOTAL HOURS)	ADMINISTRATION EMPLOYEE HOURS	PRODUCTION OVERTIME HOURS (TOTAL HOURS)	PRODUCTION EMPLOYEE HOURS
2020	268.5	9.94	5,270.5	38.38
2021	521	18.61	14,613	106.67
2022	758	26.14	15,246	95.89
2023	**783**	**27**	**12,720**	**66.25**





Thanks to the goal of increasing employment in recent years, Freeland has been able to significantly reduce the use of overtime.

6.1.4 OCCUPATIONAL HEALTH AND SAFETY (OHS)

Freeland promotes active risk prevention and continuous improvement policies regarding all occupational aspects related to safety and health in the workplace.

The Management has always fostered a culture of safety by promoting initiatives to raise awareness and involve its people.

For this purpose, since 2020 the company has established an OSH system under the ISO45001 standard, which is constantly reviewed by the certification body Bureau Veritas.

Per capita training hours for employees have increased during 2023:

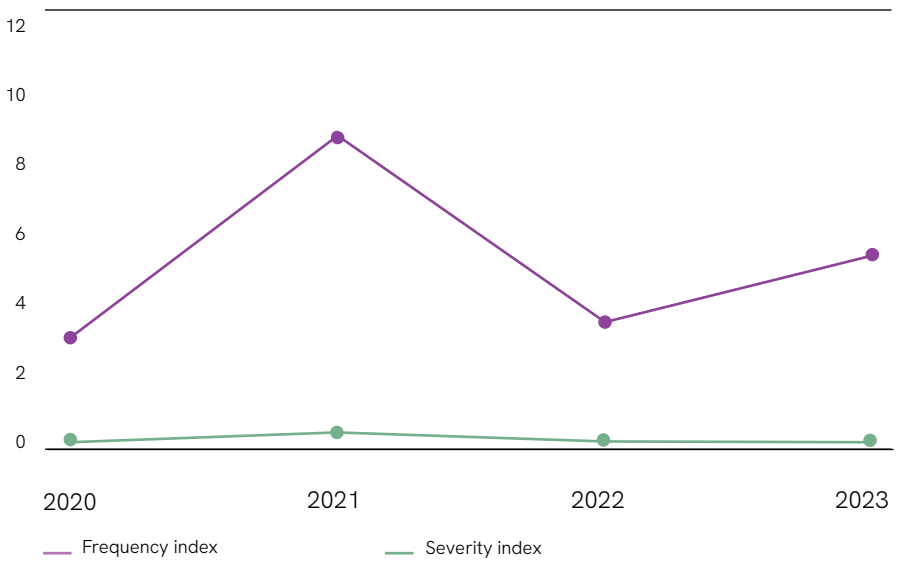
YEAR	TRAINING PROVIDED ON SAFETY (# OF HOURS)	AVERAGE TRAINING PER EMPLOYEE (HOUR/EMPLOYEE)
2021	168	1
2022	369	2
2023	**1,061**	**4.7**

In addition, each employee has the opportunity to interact with and be supported by a representative on health and safety in the workplace; in addition, the Social Accountability Team further supports employees in all social aspects related to work.

YEAR	WORKING DAYS LOST FOR ACCIDENTS	WORKING DAYS LOST FOR OCCUPATIONAL DISEASES	TOTAL NUMBER OF ACCIDENTS	NUMBER OF ACCIDENTS DURING HOME-TO-WORK COMMUTE	WORKING DAYS LOST FOR ACCIDENTS	REQUESTS FOR OCCUPATIONAL DISEASE RECOGNIZED	WORKING DAYS LOST FOR OCCUPATIONAL DISEASES
2021	128	0	2	0	128	0	0
2022	14	0	1	0	14	0	0
2023	**12**	**0**	3	1	12	0	0

Accident trends show very low numbers, both in absolute and relative values. More specifically, we point out that the number of working days lost for accidents and occupational diseases has been decreasing even in 2023.

An in-depth analysis of accidents / injury events in connection with the number of corporate employees confirms the positive nature of the data recorded for 2023.
In fact, in line with previous years, the severity index substantially confirms its positivity against a frequency index that may have a variable trend.



YEAR	FREQUENCY INDEX	SEVERITY INDEX
2020	2.96	0.06
2021	8.63	0.37
2022	3.22	0.05
2023	**5.53**	**0.06**

Additional investments were made even in 2023 for the improvement of workplaces and for the modernization of the equipment fleet, including:

- Complete relamping of the raw materials warehouse and creation of the new Upper Construction Department for the via Fogar operating unit
- Upgrade with installation of new machinery in the Cutting Department of the via Fogar operating unit
- Setting up of the Special Processes Department in the via Falcone operating unit
- Installation of 3 additional defibrillators for the buildings of via Fogar, Caboto and Falcone

6.2 OUR SUPPLY CHAIN

Manufacturing footwear for the major global players of the luxury and fashion industries requires high professional and specialization levels, speed, flexibility, and adaptability.

These features cannot be detached from the necessary contribution of the supply chain.

Freeland has always recognised the value of its supply chain by building relationships based on fairness, respect, mutual benefit, trust, and loyalty.

Some of the most significant suppliers provide us with:

- Raw materials (leather and textiles)
- Components and accessories
- Processes
- Sundry services.

Among these, raw material suppliers are not selected and qualified by us, but directly by our clients/brand owners.

With regard to suppliers under our control, we maintain appropriate procedures and tools for their identification and selection, and we monitor their performance in terms of quality, social and environmental compliance.

All the aspects related to human rights in our supply chain have been identified as material by our materiality analysis, therefore they are included in our reporting.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	WORKFORCE ANALYSIS	FINAL SCORE
ESRS S2 Workers in the value chain	Working conditions	0.40	4.5	4.3	**6.13**
ESRS S2 Workers in the value chain	Equal treatment and opportunity	0.80	4.5	4.3	**6.40**
ESRS S2 Workers in the value chain	Other labour-related rights	0.80	4.5	4.3	**6.40**

The well-established procedures provided for by the SA8000-ISO14001-ISO45001 Integrated Management System allow us to implement specific control activities based on the importance of supplies, both concerning quality and social/environmental accountability.

Purchase specifications include compliance with the corporate Code of Ethics and with supply specifications specifically designed for the various types of supplies.

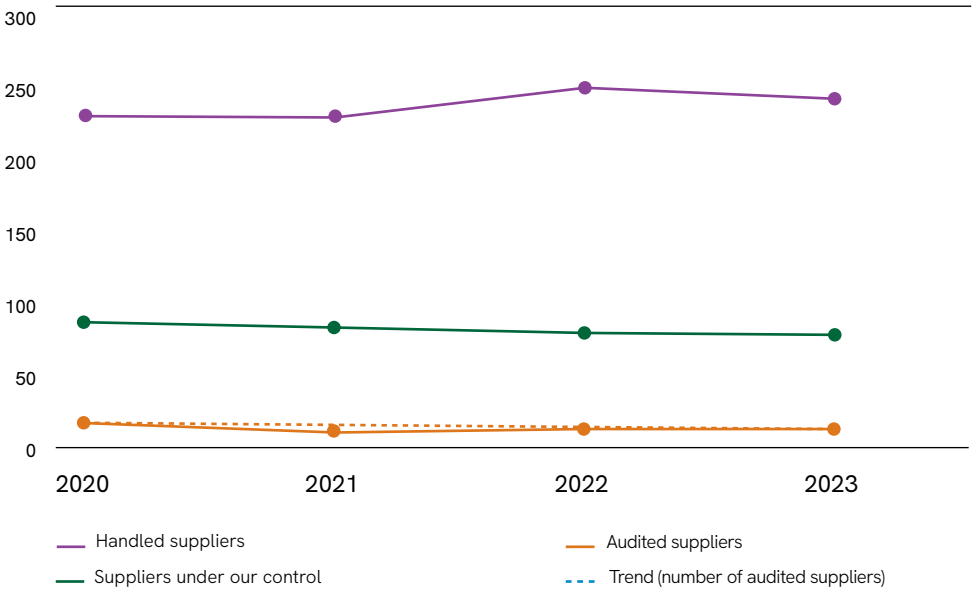
The supply chain also includes the two subsidiaries of Freeland: Nadhour Shoes (Tunisia) and Free Shoes (Romania), which are regularly monitored both directly by us and by their clients to ensure that they fully comply with the regulatory and manufacturing requirements of the relevant countries.

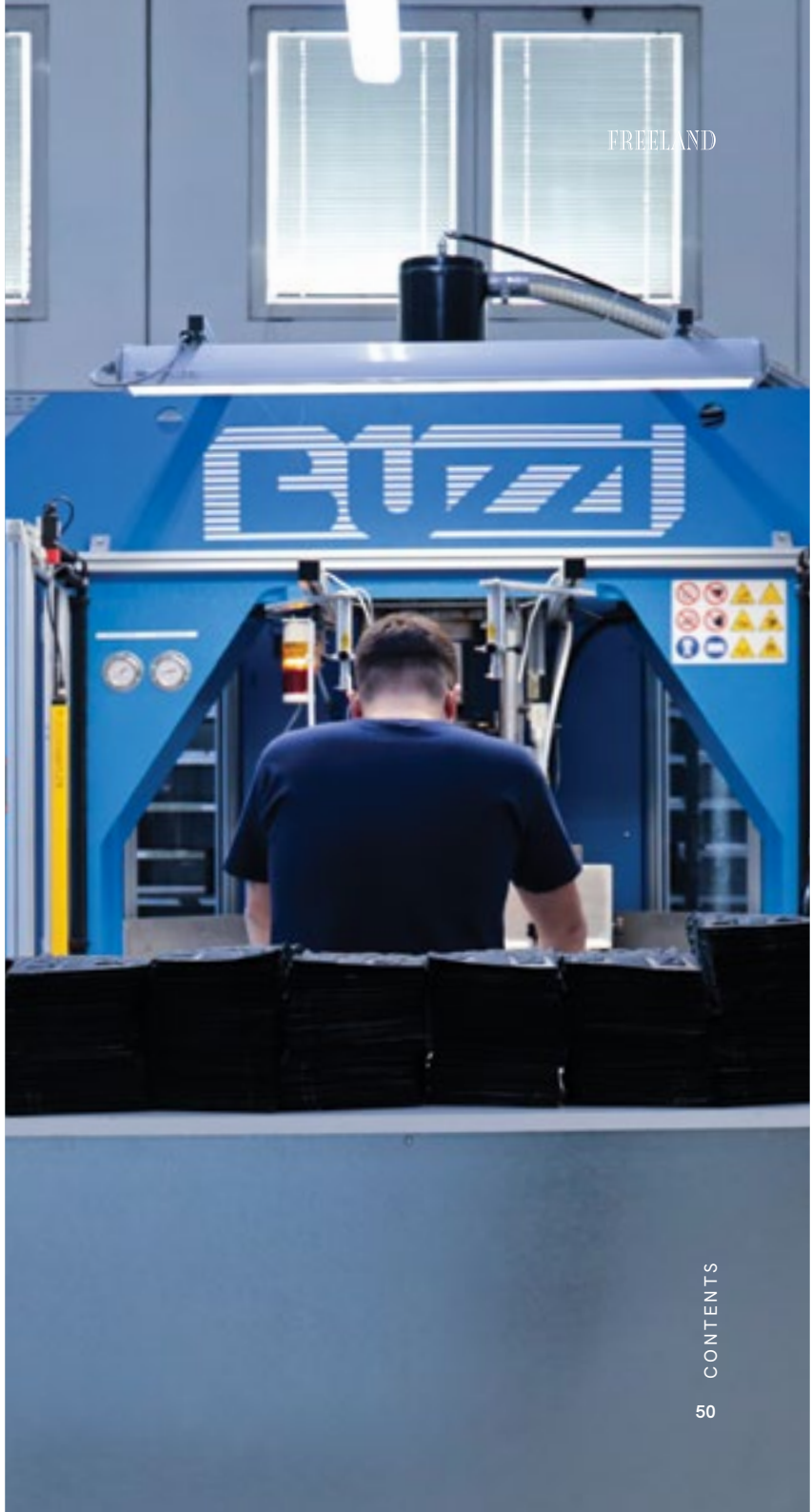
We maintain an updated mapping of our suppliers with regard to their social and environmental impacts, and we identify those that might be more exposed to risks, which are constantly monitored and controlled.

For these suppliers, in addition to specific requirements added to agreements, field audits are also scheduled, conducted, and followed up.

These audits are paramount to ensuring respect for human rights and specifically concern child labour, forced and compulsory labour, health and safety, discrimination, working hours, adequate remuneration, and working conditions.

YEAR	NUMBER OF SUPPLIERS HANDLED	NUMBER OF SUPPLIERS UNDER OUR CONTROL	NUMBER OF AUDITED SUPPLIERS	NUMBER OF AUDITS CONDUCTED
2020	236	84	17	15
2021	233	81	14	13
2022	255	78	15	17
2023	**246**	**69**	**15**	**25**





6.3 RELATIONS WITH COMMUNITIES

Freeland is fully engaged in the life of the communities in which it has been operating since 2000, the year of its establishment. Despite an increasingly globalized market, we have firmly maintained our operations in the Tuscan district.

The continuous development and growth of our people has allowed us to maintain profitable relationships with the main local institutions, being a highly attractive employer in the labour market. Our multiple relationships and connections with local entities (suppliers, business partners, governments and institutions) have allowed us to contribute to the social and economic development of the community.

Our materiality analysis showed that this is not to be considered a particularly sensitive area for non-financial reporting under the CSRD (see table below).

We do not operate directly in territories where indigenous peoples live; however, we pay attention to compliance with national and international regulations that may concern this topic.

Indeed, Freeland supports the policies defined by its clients and fashion brands regarding both the protection of indigenous peoples and the fight against uncontrolled deforestation in sensitive areas of the planet (see European Union Deforestation Regulation no. 2023/1115).

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	ANALYSIS WORKFORCE	FINAL SCORE
ESRS S3 Affected communities	Economic, social and cultural rights	0.67	2.5	1.5	**3.11**
ESRS S3 Affected communities	Civil and political rights	0.67	2.5	1.5	**3.11**
ESRS S3 Affected communities	Indigenous people's rights	0.67	2.5	1.5	**3.11**

At local level, and in continuity with previous years, Freeland is committed to supporting social justice organizations that support the weakest and more needy people in society.

For over 10 years Freeland has supported Ortolani Coraggiosi, an agricultural cooperative that helps many young people with autism and other conditions and, through the help of professional farmers, teaches them the job of farmer, from growing plants to selling locally grown vegetables (in the Municipalities of San Miniato and Fucecchio).

In 2023, thanks to the support granted by the Freeland Scholarship, the cooperative hired a farmer who helps young people in need in their daily activities.

6.4 CONSUMERS

Operating in the business-to-business sector, Freeland is not responsible for placing finished products on the market and has no direct relationships with consumers.

Our materiality analysis showed that the impact of sustainability issues has a medium degree of impact on consumers (consumer information, product safety, social inclusion).

This topic is important for our workforce and our stakeholders, while it is less impactful for Freeland, as the information for end-consumers is created and controlled by brand owners. Freeland only implements the necessary protocols to ensure the protection of information during production.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	ANALYSIS WORKFORCE	FINAL SCORE
ESRS S4 Consumers and end-users	Consumer information-related impacts	0.67	4.4	4.6	**6.44**
ESRS S4 Consumers and end-users	Personal safety of consumers	0.67	4.4	4.6	**6.44**
ESRS S4 Consumers and end-users	Social inclusion of consumers	0.67	4.4	4.6	**6.44**

For its history and vision, Freeland is particularly sensitive to the issue of quality and safety of its products and implements a complex quality control system in all its production phases.

Raw materials, accessories and components are carefully and systematically checked to ensure that the purchaser's specifications and the applicable product legislation are met and, in any case, complied with for the intended use of the product.

Freeland ensures full compliance with the European Regulation no. 1907/2006 ("REACH" – Registration, Evaluation, Authorisation, and Restriction of Chemicals) as regards its hazardous and/or restricted substances, as well as with the provisions of the ZDHC (Zero Discharge of Hazardous Chemicals) Protocol.

The ZDHC Protocol, the gold standard for the fashion industry, provides a list of chemicals that are banned from intentional use in companies producing textile materials and/or finished leather. Based on this Protocol, Freeland also created its own internal policy on the management of restricted substances.

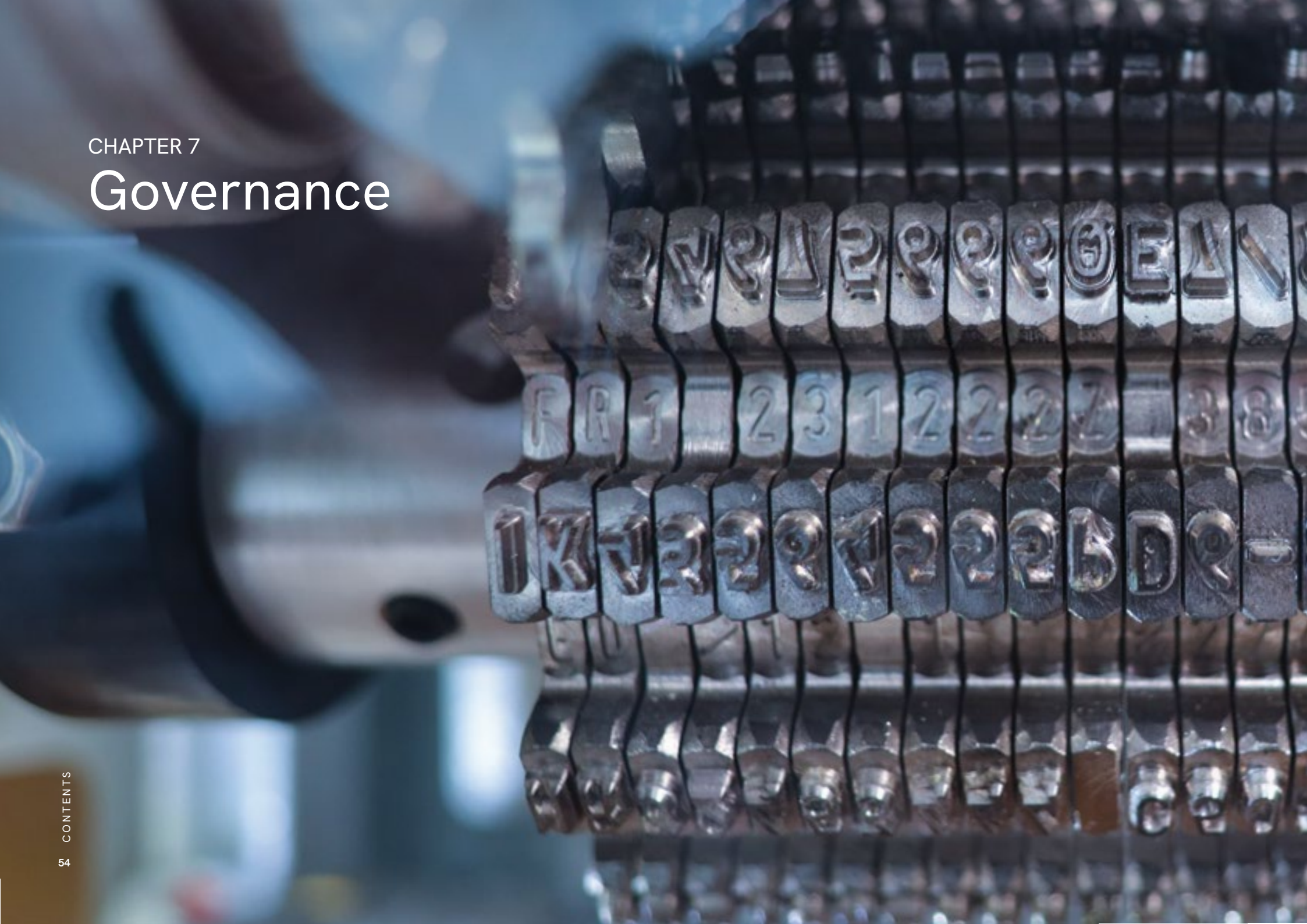
6.5 SOCIAL GOALS

Freeland has many varied social goals that have different impacts on both its internal and supply chain workers, as well as on local communities.

GOAL	GOAL	GOAL
Transparency and visibility of business operations by increasing legitimacy and consent	Preparation of the 2024 Sustainability Report	2024
Corporate welfare	Meal vouchers/shopping vouchers for all employees	2024
Inclusion and integration	Italian language courses for foreign personnel	2024
Occupational safety	Upgrade and requalification of horizontal safety signs	2024
Training for professional development	Achieving the target of 600 hours of voluntary training (courses in Italian language, management systems, ...)	2024
Participation in initiatives for social, humanitarian and/or charitable organizations	Allocation of funds to social, humanitarian and/ or charitable programs and initiatives, support of a scholarship for the Ortolani Coraggioisi's project "Casa di Ventignano"	2024

CHAPTER 7

Governance



7. Governance

Under the Corporate Sustainability Reporting Directive (CSRD), the topic of corporate governance consists of all those elements that enable the users of our sustainability reporting to understand the company's strategy, approach, processes and procedures, as well as its performance in terms of conduct.

The topics related to the conduct of the undertaking are:

- Business ethics and business culture, including anti-corruption
- Protection of whistleblowers
- Management of relationships with suppliers
- Activities related to the exercise of any political influence (including any lobbying activities)

Our materiality analysis showed a high level of attention from our stakeholders on all the aforesaid topics, while our business assessment detected a lower impact for activities related to relationships with suppliers (with whom very regular and consolidated supply and payment conditions are ensured) and for activities related to the exercise of any political influence (due to the absence of any kind of connection between our employees and the world of public administration and politics).

Similarly, our business analysis reduced the significance of our impact on animal welfare, since the supply of raw materials (leather) is not under our direct control.

TOPIC	SUB-TOPIC	INTERNAL ANALYSIS	STAKEHOLDER ANALYSIS	ANALYSIS WORKFORCE	FINAL SCORE
ESRS G1 Business conduct	Corporate culture	0.67	4.9	4.7	**6.84**
ESRS G1 Business conduct	Protection of data and information of Internal stakeholders	0.07	4.7	4.7	**6.31**
ESRS G1 Business conduct	Protection of process and supply chain information	0.67	4.7	4.7	**6.71**
ESRS G1 Business conduct	Animal wellbeing	0.67	4.3	4.4	**6.24**
ESRS G1 Business conduct	Management of relationships with suppliers (including payment practices)	0.40	4.9	4.7	**6.67**
ESRS G1 Business conduct	Corruption and bribery	0.40	4.9	4.6	**6.60**

7.1 BUSINESS ETHICS AND CONDUCT

Strict compliance with the applicable laws and regulations is one of the main founding principles of our company, as we also set out in our Code of Ethics,

which clearly describes the ethical principles to be complied with by all our employees and external partners, each within their respective competences, during their work activities. Each addressee of the Code of Ethics is expected to be aware of and implement its contents, as well as to report any gap or violation.

To ensure full compliance with laws and cogent requirements, Freeland has adopted an Organisation, Management and Control Model, as required by the Italian Legislative Decree [D.lgs.] no. 231/01 [shortly "Organizational Model 231") and appointed a Supervisory Board (SB).
The Organizational Model 231 establishes precise control protocols and assigns responsibilities for the prevention of crimes.

The SB has the task of monitoring compliance with the provisions of the Organizational Model 231. Any breach can be reported to the SB through dedicated communication channels.

The business areas most at risk and sensitive processes are identified through special risk assessments, analysing all the crimes identified in Legislative Decree no. 231/2001. Freeland is committed to maintaining high standards of transparency, fairness, and integrity in the conduct of its business, while respecting human rights, labour rights, environmental protection, and anti-corruption principles.

Any employee, partner, consultant or other person acting on behalf of Freeland may not seek to inappropriately influence the decisions of the institution concerned in order to obtain undue advantages or the performance of actions contrary to official duties, particular by directly or indirectly offering or promising gifts, money, favours or benefits of any kind.

The system of internal protocols and procedures put in place with the Organizational Model 231, with the contribution of the Supervisory Board, allow us to ensure that every person behaves in line with the principles set out in Freeland's Code of Ethics.

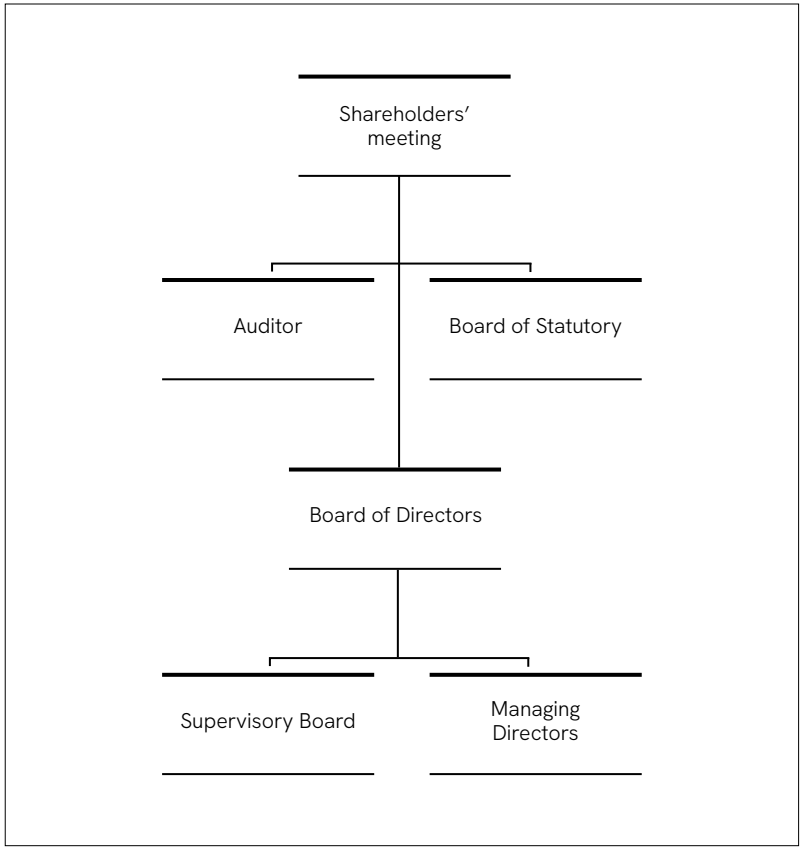
7.2 GOVERNANCE STRUCTURE

Freeland's objectives are to:

- Improve our economic, social and environmental performance, while continuously creating value for our stakeholders, in compliance with the applicable laws, regulations, standards, and internal values
- Implement an approach based on risk assessment and improvement opportunities
- Ensure and strengthen ethical behaviour in the workplace through the promotion and dissemination of the Code of Ethics to our personnel and stakeholders
- Ensure that our personnel is aware of all our commitments and actively engaged in pursuing our goals

Freeland implements a traditional administration and control system with several key roles played by the Board of Directors, the Board of Statutory Auditors, and Auditor, and the Supervisory Board dedicated to the Organizational Model 231.

Our governance model consists of a carefully structured system of rules, practices, and procedures. This Model has been designed to make our operations transparent and effective.



Shareholders' Meeting

The Shareholders' Meeting is the body that makes decisions based on the majority rule, i.e. resolutions are passed with the majority of votes of members representing shares of the share capital of the company. This voting method reflects the will of the company, provided that the rules governing the general meeting have been complied with. The function of the Meeting is to pronounce the will of the company on the matters that fall within its jurisdiction under the law or bylaws.

Auditor

The legal auditing system is organized in accordance with the Articles of Association, as instructed by the Board of Statutory Auditors, during the Shareholders' Meeting. External auditors, who are selected from recognized international auditing firms, carry out their activities independently based on strict and impartial principles.

Board of Statutory Auditors

The Board of Statutory Auditors monitors compliance with the laws, Articles of Association, and sound administration principles; it monitors the adequacy of the organizational, administrative, and accounting layout adopted and assesses the effectiveness of the internal audit system.

Board of Directors

The task of the Board of Directors is to manage both routine and non-routine corporate operations. This includes defining the overall strategy, assessing operational and financial performance, approving significant operations, and managing key aspects such as strategic objectives, annual budgets, and periodic results. In addition, the BoD is responsible for the sustainability strategy and oversees the internal control and risk management system. Committed to conducting business in a responsible manner, the BoD creates an inclusive and safe working environment, while protecting the ecosystems and communities in which it operates. The BoD is committed to specific training activities, to ensure an increasingly responsible management of the company. For all this, it is vested with full authority to conduct routine and non-routine operations, as well as appoint proxies for certain tasks to ensure an efficient organizational structure.

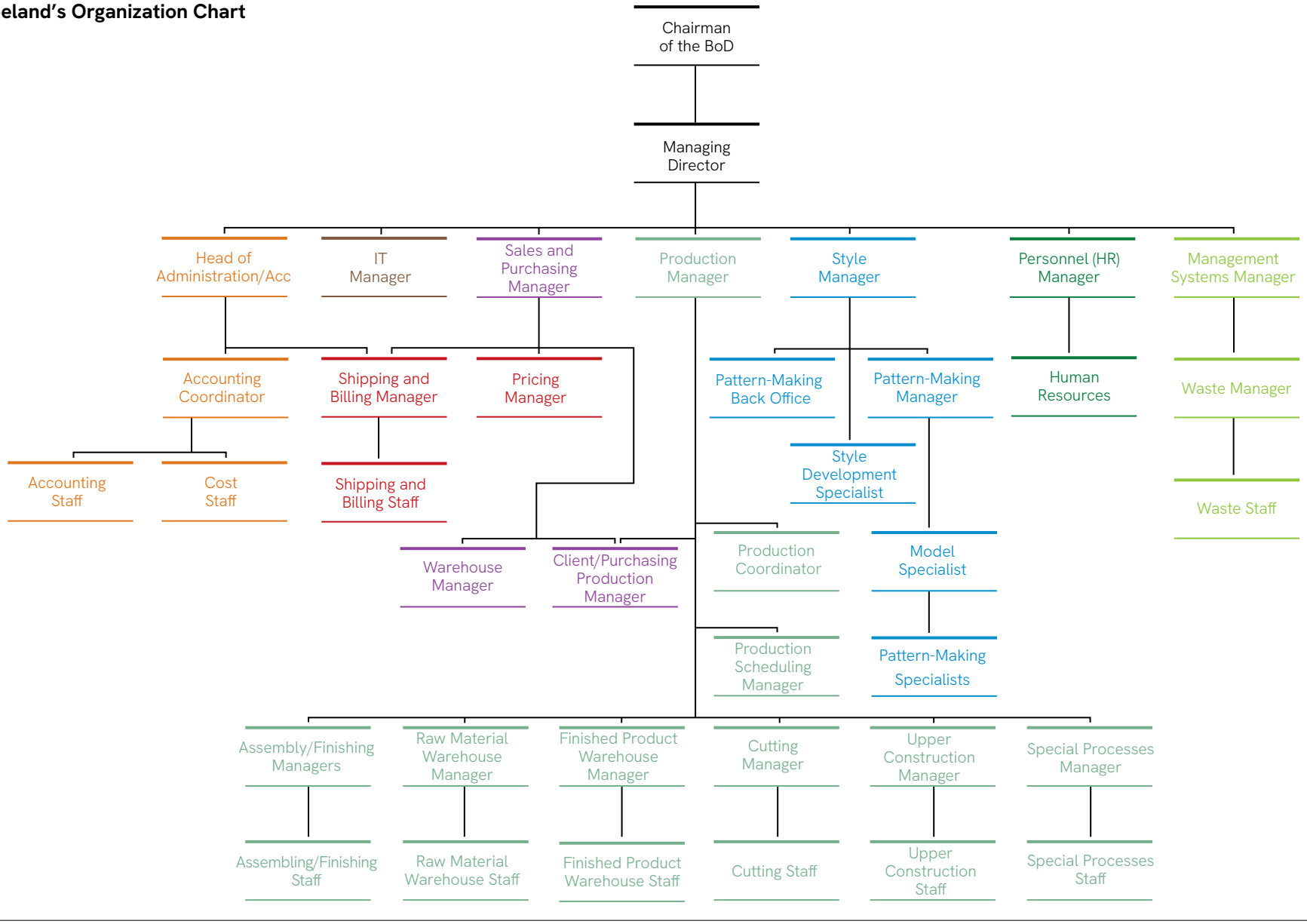
Supervisory Board 231

Freeland has implemented an Organizational Model for the prevention of crimes in line with Legislative Decree no. 231/21, for which it set up a Supervisory Board entrusted with the main task of ensuring the proper implementation and effectiveness of the Organisation, Management and Control Model adopted. The composition of the SB is carefully set to ensure professionalism, continuity and independence.

Managing Directors

Managing Directors are responsible for the direct management and control of the company, which involves the execution of specific powers of attorney.
Roles and responsibilities are notified to all organizational levels with specific internal job descriptions and formally defined operating procedures under the SA8000-ISO14001-ISO45001 Integrated Management System (IMS). Each person in each role is trained and supported in their growth path, so as to be ready to properly drive the personnel, even in corporate development projects. Certain personnel roles allow the Management to maintain an adequate level of control over all regulatory and cogent aspects (legal and compliance, occupational safety, environmental legislation, social accountability, product safety).
At a more operational level, the current organizational structure is shown in the Organizational Chart below.

Freeland's Organization Chart



8. Methodological note

This document has been prepared in accordance with the ESRS (European Sustainability Reporting Standards) defined under the Corporate Sustainability Reporting Directive (CSRD) 2022/2464/EU by the European Financial Reporting Advisory Group (EFRAG) to standardize non-financial reporting approaches and tools.

Freeland decided to adopt these standards voluntarily from the year 2023, thus starting a process that will continue in the years to come and which will allow for an increasingly more accurate reporting, as well as an accurate measurement of the goals defined and achieved over time.

This Report contains the double materiality analysis we conducted for the definition of all the topics on which Freeland has based its reporting. In this initial draft, we decided to postpone the development of certain topics, as permitted for some of them in the first years of application of the new directive.

In particular, companies with fewer than 750 employees are allowed to omit:

- for the first year following the entry into force of the obligation, ESRS topic S1;
- for the first two years following the entry into force of the obligation, ESRS topics E4, S2, S3 and S4.

For the first year following the entry into force of the obligation, all companies are allowed to omit reporting of financial effects connected with ESRS topics E1-9, E2-6, E3-5, E5-6.

In the coming years, Freeland will progressively integrate the contents specified by the CSRD, as they will be further defined as the legislation progresses.

9. European Sustainability Reporting Standards (ESRS)

ERS STANDARD	INFORMATION	LOCATION	REFERENCE PAGES
ESRS 2 general disclosures	Disclosure Requirement BP-1: General basis for preparation of the sustainability statement	The reporting scope includes only Freeland as an entity and corresponds to Freeland's financial statements as at 31 December 2023	Given in each section defined
ESRS 2 general disclosures	Disclosure Requirement BP-2: Disclosures in relation to specific circumstances		Given in each section defined
ESRS 2 general disclosures	Disclosure Requirement GOV-1: The role of the administrative, management and supervisory bodies		58 to 60
ESRS 2 general disclosures	Disclosure Requirement GOV 2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	The following aspects are highlighted: ▪ Responsibility for ESG impact management lies with the Board of Directors, which reviews material issues, at least annually. ▪ Responsibility for verifying compliance with environmental obligations also lies with functional managers. There is no established periodical frequency for these functional managers, vested with specific control responsibilities, to report to the Board of Directors: they must certainly do so whenever they deem it appropriate. There are no incentives or rewards associated with the achievement of ESG goals/targets.	Given in each section defined
ESRS 2 general disclosures	Disclosure Requirement GOV-3: Integration of sustainability-related performance in incentive schemes		11 to 17
ESRS 2 general disclosures	Disclosure Requirement GOV-4: Statement on due diligence		11 to 17

ESRS 2 general disclosures	Disclosure Requirement GOV-5: Risk management and internal controls over sustainability reporting		11 to 17
ESRS 2 general disclosures	Disclosure Requirement SBM-1: Strategy, business model and value chain		11 to 17
ESRS 2 general disclosures	Disclosure Requirement SBM-2: Interests and views of stakeholders	Please note that all stakeholders are enabled to file a complaint, report, or proposal tools/bodies/facilities	11 to 17
ESRS 2 general disclosures	Disclosure Requirement SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model		11 to 17
ESRS 2 general disclosures	Disclosure Requirement IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	As regards the involvement of the highest government body in the assessment of material issues, reference is made to reporting requirements ESRS 2 GOV-1 and ESRS 2 GOV-2. Material topics have been approved by the Management	11 to 17
ESRS 2 general disclosures	Disclosure Requirement IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statement		11 to 17
ESRS 2 general disclosures	Disclosure Requirement MDR-P: Policies adopted to manage material sustainability matters		11 to 17
ESRS 2 general disclosures	Disclosure Requirement MDR-A: Actions and resources in relation to material sustainability matters		11 to 17

ESRS 2 general disclosure	Disclosure Requirement MDR-M: Metrics in relation to material sustainability matters	Each topic for which a quantitative measurement is required or deemed appropriate (e.g., an average, a ratio, a percentage, an absolute value, etc.) contains an explanation of the metrics used	11 to 17
ESRS 2 general disclosure	Disclosure Requirement MDR-T: Tracking effectiveness of policies and actions through targets	We point out the maintenance of specific KPIs built into each reference section	11 to 17
E1 climate change	E 1.1 Transition plan for climate change mitigation	Freeland has adopted the option that allows companies to postpone the preparation of metrics and to manage and improve impacts on climate change based on deadlines and exemptions for companies with <750 employees	23 - 24
E1 climate change	E 1.2 Policies related to climate change mitigation and adaptation	See Disclosure Requirements E1.1	23 - 24
E1 climate change	E 1.3 Actions and resources in relation to climate change policies	See Disclosure Requirements E1.1	23 - 24
E1 climate change	E 1.4 Targets related to climate change mitigation and adaptation	See Disclosure requirements E1.2	23 - 24
E1 climate change	E 1.5 Energy consumption and mix	See Disclosure requirements E1.3	23 - 24
E1 climate change	E 1.6 Gross Scopes 1,2,3 and Total GHG emissions	See Disclosure requirements E1.4	23 - 24
E1 climate change	E 1.7 GHG removals and GHG mitigation projects financed through carbon credits	See Disclosure requirements E1.5	23 - 24
E1 climate change	E 1.8 Internal carbon pricing	Not applicable to our operations	23 - 24
E1 climate change	E 1.9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		23 - 24
E2 Pollution	E 2.1 Policies related to pollution	Integrated into the corporate environmental policy	25 - 26
E2 Pollution	E 2.2 Actions and resources related to pollution	We assessed material aspects of comparable operations and supply chains	25 - 26

E2 Pollution	E 2.3 Targets related to pollution	Not applicable to our operations	25 - 26
E2 Pollution	E 2.4 Pollution of air, water and soil	Not applicable to our operations	25 - 26
E2 Pollution	E 2.5 Substances of concern and substances of very high concern	We do not use substances as defined by ESRS E2.5	25 - 26
E2 Pollution	E 2.6 Anticipated financial effects from material pollution-related impacts, risks and opportunities	We assessed material aspects of comparable operations and supply chains	25 - 26
E3 water and marine resources	E 3.1 Policies related to water and marine resources	Integrated into the company's environmental policy	27
E3 water and marine resources	E 3.2 Actions and resources related to water and marine resources	Not applicable to our operations	27
E3 water and marine resources	E 3.3 Targets related to water and marine resources	Not applicable to our operations	27
E3 water and marine resources	E 3.4 Water consumption	Not applicable to our operations	27
E3 water and marine resources	E 3.5 Anticipated financial effects from material water and marine resources-related impacts, risks and opportunities	Not applicable to our operations	27
E4 biodiversity and ecosys-tems	E 4.1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Not applicable to our operations	
E4 biodiversity and ecosys-tems	E 4.2 Policies related to biodiversity and ecosystem	Not applicable to our operations	
E4 biodiversity and ecosys-tems	E 4.3 Actions and resources related to biodiversity and ecosystems	Not applicable to our operations	
E4 biodiversity and ecosys-tems	E 4.4 Targets related to biodiversity and ecosystem	Not applicable to our operations	
E4 biodiversity and ecosys-tems	E 4.5 Impact metrics related to biodiversity and ecosystems change	Not applicable to our operations	

E4 biodiversity and ecosys-tems	E 4.6 Anticipated financial effects from material biodiversity and ecosystem-related impacts, risks and opportunities	Not applicable to our operations	
E5 Resource use and circular economy	E 5.1 Policies related to resource use and circular economy	Integrated into our corporate environmental policy	28 to 30
E5 Resource use and circular economy	E 5.2 Actions and resources related to resource use and circular economy	We assessed material aspects of comparable operations and supply chains	28 to 30
E5 Resource use and circular economy	E 5.3 Targets related to resource use and circular economy	We assessed material aspects of comparable operations and supply chains	28 to 30
E5 Resource use and circular economy	E 5.4 Resource inflows	As regards the water resource, see Disclosure requirement E 3.4	28 to 30
E5 Resource use and circular economy	E 5.5 Resource outflows		28 to 30
E5 Resource use and circular economy	E 5.6 Anticipated financial effects from material resource use and circular economy-related, risks and opportunities	We assessed material aspects of comparable operations and supply chains	28 to 30
S1 Own workforce	S 1.1 Policies related to own workforce	Defined in specific SA8000 corporate policy	28 to 30
S1 Own workforce	S 1.2 Processes for engaging with own workforce and workers representatives about impacts	Feedback has been requested in SA8000 policy procedures on how to complete questionnaires to define material topics	34 to 47
S1 Own workforce	S 1.3 Processes to remediate negative impacts and channels for own workforce to raise concerns	Defined in the Health Safety Management system policy ISO45001	34 to 47
S1 Own workforce	S 1.4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Please note that specific tools/bodies/facilities are largely available for reporting/complaints	34 to 47

S1 Own workforce	S 1.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Defined downstream of specific section	34 to 47
S1 Own workforce	S 1.6 Characteristics of the undertaking's employees	Defined in specific section	34 to 47
S1 Own workforce	S 1.7 Characteristics of non employees in the undertaking's own workforce	Defined in specific section	34 to 47
S1 Own workforce	S 1.8 Collective bargaining coverage and social dialogue	Defined in specific section	34 to 47
S1 Own workforce	S 1.9 Diversity metrics	Defined in specific section	34 to 47
S1 Own workforce	S 1.10 Adequate wages	Defined in specific section	34 to 47
S1 Own workforce	S 1.11 Social protection	Defined in specific section	34 to 47
S1 Own workforce	S 1.12 Persons with disabilities	Defined in specific section	34 to 47
S1 Own workforce	S 1.13 Training and skills development metrics	Defined in specific section	34 to 47
S1 Own workforce	S 1.14 Health and safety metrics	Defined in specific section	34 to 47
S1 Own workforce	S 1.15 Work-life balance metrics	Defined in specific section	34 to 47
S1 Own workforce	S 1.16 Remuneration metrics (pay gap and total remuneration)	Defined in specific section	34 to 47
S1 Own workforce	S 1.17 Incidents, complaints and severe human rights impacts	Defined in specific section	34 to 47
S2 workers in the value chain	S 2.1 Policies related to value chain workers	Section not defined as material, managed by the company for monitoring only	48 to 50
S2 workers in the value chain	S 2.2 Processes for engaging with value chain workers about impacts	Section not defined as material, managed by the company for monitoring only	48 to 50
S2 workers in the value chain	S 2.3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Section not defined as material, managed by the company for monitoring only	48 to 50

S2 workers in the value chain	S 2.4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Section not defined as material, managed by the company for monitoring only	48 to 50
S2 workers in the value chain	S 2.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Section not defined as material, managed by the company for monitoring only	48 to 50
S3 affected communities	S 3.1 Policies related to affected communities	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	51
S3 affected communities	S 3.2 Processes for engaging with affected communities about impacts	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	51
S3 affected communities	S 3.3 Processes to remediate negative impacts and channels for affected communities to raise concerns	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	51
S3 affected communities	S 3.4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	51
S3 affected communities	S 3.5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	51

S4 consumers and end-users	S 4.1 Policies related to consumers and end-users	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	52
S4 consumers and end-users	S 4.2 Processes for engaging with consumers and end-users about impacts	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	52
S4 consumers and end-users	S 4.3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	52
S4 consumers and end-users	S 4.4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	The Management assessed that the company's operations did not have any negative impact in environmental and social terms. Therefore, there was no need for any community engagement activity	52
G1 Business conduct	G 1.1 Business conduct policies and corporate culture	Defined according to the requirements of Legislative Decree 231	55 to 60
G1 Business conduct	G 1.2 Management of relationships with suppliers	Suppliers are defined according to ESG requirements certified by our environmental management system	55 to 60
G1 Business conduct	G 1.3 Prevention and detection of corruption and bribery	Defined according to the requirements of Legislative Decree 231	55 to 60
G1 Business conduct	G 1.4 Incidents of corruption or bribery	During 2023 there was no significant case of non-compliance with laws, regulations, bribery or fraud	55 to 60
G1 Business conduct	G 1.5 Political influence and lobbying activities	No member of the Board of Directors has held or holds similar positions in the Public Administration	55 to 60
G1 Business conduct	G 1.6 Payment practice	We assessed material aspects of comparable operations and supply chains	55 to 60

For more information on this Report and our sustainability actions, please contact:

FREELAND S.r.l.
Via Verrazzano 4, 6, 8 - 50054 Fucecchio Firenze - Toscana – ITALY
+39 0571 244337 - info@freelandcalzature.it