



Consolidated sustainability statement 2024



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GENERAL DISCLOSURES

1.1 Basis for preparation

BP-1 – General basis for preparation of sustainability statements

This section constitutes the Consolidated Sustainability Statement of the Emak Group, prepared in accordance with Legislative Decree No. 125 of September 6, 2024, as implementation of Directive (EU) 2022/2464 of the European Parliament and Council of December 14, 2022 (Corporate Sustainability Reporting Directive, hereinafter "CSRD").

The section has been prepared to ensure the comprehensibility of information regarding the Group's activities, as well as other qualitative characteristics of the company as outlined in ESRS 1, Appendix B, of Delegated Regulation (EU) 2023/2772.

The statement covers relevant sustainability issues for the financial year 2024, from January 1 to December 31, and shares the same scope of consolidation as the Emak Group's consolidated annual financial report ("Group"); therefore, the area is represented by all companies fully consolidated in the annual financial report. The information provided by the Group includes relevant impacts, risks, and opportunities ("IRO") connected to the company through its direct and indirect business relationships in the upstream and/or downstream value chain concerning policies, actions, and targets; metrics on relevant IROs in the value chain are not expressed, except for the information reported regarding Scope 3 emissions.

The Group has not used any of the options to omit information under letters d) and e) of paragraph 5 of the General Disclosures of Delegated Regulation (EU) 2023/2772.

BP-2 – Disclosures in relation to specific circumstances

Regarding the time horizons adopted, the company has not deviated from what is provided by the European regulations governing this document:

- a) short-term horizon: the period adopted by the company as the reference period for its financial statements (1 year);
- b) medium-term horizon: up to five years from the end of the short-term reference period defined in letter a); and
- c) long-term horizon: beyond five years.

It should be noted that Scope 3 emissions (E1-6) and the calculation of incoming materials (E5-4) are based on estimates and assumptions that are subject to a profile of uncertainty, due to the difficulty in accessing primary data by the Group. The Group is committed to seeking more accurate data in the future. Please refer to the respective paragraphs for more details on the calculation methods used.

The consolidated sustainability statement includes the information required by Article 8 of Regulation (EU) 2020/852 of June 18, 2020 (known as the "Taxonomy Regulation") and the related Delegated Regulations (EU) 2021/2178, 2021/2139, 2023/2485, and 2023/2486. For the preparation of this section, the recommendations communicated by the European Securities and Markets Authority (ESMA) in October 2023 regarding disclosure under Article 8 of the Taxonomy Regulation and climate change issues were taken into account. Emak presents, within the relevant chapter ("Environmental", paragraph "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852"), a description of the analyses carried out in 2024 to communicate to its stakeholders, through the models provided by the regulator, the data relating to eligible and aligned economic activities to the Taxonomy for the 6 environmental objectives (*climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, waste reduction and recycling of materials, pollution prevention and control, and protection of ecosystems*).

1.2 Governance

GOV-1 – The role of the administrative, management and supervisory bodies

Emak has a traditional governance structure, characterized by the presence of the following bodies: the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors, governed by the respective applicable legal provisions.

The Board of Directors represents the central body of the Emak Group's Corporate Governance system. In its guiding role, the Board defines the Group's strategies, integrating social and environmental issues, and monitors their implementation, with the aim of promoting long-term value creation.

The current Board of Directors was appointed by the Shareholders' Meeting during the approval of the financial statements as of December 31, 2021. On that occasion, the shareholders set the number of directors at 13 (thirteen) and the term of office at 3 (three) years (2022-2024).

Qualification	Members	Year of birth	Gender	Date of first appointment	In office since	In office until	Executive	Non Executive	Independent	No. other offices	Seniority of position since the first appointment	Committee member
Chairman	Livatio Massimo	1964	M	23/04/2013	29/04/2022	App. Financial Statements 2024		X		5	12	
Chief Executive Officer	Bartoli Luigi	1966	M	30/04/2004	29/04/2022	App. Financial Statements 2024	X			1	21	
Director with powers	Becchi Cristian	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024	X			-	3	
Director	Iotti Elena	1979	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X	X	6	9	CCRS/CORE/CNOM/COPC
Director	Lanza Alessandra	1971	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X	X	1	12	CCRS/CORE/CNOM/COPC
Director	Grappi Silvia	1976	F	29/04/2022	29/04/2022	App. Financial Statements 2024		X	X	-	3	CCRS/CORE/CNOM/COPC
Director	Baldi Francesca	1969	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X		1	12	
Director	Bartoli Ariello	1937	M	24/04/1998	29/04/2022	App. Financial Statements 2024		X		1	27	
Director	Becchi Paola	1967	F	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1	21	
Director	Ferrari Giuliano	1950	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		-	21	
Director	Salsapanglia Marzia	1961	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X		-	9	
Director	Spaggiari Vilmo	1940	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1	21	
Director	Zambelli Paolo	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024		X		1	3	

Among the appointed directors, there are 2 executive directors who are employees of the company, 3 non-executive and independent directors (equal to 23% of the total directors, 27% of the non-executive directors), and 8 non-executive and non-independent directors; of the 13 members, 6 are female (46%).

The Board of Directors of Emak is composed of directors with skills and professionalism appropriate to the tasks assigned to them.

The knowledge of the sectors, products, and geographical areas in which the Group operates is guaranteed by the professional and personal history of the individuals as well as their tenure, which has ensured constant training and updating on key issues. During board meetings, the executive directors provide extensive information on the matters on the agenda. Additionally, the Chairman may invite executives of the parent company or managing directors of the subsidiaries, as well as the Manager in charge of preparing the accounting statements, to attend the meetings of the Board to provide appropriate insights on the topics on the agenda. Furthermore, if deemed useful to provide appropriate insights on the topics discussed, managers or representatives of the companies most involved in the matter are invited to participate in the meetings.

Within the Board of Directors, four committees operate with preparatory functions, established to acquire, within their respective areas as provided and defined by the Corporate Governance Code and their respective operating regulations, their propositional and consultative contributions. These are the Remuneration Committee (CoRe), Risk Control and Sustainability Committee (CCRS), the Related Party Transactions Committee (COPC), and the Nominations Committee (Cnom).

In its guiding role, the Board of Directors, assisted by the preparatory activities of the Risk Control and Sustainability Committee, ultimately has the responsibility to manage, including adopting necessary procedures if required, the relevant risks, impacts, and opportunities concerning sustainability issues. To this end, the delegated bodies periodically report to the full board any significant aspects that may arise from discussions with the top operational levels not only of the parent company but also of the Italian companies leading the individual business units.

The Board of Directors has established the Risk Control and Sustainability Committee, with the task of supporting, through adequate preparatory activities, the Board's evaluations and decisions regarding the internal control system and risk management, as well as the approval of financial reports and sustainability reporting. Its members collectively possess adequate expertise in the sector in which the Group operates, which is essential for assessing related risks; due to the professionalism of its members, the Committee boasts specific experience in accounting, finance, and risk management, which the Board of Directors considered highly adequate at the time of appointment.

Its opinion is not binding; however, even if it were contrary to the prevailing orientation within the board, it would be given the utmost consideration, as it would compel the Board to specifically and expressly analyze and delve into the opposing reasons expressed by the Committee, providing detailed justification for the decision made nonetheless.

Among the tasks of the Committee included in its regulations are the following activities:

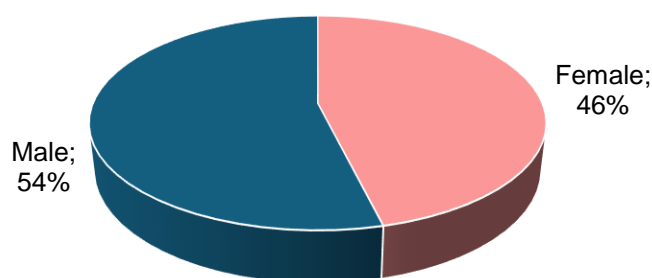
- evaluate the adequacy of periodic, financial, and sustainability information to correctly represent the business model, strategies of the Company and the Group, the impact of its activities, and the performance achieved;
- examine the content of sustainability reporting;
- express opinions on specific aspects related to the identification, measurement, management, and monitoring of major business risks;
- evaluate, for the benefit of the Board, the recommendations contained in the letter formulated by the Chairman of the Corporate Governance Committee, in order to verify their alignment with the practices adopted by the Company, identify any gaps in application or explanations provided, and possibly define any initiatives for governance evolution;
- report every half year to the Board on the adequacy of the internal control and risk management system.

Within the Group, sustainability issues are managed and governed within the most appropriate functions based on relevance to the activity, mastery, and competence of the subject matter, which oversee and control them. When similar issues may involve multiple functions or companies within the Group, the designated entities work to share knowledge and resources both in structured occasions, such as functional committees, and through informal discussions. Based on the importance of the issues addressed in terms of impacts, risks, and opportunities, operational decisions are made by the competent hierarchical levels. The initiatives undertaken are periodically reported to the top management, which in turn reports to the Board of Directors in the normal board discussions.

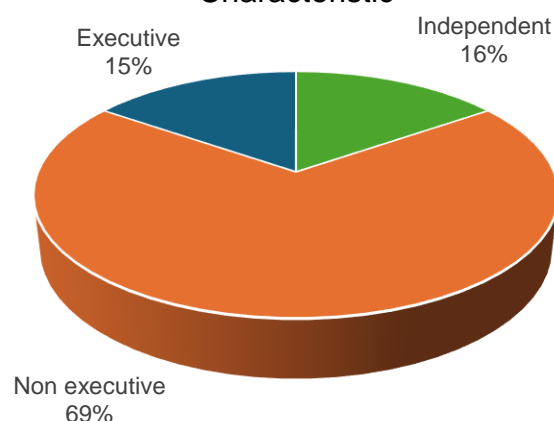
The Board of Directors annually reviews and approves the strategic, industrial, and financial plans¹ of the Company and the Group, as well as their respective annual budgets, with the support of the Risk Control and Sustainability Committee. During the financial year, the Board has monitored the implementation of the

¹ As mentioned in other parts of the document, the Group considers sustainability topics an integral part of its operations, even though it has not yet formalized a multi-year sustainability plan.

Gender



Characteristic



industrial plan on a quarterly basis, evaluating the overall management performance and comparing the results achieved with those planned, as derived from the annual budget approved by the Board itself before the end of the previous year; these activities were carried out, in particular, during meetings dedicated to the approval of interim management reports, the half financial report, and the annual financial report.

The Board conducts a self-assessment process every three years, in anticipation of its renewal, which focuses on the size, composition, and actual functioning of the Board itself and its Committees, also considering the role it has played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

The last self-assessment, carried out by the outgoing Board of Directors, was completed on February 28, 2022, following an inquiry conducted by the Nominations Committee. It was developed without the use of external consultants, based on a questionnaire submitted to each director.

In the first section of the questionnaire, submitted to all members of the Board, questions were included regarding:

- the characteristics of the directors, the Board, and the Committees;
- the adequacy of the induction activities to the board on relevant topics;
- the scheduling of board meetings;
- the preliminary information for the conduct of board meetings;
- the conduct of board meetings.

The questions formulated in the second section, reserved for executive and independent directors only, focused on the functioning of each board committee and the coordination among the actors of the Internal Control and Risk Management System.

As a result of the self-assessment process described above, the Board positively evaluated the size, composition, and functioning that characterize its structure and activities; similar conclusions were reached regarding its Committees. The overall favorable evaluation expressed by the Board of its structure and functioning is accompanied by an equally positive assessment of the frequency, significance, and productivity of board discussions, as well as the degree of mutual and constructive oversight that the different components of the Board exercise over each other.

With specific reference to sustainability issues, the skills of individual directors ensure their adequate oversight: the members of the Board of Directors, on one hand, boast a deep knowledge of the sectors and markets in which the Group operates and the dynamics that characterize them (e.g., technological evolution, consumer preferences, competitive dynamics); on the other hand, the professional experience of some members of the administrative body, particularly the non-executive directors, ensures a continuous contribution of cross-functional skills to the specific activities of the Group. Specific training activities were carried out during 2024 involving the members of the Risk Control and Sustainability Committee, the executive directors, and the Chairman in the double materiality analysis, which allowed for the enhancement of specific skills and competencies on relevant impacts, risks, and opportunities of the Group. Additionally, if necessary, the Risk Control and Sustainability Committee and the directly involved operational structures can make use of specific external consultations on certain matters both to address concrete activities and to organize training sessions on specific topics. As evidence, during the 2024 financial year, the parent company Emak S.p.A. was assisted by an expert consultant in the process of adapting sustainability reporting to the new European regulations. It should also be noted that in carrying out its duties, the Risk Control and Sustainability Committee has the authority to access the necessary company information and functions, as well as to use external consultants, under the terms established by the Board of Directors. The Committee has an ordinary annual budget of 20,000 euros, which can be increased if necessary, subject to Board approval.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

During 2024, the governing bodies oversaw the preparation and approved the periodic reporting on sustainability issues and participated in the double materiality analysis process. The Board of Directors is primarily involved in general objectives and is directly engaged in the most relevant and strategic issues concerning the Group's business, while more specific initiatives are carried out by the competent structures (e.g., energy-saving initiatives, research and development of new products). During the period under review,

the delegated bodies (with the support of the directly involved structures) informed the Board and, depending on the topics addressed, the various committees about policies, actions, metrics, and objectives concerning sustainability issues during the various meetings as part of the agenda. Specific points included the process for gender equality certification followed by the Parent Company and the double materiality analysis process preparatory to the drafting of the sustainability reporting for the 2024 financial year.

The list of relevant impacts, risks, and opportunities addressed by the governing, management, and control bodies, and their respective committees, during the reference period is reported in the General Disclosures, paragraph *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*.

GOV-3 - Integration of sustainability-related performance in incentive schemes

Within its Board of Directors, Emak assigns variable components of remuneration only to executive directors. For them, in line with the recommendations of the Corporate Governance Committee, current best practices, and based on a benchmark analysis, the remuneration of executive directors is established as follows:

- a fixed component, recognized in composite form as managerial remuneration and office allowance;
- a short-term variable component (annual);
- a medium-long term variable component (three-year);
- The criteria identified for a consistent and reasonable pursuit of the goal of proper incentivization of executive directors are aligned with those indicated by the Corporate Governance Code, as:
 - o a significant part of their remuneration is linked to the achievement of specific performance objectives;
 - o the balance between the fixed and variable components is adequate and consistent with the strategic objectives and risk management policy of the Company, taking into account the characteristics of the business activity and the sector in which it operates;
 - o maximum limits are set for the payment of variable components;
 - o the performance objectives, to which the payment of variable components is linked, are predetermined, measurable, significantly linked to a medium-long term horizon, consistent with the Company's strategic objectives, aimed at promoting its sustainable success, and include, with reference to the CEO, non-financial parameters;
 - o an adequate deferral period is provided – from the time of accrual – for the payment of a significant part of the variable component, in line with the characteristics of the business activity and the associated risk profiles;
 - o the fixed component is sufficient to remunerate the director's performance if the variable component is not paid due to the non-achievement of the performance objectives set by the Board of Directors.

The incentive remuneration structure for the CEO is designed to promote and reward the achievement of strategic objectives that are essential for the company's growth and consolidation. Each evaluation parameter is closely aligned with corporate priorities, ranging from technological innovation to environmental sustainability, strengthening leadership, and responsible resource management. The integrated and results-oriented approach not only fosters continuous improvement in operational performance but also contributes to long-term value creation, in line with contemporary challenges and the evolution of the global market. The adopted strategy ensures that the CEO, through the realization of concrete and measurable projects, advances the company's commitment to excellence and social responsibility. This approach ensures a positive impact both within the organization, promoting development and innovation, and in the community, contributing to the creation of shared value.

The short-term variable remuneration of the CEO for 2024 included, in addition to economic-financial objectives (weight 60%), specific sustainability targets (weight 40%), as detailed below.

A first area of evaluation concerned business expansion through the launch of new products, with particular attention to electric battery solutions. The expected result, which accounted for 20% of the short-term variable remuneration, required the completion of the development process of at least 80% of new products within the scheduled times and 100% of battery-powered products. Meeting these parameters not only addressed the need for technological innovation but also aligned with the company's commitment to greater environmental sustainability, contributing to emission reduction and the transition to more ecological solutions.

A second key objective, which accounted for 5% of the annual variable remuneration, concerned the definition of a succession plan for strategic positions in the Outdoor Power Equipment segment by the end of the 2024 financial year, aimed at ensuring the continuity and solidity of the company's leadership.

Finally, with a weight of 3% each and a total of 15%, the following specific sustainability objectives were included:

- Energy recovery initiative, with particular reference to meeting the boiler replacement timelines at the Parent Company Emak S.p.A.;
- Definition of a Group Car Policy aimed at promoting sustainability. The CEO was tasked with drafting and implementing the procedure by the end of the year, ensuring that all corporate mobility policies were aligned with environmental sustainability objectives, with a view to reducing the ecological footprint of the car fleet in Italy;
- Management of CO₂ emissions from the company fleet, along with the total compensation of emissions from the car fleet in Italy. The success of this initiative was measured through the actual reduction of emissions and/or complete compensation, with the goal of achieving carbon neutrality by the end of the year for the Italian car fleet;
- Obtaining AEO (Authorized Economic Operator) certification for Emak S.p.A. by the end of 2024, certifying the company's reliability and operational efficiency as a distinctive value element in international operations;
- Initiatives in favor of gender equality within the organization, with particular reference to preparatory activities for the UNI PdR 125:2022 certification of Emak S.p.A., which is expected to be achieved in 2025. The action plan included the creation of a Steering Committee, the definition of an HR procedure, the communication of the Strategic Plan, and employee training, all fundamental actions to ensure that the company meets inclusivity and diversity criteria, addressing modern social and cultural challenges.

The remuneration policy currently followed by Emak was introduced following the renewal of the corporate bodies, resolved by the Shareholders' Meeting on April 29, 2022, valid for the entire mandate that will end with the approval of the financial statements for the 2024 financial year.

In compliance with the compensation limits set by the Shareholders' Meeting, the Remuneration Committee subsequently developed a set of proposals for the distribution of fixed compensation among the directors and the allocation of variable compensation. The Board of Directors evaluated the Committee's proposals and resolved, on May 13, 2022, regarding the distribution of fixed compensation due to the directors for the entire board mandate. On the same date, having acquired the results of the inquiry conducted by the Remuneration Committee, the Board of Directors resolved the methods for determining the incentive compensation due to executive directors and some first-level managers and executives, although not holding strategic responsibilities, engaged in various corporate functions. Certain aspects of the short-term variable remuneration were subsequently updated, with the favorable opinion of the Remuneration Committee and the Board of Statutory Auditors, during the board meetings on December 20, 2023, and February 29, 2024.

GOV-4 - Statement on due diligence

Due diligence represents the process through which an organization identifies, prevents, mitigates, and communicates its approach to addressing negative impacts, both actual and potential, on the environment and people resulting from its activities. The implementation of this process occurs through the adoption of specific policies, operational tools, and monitoring mechanisms, culminating in the formalization of a due diligence procedure that summarizes and documents the entire approach adopted.

While acknowledging that Emak has currently implemented this process indirectly and does not have a structured and detailed due diligence framework formalized through a dedicated procedure, a set of tools inspired by the fundamental principles that constitute the due diligence process has nevertheless been adopted.

As an example, Emak has formalized an Integrated Policy for Quality, Environment, and Safety, which, among other objectives, includes the identification, evaluation, and management of risks and opportunities related to ESG factors. Additionally, further support tools have been implemented, such as the governance model, internal procedures, risk management framework, along with monitoring and reporting activities.

The table below provides a mapping that illustrates the ways and sections in which the elements and main phases of the due diligence process can be found in the information presented in this Sustainability Statement, thus offering an overview of the company documentation inspired by the implementation of due diligence.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
Embedding due diligence in governance, strategy and business model	<i>Reference to:</i> <ul style="list-style-type: none"> • <i>ESRS 2 GOV-1</i> • <i>ESRS 2 GOV-2</i> • <i>ESRS 2 GOV-3</i> • <i>ESRS 2 SBM-3</i>
Engaging with affected stakeholders in all key steps of the due diligence	<i>Reference to:</i> <ul style="list-style-type: none"> • <i>ESRS 2 GOV-2</i> • <i>ESRS 2 SBM-2</i> • <i>ESRS 2 IRO-1</i>
Identifying and assessing adverse impacts	<i>Reference to:</i> <ul style="list-style-type: none"> • <i>ESRS 2 IRO-1</i> • <i>ESRS 2 SBM-3</i>
Taking actions to address those adverse impacts	<i>ESRS 2 MDR-A - Paragraphs relating to remedial actions and action plans for each topic (E1, S1, S4, G1 and Entity-specific)</i>
Tracking the effectiveness of these efforts and communicating	<i>ESRS 2 MDR-T - Paragraphs relating targets for each topic (E1, S1, S4, G1 and Entity-specific)</i>

GOV-5 - Risk management and internal controls over sustainability reporting

The Emak Group has an internal control and risk management system that the Board of Directors of Emak considers adequate for the size and nature of the business, suitable for effectively overseeing the main risk areas typical of the activity and contributing to the sustainable success of the Group. Within this system, to equip itself with an organizational structure even more suitable for the effective management of the sustainability reporting process, the Board of Directors of Emak S.p.A. has adopted a specific procedure to ensure that the Sustainability Statement included in the Annual Report complies with applicable regulations and reference standards. The correct implementation of the procedure and the tools adopted by the Group also helps to improve the reliability and transparency of quantitative and qualitative data and information available to governance actors for making informed and sustainable decisions, useful for the continuous improvement of the organization.

The internal control system tools identified and implemented by the Parent Company, which is ultimately responsible for preparing the consolidated reporting, are as follows:

- 1) Procedure for drafting the Sustainability Statement;
- 2) Standard Group package;
- 3) Instruction manual for package compilation;
- 4) Software for data management and consolidation;
- 5) Definition of the checklist for compliance verification;
- 6) Declarations of compliance;
- 7) Internal Audit plan.

Of primary importance in the internal control system is the procedure for drafting the Sustainability Statement. The Company had already established a procedure to regulate the preparation of the non-financial statement according to the regulations in force until the 2023 reporting period. The document was updated during 2024 and approved by the Board of Directors of Emak in its meeting on 30/01/2025, following a specific review by the Risk Control and Sustainability Committee, to comply with the new regulations and ESRS. The procedure outlines the roles, responsibilities, and timelines for preparing the information. Furthermore, consistency and completeness analysis of the data are carried out by the Investor Relations (IR) office, responsible for drafting the report. The procedure also requires the managers of the individual companies to provide the Parent Company with a certification regarding the correctness and compliance with reporting standards of the information provided. At the end of the process, the head of the IR office, as the person responsible for preparing the report, is required to sign a specific declaration of correct compliance with the reporting

procedures approved by the Parent Company's Board of Directors, in favor of the Manager in Charge and the delegated administrative bodies.

Another control tool is the Compliance Checklist, which has been developed to enable the Manager in Charge and the delegated administrative bodies to assess the disclosure's compliance with current regulations. The checklist, drafted in consideration of current legislation, is structured around twelve main areas of analysis to assess the effective application of various regulatory requirements and to map the key evidence supporting the evaluations carried out.

Structured to focus primarily on verifying the compliance of the reporting with the obligations set by current regulations and standards, the Checklist identifies the main areas subject to verification. The document is completed by the Manager in Charge and the Delegated Administrative Body with the collaboration of the Head of Internal Audit before the approval of the Sustainability Statement by the Board of Directors. The results are shared annually first with the Risk Control and Sustainability Committee and then presented to the Board of Directors.

The internal control system described so far represents a starting point for proper oversight of the information provided and will be progressively articulated and strengthened over time based on best practices to make it increasingly consistent and integrated with economic and financial reporting.

To date, the Group has identified two risk areas related to sustainability reporting and the corresponding prevention and mitigation strategies:

- Prompt understanding of changes related to regulatory evolution.
Prevention and mitigation strategy: providing training to key figures in corporate governance and the reporting process, participating in working groups and discussions on these topics, collaborating with external consultants to integrate internal skills and perspectives, applying the compliance checklist to support Internal Audit and the Manager in Charge, whose results are brought to the attention of the Risk Control and Sustainability Committee and the Board at the end of the reporting process to evaluate how to further strengthen the reporting in the following year.
- Complexity and size of the Group.
Prevention and mitigation strategy: formalizing organizational structures for sustainability reporting through the specific procedure, using enabling software to support data collection, collecting cascading declarations from representatives of the subsidiaries to ensure the accuracy of the data provided to the person responsible for drafting the report

The following are the phases of the process aimed at ensuring that the data and the document provided are correct and compliant with reporting principles:

1. **Project initiation:** in this phase, a proposal for the work setup for drafting the consolidated sustainability statement is defined;
2. **Perimeter analysis:** annually, the IR office verifies, based on the organization's evolution, the need to update the reporting perimeter concerning the involved companies and the information to be requested from the individual entities;
3. **Materiality analysis according to the double materiality approach:** targeted stakeholder engagement initiatives are prepared for the double materiality analysis. Annually, the Risk Control and Sustainability Committee and the Board of Directors confirm the validity of the materiality analysis. The double materiality analysis is conducted in compliance with ESRS requirements;
4. **Preparation of the information set:** based on the results of the previously described activities, the IR Office completes the identification of the list of ESRS data points to be reported in the report. Based on these considerations, the IR Office annually prepares a common information set for all companies (known as the ESRS reporting package), which is sent to the individual contacts with instructions on the forms to be completed. The development of this reporting package is associated with the preparation of specific data sheets for collecting the information necessary to calculate the KPIs of 'eligibility' and 'alignment' according to EU Regulation 2020/852 (EU Taxonomy reporting package) and the update of the scope 3 emissions inventory indirectly related to the Group's activities (GHG Inventory reporting package) following a specific 'screening analysis' aimed at identifying the relevant scope 3 emission categories for the Group;
5. **Compilation of the reporting packages:** the various packages are sent to the responsible contacts for data collection, and each company is required to complete all the requested fields within the specified timeframes, according to the instructions provided in the specific compilation manual. Any information related to aspects managed centrally is compiled/provided at the Group level by the competent function;
6. **Submission of the completed reporting package:** by a specific date, the Group companies complete their information set and send it to the IR Office;
7. **Consistency analysis and fine-tuning:** the IR Office performs consistency and completeness analysis on the data provided, requesting adjustments and/or explanations if necessary. In this regard, evidence may be requested regarding the information reported in the package. The main control functions are:

- Numerical consistency between data for the current reporting year and those available for the previous year;
 - Completeness of the data provided compared to the data requested;
 - Central re-performance of some information;
 - Verification and updating of conversion factors (consumption-emissions) from official sources;
 - Analysis of sample documentation to certify the data provided;
 - Verification of the correctness and consistency of any financial data reported in the section with what is reported in the annual financial report.
8. **Processing and consolidation of collected data:** the IR Office then proceeds with the consolidation of quantitative data, the reworking of qualitative information, and the drafting of the sustainability statement (including disclosure pursuant to EU Regulation 2020/852) to be included in the Annual report;
 9. **Review by Risk Control and Sustainability Committee:** the draft consolidated sustainability statement is presented to the Risk Control and Sustainability Committee at the meeting;
 10. **Approval by the Board of Directors of Emak S.p.A.:** the final approval of the document is carried out by the Board of Directors of Emak S.p.A., which is called to approve the Group's annual financial report as a whole and all its components (including the sustainability statement).

1.3 History

The history of the Emak Group begins in the early 70s, with the foundation in 1972 of Oleo-Mac by local entrepreneurs, a company specialized in the production of chainsaws, and in 1978 of EFCO, specialized in the production of brush cutters. In 1992, the two companies joined forces by merging and creating Emak. The first moves for growth started immediately, both in production, with the creation of the brush cutter plant in Pozzilli (province of Isernia), and in international expansion with the creation of the Spanish subsidiary Emak Suministros. A milestone in the Group's history is 1998, the year of its stock market listing. Thanks to the resources collected, the Group began its first true international expansion, with the creation of commercial subsidiaries in major European countries through the acquisition of its distributors. In the early 2000s, there was an expansion of production capacity with the creation of the Chinese company Emak JM (2004), dedicated to the production of machines for price-sensitive markets, and the completion of the outdoor power equipment catalog with the acquisition of Bertolini, a historic producer of small agricultural machines.

2011 marks the year of transformation. Emak enters the Pumps and Water Jetting segment and the Components and Accessories segment, almost doubling its size and entering adjacent segments with the possibility of achieving operational and technological synergies and differentiating its activity. From 2012 onwards, the Group's evolution focuses mainly on the expansion and consolidation of the PWJ and C&A segments, through a series of acquisitions that further expanded its product offering and geographic presence. In 2012, in addition to the creation of the Emak do Brasil commercial subsidiary, the group completed the acquisition of Valley Industries, a US company active in the PWJ sector. The years 2013 and 2014 are years of consolidation of the PWJ and C&A businesses with the entry into the Group of the companies Master Fluid (PWJ - urban cleaning), SI Agro Mexico (PWJ - commercial subsidiary), Geoline Electronic (C&A - precision farming, later merged into Tecomec S.r.l.) and Speed South America (C&A - production and packaging of brush cutter line).

In 2015, the Group expanded its industrial product offering with the acquisition of the Brazilian company Lemasa, a local leader in the high-pressure pump and industrial washing plant (PWJ) sector, and in 2016 with the acquisition of Acquatecnica S.r.l., which was immediately incorporated into PTC S.r.l. The external growth path continued in 2017 with the acquisition of the Lavorwash Group, which completed and strengthened the Group's positioning in the PWJ washing sector. In early 2018, the Group sold its stake in Raico, a company specialized in the distribution of components and accessories for agricultural tractors, industrial machinery, and earth-moving equipment. In the same year, the Group acquired a stake in Spraycom, a Brazilian company active in the distribution of components and accessories for agriculture such as nozzles, valves, pumps, electronic components, thus enhancing the commercial activities of the Components and Accessories segment in Brazil.

In early January 2019, the Group strengthened its presence in the agricultural sector of the C&A segment with the acquisition of the Brazilian company Agres, active in the development and supply of electronic solutions and systems (precision farming) for agricultural machinery, particularly for spraying and weeding.

In 2020, the expansion path in the Components and Accessories segment continued with the acquisition of 51% of the share capital of the Swedish company Markusson Professional Grinders AB ("Markusson"), active in the development and commercialization of professional sharpeners for chainsaw chains.

In 2021, the Group expanded its catalog of cleaning machines (PWJ) by finalizing the acquisition of 80% of Poli S.r.l., an Italian company active in the production and commercialization of motor sweepers. To expand

its direct presence in the Components & Accessories segment in one of the main European markets and to broaden its spare parts catalog, in 2022 the Group acquired the Spanish company Trebol Maquinaria y Suministros S.A., which is active in the commercialization of spare parts and accessories in the gardening and forestry sector.

In 2023, the Group expanded its agricultural activities in the PWJ segment through the acquisition of the Bestway business, a key player in the US market for the production and commercialization of sprayers, equipment for agricultural applications with its brand's spray tanks, and for the sale of pumps and accessories from other market-leading brands.

In 2024, the growth and development path continued with the acquisition of the PNR Group, which will allow the Group to expand the product range offered to its customers and access new sectors that are synergistic with the current business areas of the Components and Accessories segment.

1.4 The profile of the Group

SBM-1 – Strategy, business model and value chain

Emak is a Group active in the markets of gardening and forestry, agriculture, cleaning, and industry. The Group operates through three divisions (Outdoor Power Equipment, Pumps & Water Jetting, Components & Accessories) specializing in offering specific solutions for the best satisfaction of customers and users, united by knowledge of the sectors and reference markets, sharing know-how, and exploiting organizational efficiencies along the entire value chain. In general, the Group's activity is influenced by the seasonality of demand. Sales of products intended for gardening, agriculture, and cleaning are concentrated in the first half of the year, a period in which green care, soil processing, and outdoor space cleaning activities are carried out. Less seasonal is the demand for industrial products, due to the diversity of destination sectors and the multiple applications they are intended for. The three segments allow the group to diversify risk and seize greater opportunities with a view to sustainable long-term growth. The common point of the three businesses is the pooling of knowledge of markets, distribution channels, and technologies that characterize the sectors in which the Group operates: green care, agriculture, cleaning.

Outdoor Power Equipment (30% of the Group's total sales)

The **Outdoor Power Equipment segment** includes the development, manufacturing, and marketing of products for gardening, forestry, and small agricultural machinery, such as brush cutters, lawnmowers, tractors, chainsaws, and tillers. The Group is one of the main players in the European market, where it operates with commercial subsidiaries in the main markets, supported by a vast network of independent importers in the remaining ones. Globally, the Group relies on a network of 150 distributors in over 115 countries. Given the technical content of the products, sales are mainly carried out through the network of specialized distributors, characterized by high pre- and post-sales service, while the large distribution channel is approached only in some countries. Online sales take place through a dedicated proprietary portal, agreements with sector marketplaces, and platforms developed by its network of distributors. The Group distributes its products under the main brands Oleo-Mac, Efco, Bertolini, Nibbi, and, limited to the French market, Staub. The Group's offer is mainly aimed at private users and, to a lesser extent, professionals. In this sector, the Group focuses its resources on product innovation (electrification and development of clean engines, safety, comfort) and process innovation, strengthening its market position, and penetrating new high-potential markets. The sector's demand is generally linked to economic trends and the level of disposable income of users. Sales performance is also influenced by weather conditions: during the year, the business is heavily skewed towards the first half, so a spring season with more or less favorable weather can lead to different demand trends for green care products.

Pumps & Water Jetting (41% of the Group's total sales)

The Pumps and Water Jetting segment encompasses the development, manufacturing, and marketing of three product lines: (i) agriculture (about 40% of the segment's revenue), with a complete range of centrifugal pumps, diaphragm pumps, piston pumps, sprayers, and products for spraying and weeding activities; (ii) industry (about 19% of the segment's revenue), with a full range of low, high, and ultra-high pressure piston pumps (up to 2,800 bar), hydrodynamic units (known as plants) and accessories for water blasting, urban cleaning machines; (iii) washing or cleaning (about 41% of the segment's revenue), with a complete offer of pressure washers, from domestic to professional use, floor scrubber-dryers, sweepers, and vacuum cleaners. The Group markets its products under the brands Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment, Lavor, Poli, Valley, and Bestway. Product distribution takes place through its commercial

subsidiaries and independent distributors in over 130 countries worldwide. The type of clientele and sales channel varies depending on the products: the agriculture line is sold to manufacturers of spraying and weeding machines, directly to end users (mainly farmers), or through a network of specialized dealers and importers; the industry range is sold to manufacturers of pressure washers and hydrodynamic units, to contractors/users of the complete system, or through specialized dealers; the cleaning line is sold through specialized dealers, organized large distribution, online, and to contractors. In this sector, the Group focuses its activities on product innovation, expanding its offer both in terms of products and sectors of use, as well as maximizing synergies from acquisitions completed over the years. The demand for agricultural and industrial products is generally linked to the performance of the various sectors/application fields; the demand for cleaning products is mainly correlated to the economic cycle, people's disposable income, and the increase in hygiene standards.

Components & Accessories (29% of the Group's total sales)

The Components and Accessories segment includes the development, manufacturing, and marketing of products for the outdoor power equipment sector (accounting for about 54% of the segment's revenue), agriculture (about 17% of the segment's revenue), and cleaning (about 29% of the segment's revenue). Among the wide range of products offered, the most representative are trimmer lines and heads (which together form the cutting system); chain sharpeners for chainsaws; guns, valves, and nozzles for pressure washers, industrial cleaning, and car wash; products and solutions for precision farming. In this segment, the Group operates partly through its brands Tecomec, Speed, Geoline, Agres, Mecline, Markusson, Sabart, Trebol, and PNR, and partly by providing products under third-party brands. The Group serves the main manufacturers of green care, agriculture, and cleaning machines through a network of specialized distributors and has established relationships with the largest organized large distribution chains. In this sector, the Group focuses its resources on product innovation, strengthening partnerships with key manufacturers, and expanding its offer. The demand for products in this segment follows the dynamics of the other businesses in which the Group operates. In the outdoor power equipment world, weather and the disposable income of end users can influence machine sales and their use, contributing to the sale of both original equipment and spare parts. In the agriculture and industrial cleaning sectors, the trend of raw materials, government policies, and the general economic context can influence the investment levels of market operators.

The Group bases its operations on values that have remained alive over time since its foundation, which include:

- **Fairness**, meaning respect for rules, transparency, safeguarding the rights of people and the environment;
- **Competence**, meaning training, continuous learning, and valuing professionalism;
- **Team spirit**, meaning working in teams to achieve common goals, respecting roles, trusting others;
- **Innovative spirit**, meaning new and challenging goals, innovative solutions, new ideas, and an attitude towards change.

The Group's objective is to create long-term value for all its stakeholders, with the awareness that this can only be achieved by combining:

- **Economic sustainability**, meaning the commitment to invest in the Group's growth, ensuring its continuity over time through a strategic plan based on fundamental critical success factors;
- **Social sustainability**, meaning the willingness to take on the legitimate expectations of stakeholders and redistribute the value created in respect of the common interest;
- **Environmental sustainability**, through the identification, regulation, control, and progressive reduction of environmental impacts directly and indirectly resulting from the company's activities.

As of today, the Group has not formalized a sustainability plan that includes sustainability objectives related to its current products and/or services, as well as significant markets and customer groups. Nevertheless, the Group is undertaking a series of current and prospective actions to address and intervene on various sustainability issues, which are better described below. Should these actions result in significant financial effects, with reference to both capex and opex, information will be provided.

The Board of Directors of Emak annually approves the budgets and multi-year business plans of the Group and its individual business units. Within these plans, any initiatives that have a positive impact on sustainability practices are also described and, where possible, quantified in terms of investments in the financial plan. The Group, through tools such as Enterprise Risk Management (ERM) and scenario analyses, has evaluated and understood the potential effects on company assets of a series of climatic events (e.g., water stress, thermal

stress, temperature variability, river flooding). From these tools, the Group has developed its double materiality analysis, which has highlighted challenges and opportunities (see relevant paragraph *IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities*).

The Group's strategy is based on four pillars:

- Innovation, understood as both product and process innovation. In a dynamic and competitive scenario like the one in which it operates, the Group pays great attention to the development of its product range, both in terms of expansion and evolution. Research and development activities also aim to achieve product performance that, while maintaining the desired quality standards, is not disconnected from the environmental impacts of the product: this goal is pursued through the development of new technologies (range electrification), the reduction of emissions from internal combustion engines, and the use of recycled materials. Another line of development is the expansion of applications and sectors for the use of its products (e.g., industrial pumps in agriculture). Regarding processes, the directions of innovation concern methodological research and digitalization aimed at improving the efficiency of internal processes.
- Distribution, understood on the one hand as strengthening its position within the distribution network, and on the other as increasing business in high-potential markets to achieve a proper balance of distribution in different geographical areas.
- Efficiency, understood as the continuous improvement of its processes and the management of its activities, aimed at generating resources to be allocated to the Group's development initiatives in the medium to long term.
- Acquisitions, understood as growth through external lines, to strengthen the most profitable businesses, increase the weight of sectors characterized by greater resilience and stability in the medium to long term, rebalance the weight of reference markets geographically, and finally to acquire new skills and complete product ranges.

Productive structure

The Group focuses its investments on the high value-added phases of the realization of its products. With an eye on cost-effectiveness and value creation, the Group is focused on Research & Development, engineering, industrialization, and assembly activities. The supply chain is highly integrated and involved in product development, according to the principles of the extended factory. Over the years, the production plants have been the subject of specific rationalization projects with the revision of production layouts using a 'lean manufacturing' approach and the involvement of all employees involved in the product creation process, from development to production.

Outdoor Power Equipment

The Group operates through four production plants: two in Italy and two in China. The Parent Company's plant is dedicated to the production of portable products, such as brush cutters and chainsaws, both semi-professional and professional. The production model is assembly: the products are entirely developed and designed internally, and the components are manufactured based on the provided technical specifications. The Pozzilli plant is dedicated to the production of wheeled products, such as lawnmowers and tractors. The production model for this range of products involves purchasing the engine from leading global manufacturers and assembling the machine internally. Specifically for the lawnmower range, the chassis is produced internally through a vertical process that includes sheet metal stamping, welding, and painting. The Jiangmen production facility in China replicates the parent company's model, producing products for both price-sensitive markets such as the Far East, Southeast Asia, and South America, as well as mature markets to complete the offering. The second Chinese plant, located in Zhuhai, specializes in the production of cylinders for the two-stroke engines of the Group's portable products.

Pumps & Water Jetting

Production in this segment is carried out in four Italian plants, one Chinese plant, two Brazilian plants, and four American plants. The facilities are specialized in the production of specific product families. In Italy, pumps for the agricultural sector, pumps for industrial applications up to 1,200 bar, cleaning segment machines such as semi-professional and professional pressure washers, and urban cleaning machines are produced. The Chinese plant is primarily dedicated to the production of cleaning segment machines such as pressure washers and vacuum cleaners aimed at serving more competitive markets. The Brazilian plants are dedicated, one to the production of high and ultra-high pressure pumps (up to 2,800 bar) and related accessories for various sectors such as oil & gas, sugar cane processing, shipbuilding, automotive; the other to the assembly of cleaning segment machines (such as pressure washers) for the South American market. The American plants

carry out production activities for sprayers and a wide range of equipment, machinery, systems, and devices for agricultural applications.

Components & Accessories

For the production of this segment's products, the Group dedicates a total of nine plants, located in different countries, focused on specific products and with different production processes. Part of the plants (France, USA, Chile, South Africa) is dedicated to the production of nylon line for brush cutters, due to the need to have the production process close to the target markets. The production of monofilaments follows an entirely vertical process, from the purchase of raw materials to the processing and packaging of the finished product. The Chinese plant is mainly dedicated to the production of brush cutter heads, sharpeners, and pressure washer guns. These products involve high internal production intensity, related to plastic molding, mechanical processing, and assembly processes. The line of products intended for agriculture (precision farming) is produced in Italy and Brazil and includes the design of both mechanical and electronic parts and software development; the value-added activities of the products are carried out internally. The significant products of the forestry line are designed, developed, and produced by the Group, which assembles the components, partly manufactured externally, in plants located in Italy and Sweden, leveraging specific expertise. In an Italian plant, components for industrial washing with applications in various industrial sectors, such as food, chemical, pharmaceutical, metallurgical, and paper, are also designed and produced. Overall, production volumes are adjusted to demand and market needs, thanks to the flexibility and functionality of the processes implemented in the various plants.

Number of employees by geographical areas

The breakdown of employees by business division and geographical area is provided below:

	OPE		PWJ		C&A		Not allocated		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Europe	544	537	496	502	409	285	9	9	1,458	1,333
Americas	11	16	380	365	265	262			656	643
Asia, Africa, Oceania	172	172	104	92	137	122			413	386
Total	727	725	980	959	811	669	9	9	2,527	2,362

Geographically, the majority of the Group's population is concentrated in Europe, where 1,458 people work (1,333 in 2023), equal to 57.7% of the total (56.4% in 2023). In the Americas, 656 people are employed (643 in 2023), equal to 26% of the total (27.2% in 2023). Finally, in the Rest of the World, 413 people are employed (386 in 2023), equal to 16.3% of the total (16.3% in 2023).

Below is the breakdown of employees by country as of December 31, 2024, compared to the previous year:

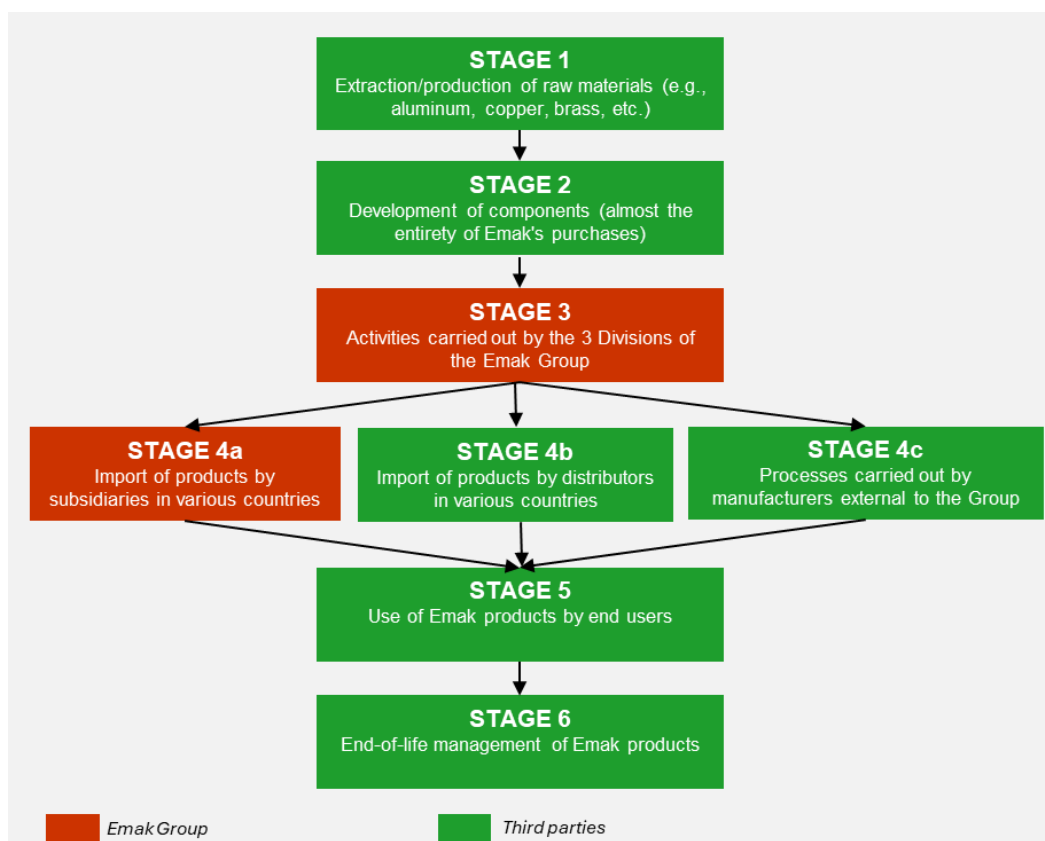
Employees at	31/12/2023	Change in scope of consolidation	Other mov.	31/12/2024
Italy	1,059	98	9	1,166
France	162	-	3	165
United Kingdom	11	-	-	11
Spain	35	-	4	39
Germany		8	-	8
Poland	38	1	1	40
Sweden	5	1	-	6
China	365	-	20	385
United States	275	1	19	295
Ukraine	23	-	-	23
South Africa	21	-	7	28
Brazil	327	-	(20)	307
Mexico	20	-	1	21
Chile	21	-	12	33
Total	2,362	109	56	2,527

Value chain

The main upstream phases of the Emak Group's value chain are represented by the extraction and production of raw materials and the development of components by suppliers. Most of the Group's suppliers are established suppliers of direct materials for production, consumables and indirect materials, packaging, and finished products. Smaller commercial companies purchase the marketed products mainly from other Group companies, while they rely on local suppliers for services and performances. Geographically, the supply chain is over 60% within the European Union and the remaining part in non-EU countries, mainly in China, Brazil, and the United States, directly serving the Group's production plants. Depending on the specificity of individual businesses, the mix, and the quantities of products purchased, the geographical distribution of the supply chain can vary. The main purchasing commodities are those typical for the metalworking sector: plastics, aluminum castings, stamped and turned metal parts, finished products, induction and brush electric motors, carpentry, electrical and electronic components, and spare parts. The main raw materials purchased are aluminum, brass, copper, and steel. These are purchased in ingots from the producer or managed through contracts that provide for the purchase of a certain quantity fixed at the cost of the raw material at a given time.

The main downstream phases of the Emak Group's value chain are represented by the import of finished products into different geographical regions by third-party distributors where there is no direct presence of its subsidiaries; further processing conducted by OEM manufacturers outside the Group; the use of products by end users; and the management of the end-of-life of products.

Below is a schematic representation of the Group's value chain:



The data used to support the representation of the business model and the upstream and downstream value chain of the Emak Group derive from the combined use of internal documentation and interviews with company representatives from various business units, which took place during the relevance analysis.

The resulting analysis initially allowed for the placement of impacts, risks, and opportunities along the value chain, evaluating them with greater accuracy and enabling, in a forward-looking perspective, the implementation of processes and/or actions that contribute to the Group's value creation.

SBM-2 – Interests and views of stakeholders

Emak has implemented a process for mapping and identifying the categories of stakeholders of priority interest to the Group. The analysis was carried out with reference to the criteria defined by the Accountability 1000 (AA1000) Standard. The level of relevance for each stakeholder category was defined based on two variables: the influence exerted by the stakeholder on the Group and the dependency of the stakeholder on the Group's activities and decisions. This allowed for the definition of a map depicting the main reference stakeholders:



For each stakeholder category, the Group has identified specific areas of interest and the main communication channels in order to establish a constructive relationship between the parties that can meet mutual needs in the medium to long term.

The interests and opinions of the main stakeholders were analyzed during the relevance assessment process, and the results of this activity were shared with the Risk Control and Sustainability Committee and the Board of Directors of the Parent Company. For more details on how the company takes into account the outcome of stakeholder engagement, please refer to the paragraph of this document *IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*.

The following table summarizes the results of this process.

Stakeholders	Thematic area	Main instruments of dialogue
Employees	<ul style="list-style-type: none"> - Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare 	<ul style="list-style-type: none"> - Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Support to employees' recreational facility
Consultants	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance 	<ul style="list-style-type: none"> - Institutional website - Information provided further to request - Reports and Statements - Press releases
Distributors OEM	<ul style="list-style-type: none"> - Anticipation and understanding of customer expectations and needs - Customer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of customer satisfaction - Management of claims - Pre and post-sale customer service - Commercial communications - Participation in trade fairs and events
End users	<ul style="list-style-type: none"> - Consumer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events
Public administrations and other institutions Environmental control bodies	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Legality - Relations with institutions 	<ul style="list-style-type: none"> - Institutional website - Information provided further to request - Reports and Statements - Shareholders' meetings - Press releases
Direct materials suppliers and finished product suppliers	<ul style="list-style-type: none"> - Transparency - Ethical responsibility - Human rights and working conditions - Continuity in relations - Qualification and assessment - Negotiating conditions - Development of partnerships 	<ul style="list-style-type: none"> - Institutional website - Participation in initiatives and events - Negotiation reports
University and Research Centres	<ul style="list-style-type: none"> - Transparency - Research, development and innovation 	<ul style="list-style-type: none"> - Communications with top management - Financial relations - Scientific publications - Tenders and competitions - Training apprenticeships / internships/ thesis preparation support
Banks	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance 	<ul style="list-style-type: none"> - Institutional website - Information provided further to request - Reports and Statements - Press releases
Shareholders	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance 	<ul style="list-style-type: none"> - Institutional website - Financial reports - Road shows (meetings with the community) - Shareholders' meetings - Press releases

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double impact and financial materiality. The results of the analysis are summarized in the table ² below.

² The impacts listed in the table have exclusively originated from the relevance analysis.

TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		GEOGRAPHICAL AREA LINKED TO THE IROs
				STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAC GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	
E1 - Climate change	Emission reduction	Generating direct and indirect CO ₂ emissions, slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal		X	X	Level of energy efficiency of buildings (e.g. LEDs, automatic switch-off lights, high-efficiency boilers) Presence/absence of initiatives to convert the company fleet and mobility with reduced environmental impact Volume of company travel Presence/consistency of smart-working policies Presence/consistency of CO ₂ offsetting operations	X	x	X	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Areas subject, according to scenario analysis, to water and thermal stress, increased air temperature, river flooding, lower air quality (also according to DEGURBA index)
	Responsible energy use	Maintaining dependence on non-renewable energy sources, thus contributing to climate change.	Raising awareness among company personnel and stakeholders towards responsible energy use			Awareness campaigns aimed at employees on energy saving				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Qatar, United States, Algeria (major importers of LNG in Italy, representing a large part of the country's gross energy availability)
E2 - Pollution	Pollution of air, water, and soil	Generation of other emissions (pollutants other than CO ₂ in air, water, or soil), slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal				Responsible procurement activities Failure to replace toxic substances with alternative materials, REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) registers, ROHS (Restriction of Hazardous Substances Directive), and SCIP ("Substances of Concern In articles as such or in complex objects (Products)")				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever there are customers of the Group (mainly in America, Europe, and the Far East)
E3 - Water and marine resources	Sustainable management of water resources	Water withdrawal and usage in production processes conducted within the company				Production phase				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Areas most subject to water stress according to scenario analysis

TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		GEOGRAPHICAL AREA LINKED TO THE IROs
				STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAK GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	
E5 - Circular economy	Sustainable management of materials	Use of materials and resources with consequent reduction in their availability				Procurement Activities (responsible)				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
	Reduction of waste and circular economy	Production of waste, hazardous and non-hazardous				Failure to monitor waste produced Raising awareness among staff on the issue Environmental labeling for correct disposal of packaging Creation of a product disposal guide for retailers			x	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
S1 - Own workforce	Creation and maintenance of employment		Creating a workplace that ensures the retention and attraction of new talent			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
	Occupational health and safety	Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group				Health and safety training				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure is located

TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		GEOGRAPHICAL AREA LINKED TO THE IROs
				STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAC GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	
	Improvement of employee wellbeing		Possibility of positively influencing the level of psycho-physical well-being of employees, with a consequent impact on the actual opportunity for each employee to fully realize their potential, through the offer of a positive, healthy working environment characterized by a set of programs aimed at improving the work-life balance of employees, promotion of dedicated interventions and practices			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
			Possibility of promoting a healthier and more collaborative working climate, reducing tensions and internal conflicts, mitigating reputational damage, sanctions, and disputes							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	
	Training and education for workers		Opportunity for each employee to fully realize their potential thanks to the presence of stimulating career paths			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located
	Promotion of diversity and equal opportunities		Possibility of promoting the creation of a healthier, more inclusive, attractive, and high-performing work environment, in order to protect the level of psychological well-being of employees, their sense of belonging and active involvement, respect for personalities and professionalism			Personnel management				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure is located

TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		GEOGRAPHICAL AREA LINKED TO THE IROs
				STAGE 1	STAGE 2	STAGE 3 and 4 a - EMAG GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	
	Respect for human rights in business activities	Failure to respect the personal freedom of individuals and human rights in the broad sense, including prevention and combating child, forced or compulsory labour				Business Conduct Personnel Management				The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure is located
S2 - Workers in the supply chain	Other work-related rights	Failure to guarantee the personal freedom of individuals and human rights in a broad sense, including prevention and combating child, forced or compulsory labour		X	X		X			The significance of the impact is expected to decrease	The significance of the impact is expected to decrease	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
S4 - Consumers and end- users	Information-related impacts for consumers and/or end-users		Effective contribution to the greater availability, in the markets in which the Group operates, of products and services characterised by high environmental and social performance (e.g. replacement of hazardous chemical products with alternatives with lower risk for health and the environment)			Economic and financial management Team Design & Development		X		The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
Other material topic	Product quality and sustainability		Availability of products that meet consumer needs			Customer Engagement Product and Sales Management Design & Development Team	x			The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever there are customers and therefore consumers of the Group and wherever the Group's production structure is located
			Compliance with industry regulations (emissions, materials, etc.)							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	

TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	VALUE CHAIN STAGES IN WHICH IROs ARE PLACED						TIME HORIZONS		GEOGRAPHICAL AREA LINKED TO THE IROs
				STAGE 1	STAGE 2	STAGE 3 and 4 a - EMak GROUP	STAGE 4 b	STAGE 5	STAGE 6	IMPACTS (< 5 years)	IMPACTS (> 5 years)	
G1 - Business conduct	Corporate culture		Promote the affirmation of solid ethical principles, including tax regulatory practices, pursued by the Group along the entire value chain, in all contexts (e.g. geographical, social, etc.) in which it operates		x	All activities and initiatives carried out by Emak Supervisory bodies	x			The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
			Protection of legality and prevention of illicit behavior (the reinvestment of profits from illicit activities, episodes of extortion, etc.)							The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	
	Active and passive corruption		Staff awareness for the prevention of corruption incidents			All the activities and initiatives carried out by Emak				The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs				TIME HORIZONS			TIME HORIZONS			GEOGRAPHICAL AREA LINKED TO THE IROs
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	
E1 - Climate change	Climate change adaptation	TRANSITION RISKS (and impacts on the business model): The impact of new regulatory developments related to climate change on the range of products and services offered		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
		Sudden obsolescence triggered by the arrival of new		Current	The significance of the impact is	The significance of the impact is				

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs				TIME HORIZONS			TIME HORIZONS			GEOGRAPHICAL AREA LINKED TO THE IROs
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	
		technologies on the market (technological acceleration)			expected to increase	expected to increase				
		Chronic: Climate change and rising average temperature and sea level		Anticipated	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
	Emission reduction	Costs of transition to low-emission technologies	Use of new technologies	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Current	The significance of the impact is expected to increase	The significance of the impact is expected to remain unchanged	Areas subject, according to scenario analysis, to water and thermal stress, increased air temperature, river flooding, lower air quality (also according to DEGURBA index)
		Impact of new regulatory developments related to climate change on the range of products and services offered		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				
	Responsible energy use	Energy crisis (an entity's energy mix can affect the cost and reliability of energy supply and ultimately affect the entity's cost structure and regulatory risk) and consequent increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy)		Current	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease				Qatar, United States, Algeria (major importers of LNG in Italy, representing a large part of the country's gross energy availability)
		Failure to comply with regulations (e.g. Greenbuildings)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs				TIME HORIZONS			TIME HORIZONS			GEOGRAPHICAL AREA LINKED TO THE IROs
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	
E5 - Circular economy	Sustainable management of materials	Failure to comply with regulatory requirements (e.g. ESPR)	Use of secondary raw materials or semi-finished products composed of them	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Anticipated	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase	Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
		Increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy, water) and output requirements (e.g. waste treatment)		Current	The significance of the impact is expected to decrease	The significance of the impact is expected to decrease				
	Reduction of waste and circular economy	Failure to comply with regulatory compliance (e.g. Packaging and Packaging Waste Regulation - PPWR, Extended Producer Responsibility - EPR)		Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase				Wherever the Group's production structure is located (e.g. Italy, China, USA, France)
S1 - Own workforce	Creation and maintenance of employment	Increased difficulty in finding staff, at all levels of the organizational chart (e.g. involuntary migration due to lack of opportunities for economic advancement and/or other factors)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure is located
		Loss of know-how		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
	Occupational health and safety	Health and safety risks arising from, among others, exposure to heavy machinery, moving equipment and electrical hazards		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure is located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs				TIME HORIZONS			TIME HORIZONS			GEOGRAPHICAL AREA LINKED TO THE IROs
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	
	Training and education for workers	Reduced productivity due to lower operational agility, lack of development and implementation of know-how and lower flexibility of a workforce unable to adapt quickly to new technologies and processes	Development of employee potential and consequent increase in productivity	Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase	Wherever the Group's production and administrative structure is located
			Increased corporate attraction and retention				Current	The significance of the impact is expected to increase	The significance of the impact is expected to increase	
S4 - Consumers and end-users	Information-related impacts for consumers and/or end-users	Risk of sanctions and legal liability (e.g. due to poor communication management or failure to comply with regulatory requirements; e.g. Green Claims Directive)	Placement of products on the market in line with consumer preferences	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease	Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to remain unchanged	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
Other material topic	Product quality and sustainability	End customer preferences		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever there are customers and therefore consumers of the Group and wherever the Group's production structure is located
		Failure to comply with regulatory requirements (e.g. ESPR)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease				
G1 - Business conduct	Corporate culture		Increasingly integrating sustainability into corporate strategy				Anticipated	The significance of the impact is expected to increase	The significance of the impact is expected to increase	Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located

LIST OF MATERIAL MATTERS AND RELATED MATERIAL IROs				TIME HORIZONS			TIME HORIZONS			GEOGRAPHICAL AREA LINKED TO THE IROs
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL RISKS	MATERIAL OPPORTUNITIES	RISKS (NATURE OF THE FINANCIAL EFFECT)	RISKS (< 5 years)	RISKS (> 5 years)	OPPORTUNITIES (NATURE OF FINANCIAL EFFECT)	OPPORTUNITIES (< 5 years)	OPPORTUNITIES (> 5 years)	
	Sustainability in the management of relationships with suppliers									
		Supply disruption / supplier power		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				Wherever the Group's production and administrative structure and the rest of the value chain (mainly EU) are located
		Evolution in the concentration and sources of geopolitical power (geostrategic shifts)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to increase				
		Failure to comply with regulatory requirements (e.g. CSDDD, Critical Raw Materials Act)		Current	The significance of the impact is expected to remain unchanged	The significance of the impact is expected to decrease				

The topic Biodiversity does not emerge as significant from the double materiality analysis. Furthermore, out of 20 production companies, only 4³ have sites located in industrial areas near regions of high biodiversity value. These companies comply with the applicable regulations in their respective countries, leading to the conclusion that their activities do not cause significant impacts on the mentioned protected areas, and no specific consultations with the affected communities were deemed necessary.

As for biodiversity and ecosystems, including the protection of natural habitats, the preservation of key natural resources, and the prevention of habitat reduction, no specific analyses have yet been conducted on physical or transition risks, or on potential dependencies.

The Group considers sustainability issues as an integral part of its operations, given the impacts generated by its business activities and commercial relationships, even though it has not yet formalized a multi-year sustainability plan.

The description of the individual relevant IROs and how they affect people and the environment is provided in the individual thematic chapters. Information related to the Scenario Analysis conducted considering climate risks and the consequences in terms of resilience is reported in the chapter 'E1—Climate Change'.

Compared to the relevance analysis carried out for the previous Reporting, some issues are excluded from the list, including:

- Creation and distribution of economic value and Compliance with tax regulations, as they relate to the economic sphere which is not covered by the ESRS, unlike the GRI standard;
- Protection of freedom of association and collective bargaining as it did not exceed the relevance threshold;

Furthermore, the topics *Product Safety* and *Technology development and innovation*, which were addressed separately in the 2023 report, are now included within the topic of Product Quality and Sustainability in this document.

1.5 Impact, risk and opportunity management

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

The Emak Group identifies the sustainability issues to focus on in its reporting based on the principle of double materiality, identifying and evaluating both the impacts that business activities can generate on the environment and people ('impact materiality'), and the implications related to the more or less effective management of ESG aspects on the resilience and business continuity of the Group ('financial materiality'). A sustainability issue is material if it is a priority according to the perspective of impact materiality, financial materiality, or both.

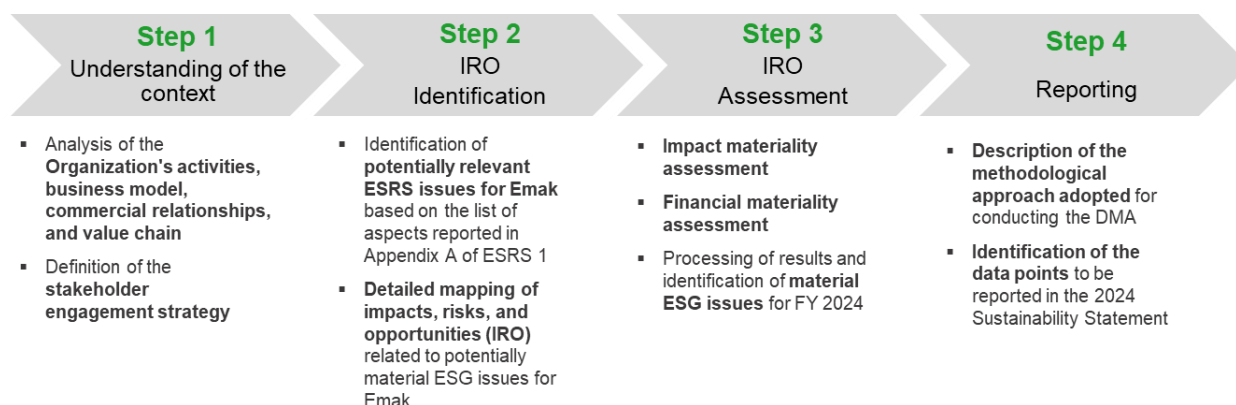
A sustainability issue is relevant from an **impact perspective** when it concerns the significant impacts of the enterprise, whether negative or positive, actual or potential, on people or the environment in the short, medium, or long term. The impacts include those related to the enterprise's own operations and the upstream and downstream value chain, including through its products and services and its business relationships. Business relationships include those located in the enterprise's value chain, upstream and downstream, and are not limited to direct contractual relationships.

A sustainability issue is relevant from a **financial perspective** if it triggers or can reasonably be expected to trigger significant financial effects on the enterprise. This occurs when a sustainability issue generates risks or opportunities that have, or can reasonably be expected to have, a significant influence on the enterprise's development, its financial position, economic result, cash flows, access to financing, or cost of capital in the short, medium, or long term. Risks and opportunities can arise from past or future events. The financial relevance of a sustainability issue is not limited to aspects under the enterprise's control but includes information on significant risks and opportunities attributable to business relationships that are not within the scope of consolidation used in the preparation of the financial statements.

³ Valley Industries LLP, PTC Srl, Poli Srl, Markusson Professional Grinders AB.

For conducting the double materiality analysis, Emak adopted a methodological approach divided into 4 main phases (see representation below) and aligned with the guidelines of the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment' published by EFRAG in May 2024.

DMA 2024 – THE PHASES OF THE PROCESS



The relevance assessment was carried out starting from a preliminary analysis of the context in which the Group operates, which included an assessment of internal documents, policies, management systems, and the risk control system (ERM), as well as a cycle of interviews with the management to supplement the document analysis.

Subsequently, a benchmark analysis was conducted to identify potentially relevant sustainability issues for the Group. The benchmark analysis took into account the list of sustainability issues contemplated in the thematic ESRS, broken down into topic, sub-topic, and sub-sub-topics (RA 16 ESRS 1 of Delegated Regulation (EU) 2023/2772).

For the analysis related to impact materiality, 14 competitors and comparables of Emak were identified and evaluated regarding the topics that emerged as material in the 2023 Consolidated Non-Financial Statement. For the analysis related to financial materiality, the benchmark analyzes Emak's strategic internal documents (ERM, Strategic Plan, Scenario Analysis, etc.), ESG reporting frameworks referenced in the financial sector (TCFD, TNFD, SASB), observatories and research on ESG topics (Global Risk Report 2024, Business & Human Rights Research Centre, Copernicus (EU) Climate Change Service - World Meteorological Organization, etc.), and sustainability ratings (Ecovadis, CDP, etc.). In general, the ERM assesses the risk profile at a strategic level and includes sustainability issues. Risks related to sustainability issues not explicitly included in the model are managed by individual company functions.

The 28 sustainability issues thus identified have been linked to impacts, risks, and opportunities (IRO) both directly attributable to the Group's activities and to those of its value chain, and subsequently have been evaluated by Emak and its stakeholders.

Regarding the **impact** assessment, an internal focus group was organized involving the Chairman, CFO, Risk Control and Sustainability Committee, Risk Manager, and Investor Relations function. They were given a questionnaire with a numerical rating scale, in which they were asked to evaluate the magnitude, understood as a concept that encompasses the factors of entity, scope, and irremediable nature of the impact, and the probability of occurrence of negative and positive impacts. Additionally, the time horizon was considered, evaluating how the impact changes over a given period. Specifically, the change was assessed in the short-medium term (from today to 5 years) and in the long term (beyond 5 years). The impact assessment varies based on the characteristics of the impacts.

Below is an exemplary table and the explanation of each term:

Evaluation criteria			
Positive actual impact	Positive potential impact	Negative actual impact	Negative potential impact
Scale Scope	Scale Scope	Scale Scope Remediability	Scale Scope
	Likelihood		Likelihood

- by scale, we mean how serious the negative impact ⁴ is or how beneficial the positive impact is for people or the environment;
- by scope, we mean how widespread the impact is (for example, in the case of a negative environmental impact, scope can be understood as the geographical extent of the environmental damage);
- by remediability, we mean to what extent, if possible, the negative damage can be remedied
- by likelihood, we mean the likelihood of such an impact occurring.

The same impacts were subsequently evaluated by **stakeholders** in order to make more qualitative considerations on the results that emerged from the internal analysis. The stakeholder mapping was carried out starting from the categories present in the AccountAbility 1000 standard and subsequently related to the stakeholders identified by Emak during last year's reporting process. These categories were then evaluated according to the criteria of influence⁵ and dependence⁶ in order to determine the level of relevance. Following the assessment, the following strategic categories were involved in the analysis: employees, suppliers of direct materials for production and finished products, distributors, subsidiaries, manufacturers, banks, consultants, shareholders and investors, local authorities, and trade associations.

The stakeholder evaluation was conducted through a questionnaire, with a numerical rating scale consistent with what was prepared internally.

Regarding **risks and opportunities**, the evaluation involved the CFO and the Risk Manager of the Emak Group, starting from internal files related to ERM and climate scenario analyses, and through the completion of a dedicated tool. Subsequently, the magnitude of the possible financial effects and the probability of the risk/opportunity occurring were combined, using the same numerical rating scale mentioned above.

In detail, the magnitude was used to assess how significantly the risk or opportunity influences the development of the Organization, its financial position, economic result, cash flows, access to financing, or cost of capital in the short, medium, or long term. Regarding risks, inherent risk was considered for relevance assessment. Additionally, the time horizon was taken into account, evaluating how the risk/opportunity changes over a given period. Specifically, the change was assessed in the short-medium term (from today to 5 years) and in the long term (beyond 5 years).

Each category of IRO was assigned a specific **material threshold**, set close to the value obtained by calculating the average of the "overall scores" achieved by the IROs belonging to the category in question. Any IRO with an "overall score" equal to or above the defined threshold is considered relevant, and any sustainability issue with at least one impact, risk, or opportunity deemed relevant is also considered relevant. Following the evaluation, out of the 28 potentially relevant issues identified from the benchmark analysis, **19 were found to be material**, for which the Group communicates information in accordance with the corresponding disclosure obligations of the relevant ESRS thematic standard.

Refer to paragraph *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model* to view the two tables which describe, for each relevant issue, the corresponding impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold and thus made the aforementioned topic relevant.

The final phase of the double materiality analysis determined which qualitative and quantitative information related to relevant issues should be reported within this consolidated sustainability statement. To this end, the Group followed the procedures outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements."

These minimum disclosure obligations refer to policies (MDR-P), actions (MDR-A), metrics (MDR-M), and targets (MDR-T), and are disclosed within the sections related to the corresponding thematic ESRS. For quicker access, refer to the ESRS Content Index.

⁴ As indicated in the general guidelines, in the case of a potential negative impact on human rights, the severity of the impact took precedence over its probability.

⁵ From the AA1000 standard, the definition of influence: "Groups or individuals who can impact the strategic or operational decision-making process of the organization or a stakeholder".

⁶ From the AA1000 standard, the definition of dependence: "Groups or individuals who depend directly or indirectly on the activities, products, or services of the organization and the associated performance, or on whom the organization depends to operate."

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS Content Index and EU Datapoint Table

Below is the **ESRS Content Index**, a list of disclosure requirements that the Emak Group has fulfilled in drafting the Sustainability Statement, based on the results of the relevance assessment.

Disclosure Requirements	Page number
ESRS 2 – GENERAL DISCLOSURES	
BP-1 – General basis for preparation of sustainability statements	29
BP-2 – Disclosures in relation to specific circumstances	29
GOV-1 – The role of the administrative, management and supervisory bodies	30
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	32
GOV-3 – Integration of sustainability-related performance in incentive schemes	33
GOV-4 – Statement on due diligence	34
GOV-5 – Risk management and internal controls over sustainability reporting	35
SBM-1 – Strategy, business model and value chain	38
SBM-2 – Interests and views of stakeholders	43
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	44
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	54
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	57
MDR-P – Policies adopted to manage material sustainability matters	Please refer to the MDR-P disclosed in the Topical Standards listed below.
MDR-A – Actions and resources in relation to material sustainability matters	Please refer to the MDR-A disclosed in the Topical Standards listed below.
MDR-M – Metrics in relation to material sustainability matters	Please refer to the MDR-M disclosed in the Topical Standards listed below.
MDR-T – Tracking effectiveness of policies and actions through targets	Please refer to the MDR-T disclosed in the Topical Standards listed below.
ESRS E1 – CLIMATE CHANGE	
ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	73
E1-1 – Transition plan for climate change mitigation	73
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	74
ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	74
E1-2 – Policies related to climate change mitigation and adaptation	75
E1-3 – Actions and resources in relation to climate change policies	76
E1-4 – Targets related to climate change mitigation and adaptation	77
E1-5 – Energy consumption and mix	78
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	79
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	82
E1-8 – Internal carbon pricing	82
E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	For the 2024 fiscal year, which corresponds to the first year of drafting the sustainability statement in accordance with the ESRS, the Emak Group has decided to make use of the phase-in option regarding the disclosure of anticipated financial effects.
ESRS E2 – POLLUTION	
ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	83
E2-1 – Policies related to pollution	83
E2-2 – Actions and resources related to pollution	83
E2-3 – Targets related to pollution	84
E2-4 – Pollution of air, water and soil	84
ESRS E3 – WATER AND MARINE RESOURCES	
ESRS 2 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	84
E3-1 Policies related to water and marine resources	85
E3-2 Actions and resources related to water and marine resources	85
E3-3 Targets related to water and marine resources	86
E3-4 Water consumption	86

ESRS E4 – BIODIVERSITY AND ECOSYSTEMS	
ESRS IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	54
ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY	
ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	87
E5-1 – Policies related to resource use and circular economy	87
E5-2 – Actions and resources related to resource use and circular economy	88
E5-3 – Targets related to resource use and circular economy	89
E5-4 – Resource inflows	89
E5-5 – Resource outflows	90
E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	For the 2024 fiscal year, which corresponds to the first year of drafting the sustainability statement in accordance with the ESRS, the Emak Group has decided to make use of the phase-in option regarding the disclosure of anticipated financial effects.
ESRS S1 - OWN WORKFORCE	
ESRS 2 SBM-2 – Interests and views of stakeholders	91
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	91
S1-1 – Policies related to own workforce	93
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	94
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	94
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	94
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	97
S1-6 – Characteristics of the undertaking's employees	97
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	98
S1-9 – Diversity metrics	99
S1-11 – Social protection	99
S1-12 – Persons with disabilities	99
S1-13 – Training and skills development metrics	100
S1-14 – Health and safety metrics	101
S1-15 – Work-life balance metrics	102
S1-16 – Compensation metrics (pay gap and total compensation)	102
S1-17 – Incidents, complaints and severe human rights impacts	102
ESRS S2 WORKERS IN THE VALUE CHAIN	
ESRS 2 SBM-2 – Interests and views of stakeholders	102
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	103
S2-1 – Policies related to value chain workers	103
S2-2 – Processes for engaging with value chain workers about impacts	104
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S2-4 – 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 action	104
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	105
ESRS S4 – CONSUMERS AND END-USERS	
ESRS 2 SBM-2 – Interests and views of stakeholders	106
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode	106
S4-1 – Policies related to consumers and end-users	107
S4-2 – Processes for engaging with consumers and end-users about impacts	107
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	108
S4-4 – 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	108
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	109
ENTITY SPECIFIC INFORMATION - PRODUCT QUALITY AND SUSTAINABILITY	
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	110
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MDR-A – Actions and resources in relation to material sustainability matters	110
MDR-T – Tracking effectiveness of policies and actions through targets	116
ESRS G1 - BUSINESS CONDUCT	
ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies	117
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	117
G1-1 – Corporate culture and business conduct policies	118
G1-2 – Management of relationships with suppliers	119
G1-3 – Prevention and detection of corruption and bribery	120
G1-4 – Cases of active or passive corruption	121

Below is the **EU Datapoint Table**, a table of all information elements derived from other EU legislative acts listed in Appendix B of the ESRS 2 disclosure obligation ("General Disclosures") of Delegated Regulation (EU) 2023/2772.

EU Datapoint Table

The following table summarizes all the disclosure requirements derived from other EU legislative acts listed in **Appendix B** of the disclosure requirement **ESRS 2** ("General Disclosures") of the Delegated Regulation (EU) 2023/2772.

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
ESRS 2	GOV-1, 21 (d)	Board's gender diversity	Annex 1, Table 1, Indicator number 13		Commission Delegated Regulation (EU) 2020/1816 ¹¹ , Annex II		Reported	General Disclosures, Governance
ESRS 2	GOV-1, 21 (e)	Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Governance
ESRS 2	GOV-4, 30	Statement on due diligence	Annex I, Table 3, Indicator number 10				Reported	General Disclosures, Governance
ESRS 2	SBM-1, 40 (d.i)	Involvement in activities related to fossil fuel activities	Annex I, Table 1, Indicator number 4	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ¹² , Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS 2	SBM-1, 40 (d.ii)	Involvement in activities related to chemical production	Annex I, Table 2, Indicator number 9		Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy

⁷ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

⁸ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

⁹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

¹⁰ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

¹¹ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

¹² Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
ESRS 2	SBM-1, 40 (d.iii)	Involvement in activities related to controversial weapons	Annex I, Table 1, Indicator number 14		Delegated Regulation (EU) 2020/1818 ¹³ , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS 2	SBM-1, 40 (d.iv)	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Reported	General Disclosures, Strategy
ESRS E1	E1-1, 14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	Reported	Environmental information, E1-1 – Transition plan for climate change mitigation
ESRS E1	E1-1, 16 (g)	Undertakings excluded from Paris-aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Reported	Environmental information, E1-1 – Transition plan for climate change mitigation
ESRS E1	E1-4, 34	GHG emission reduction targets	Annex I, Table 2, Indicator number 4	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Reported	Environmental information, E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1	E1-5, 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Annex I, Table 1, Indicator number 5 and Annex I, Table 2, Indicator number 5				Reported	Environmental information, E1-5 – Energy consumption and mix
ESRS E1	E1-5, 37	Energy consumption and mix	Annex I, Table 1, Indicator number 5					Environmental information, E1-5 – Energy consumption and mix
ESRS E1	E1-5, 41-43	Energy intensity associated with activities in high climate impact sectors	Annex I, Table 1, Indicator number 6				Reported	Environmental information, E1-5 – Energy consumption and mix

¹³ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
ESRS E1	E1-6, 44	Gross Scope 1, 2, 3 and Total GHG emissions	Annex I, Table 1, indicators number 1 and 2	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Reported	Environmental information, E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1	E1-6, 53-55	Gross GHG emissions intensity	Annex I, Table 1, Indicator number 3	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Reported	Environmental information, E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1	E1-7, 56	GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	Reported	Environmental information, E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1	E1-9, 66	Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		The Group made use of the phase-in	NA
ESRS E1	E1-9, 66 (a), 66 (c)	a) Disaggregation of monetary amounts by acute and chronic physical risk c) Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			The Group made use of the phase-in	NA
ESRS E1	E1-9, 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by			The Group made use of the phase-in	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
				immovable property - Energy efficiency of the collateral				
ESRS E1	E1-9, 69	Degree of exposure of the portfolio to climate- related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		The Group made use of the phase-in	NA
ESRS E2	E2-4, 28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Annex I, Table 1, Indicator number 8; Annex I, Table 2, Indicator number 2; Annex 1, Table 2, Indicator number 1; Annex I, Table 2, Indicator number 3				Reported (except for datapoint E2-4, 28 (c) as the topic related to microplastics is not relevant)	Environmental information, E2-4 – Pollution of air, water and soil
ESRS E3	E3-1, 9	Water and marine resources	Annex I, Table 2, Indicator number 7				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-1, 13	Dedicated policy	Annex I, Table 2, Indicator number 8				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-1, 14	Sustainable oceans and seas	Annex I, Table 2, Indicator number 12				Reported	Environmental information, E3-1 – Policies related to water and marine resources
ESRS E3	E3-4, 28 (c)	Total water recycled and reused	Annex I, Table 2, Indicator number 6.2				Reported	Environmental information, E3-4 – Water consumption
ESRS E3	E3-4, 29	Total water consumption in m ³ per net revenue on own operations	Annex I, Table 2, Indicator number 6.1				Reported	Environmental information, E3-4 – Water consumption
ESRS 2	SBM-3 – E4, 16 (a.i)		Annex I, Table 1, Indicator number 7				Reported	General Disclosures, Impact, risk and opportunity management
ESRS 2	SBM-3 – E4, 16 (b)		Annex I, Table 2, Indicator number 10				Reported	General Disclosures, Impact, risk and opportunity management
ESRS 2	SBM-3 – E4, 16 (c)		Annex I, Table 2, Indicator number 14				Reported	General Disclosures, Impact, risk and opportunity management
ESRS E4	E4-2, 24 (b)	Sustainable land / agriculture practices or policies	Annex I, Table 2, Indicator number 11				Not relevant	NA
ESRS E4	E4-2, 24 (c)	Sustainable oceans / seas practices or policies	Annex I, Table 2, Indicator number 12				Not relevant	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
ESRS E4	E4-2, 24 (d)	Policies to address deforestation	Annex I, Table 2, Indicator number 15				Not relevant	NA
ESRS E5	E5-5, 37 (d)	Non-recycled waste	Annex I, Table 2, Indicator number 13				Reported	Environmental information, E5-5 – Resource outflows
ESRS E5	E5-5, 39	Hazardous waste and radioactive waste	Annex I, Table 1, Indicator number 9				Reported	Environmental information, E5-5 – Resource outflows
ESRS 2	SBM3 – S1, 14 (f)	Risk of incidents of forced labour	Annex I, Table 3, Indicator number 13				Reported	General Disclosures, Strategy
ESRS 2	SBM3 – S1, 14 (g)	Risk of incidents of child labour	Annex I, Table 3, Indicator number 12				Reported	General Disclosures, Strategy
ESRS S1	S1-1, 20	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 22	Processes and measures for preventing trafficking in human beings	Annex I, Table 3, Indicator number 11				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-1, 23	Workplace accident prevention policy or management system	Annex I, Table 3, Indicator number 1				Reported	Social information, S1-1 – Policies related to own workforce
ESRS S1	S1-3, 32 (c)	Grievance/complaints handling mechanisms	Annex I, Table 3, Indicator number 5				Reported	Social information, S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1	S1-14, 88 (b), (c)	Number of fatalities and number and rate of work-related accidents	Annex I, Table 3, Indicator number 2		Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S1-14 – Health and safety metrics
ESRS S1	S1-14, 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	Annex I, Table 3, Indicator number 3				Reported	Social information, S1-14 – Health and safety metrics
ESRS S1	S1-16, 97 (a)	Unadjusted gender pay gap	Annex I, Table 1, Indicator number 12		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant	NA
ESRS S1	S1-16, 97 (b)	Excessive CEO pay ratio	Annex I, Table 3, Indicator number 8				Reported	Social information, S1-16 – Compensation metrics (pay gap and total compensation)

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
ESRS S1	S1-17, 103 (a)	Incidents of discrimination	Annex I, Table 3, Indicator number 7				Reported	Social information, S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1	S1-17, 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	Annex I, Table 1, Indicator number 10 and Annex I, Table 3, Indicator number 14		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Reported	Social information, S1-17 – Incidents, complaints and severe human rights impacts
ESRS 2	SBM-3 – S2, 11 (b)	Significant risk of child labour or forced labour in the value chain	Annex I, Table 3, indicators number 12 and 13				Reported	General Disclosures, Strategy
ESRS S2	S2-1, 17	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 18	Policies related to value chain workers	Annex I, Table 3, indicators number 11 and 4				Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 19	1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-1, 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Reported	Social information, S2-1 – Policies related to value chain workers
ESRS S2	S2-4, 36	Human rights issues and incidents connected to its upstream and downstream value chain	Annex I, Table 3, Indicator number 14				Reported	Social information, S2-4 – 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 action
ESRS S3	S3-1, 16	Human rights policy commitments	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Not relevant	NA
ESRS S3	S3-1, 17	Non-respect of UNGPs on Business and Human Rights,	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant	NA

ESRS	Disclosure Requirement	Description of Disclosure Requirement	SFDR reference ⁷	Pillar 3 reference ⁸	Benchmark Regulation reference ⁹	EU Climate Law reference ¹⁰	Status of the disclosure requirement	Paragraph
		ILO principles or and OECD guidelines			Delegated Regulation (EU) 2020/1818, Art 12 (1)			
ESRS S3	S3-4, 36	Human rights issues and incidents	Annex I, Table 3, Indicator number 14				Not relevant	NA
ESRS S4	S4-1, 16	Policies related to consumers and end-users	Annex I, Table 3, Indicator number 9 and Annex I, Table 1, Indicator number 11				Reported	Social information, S4-1 – Policies related to consumers and end-users
ESRS S4	S4-1, 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Annex I, Table 1, Indicator number 10		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Reported	Social information, S4-1 – Policies related to consumers and end-users
ESRS S4	S4-4, 35	Human rights issues and incidents	Annex I, Table 3, Indicator number 14				Reported	Social information, S4-4 – 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.
ESRS G1	G1-1, 10 (b)	United Nations Convention against Corruption	Annex I, Table 3, Indicator number 15				Reported	Governance information, G1-1 – Corporate culture and business conduct policies
ESRS G1	G1-1, 10 (d)	Protection of whistle-blowers	Annex I, Table 3, Indicator number 6				Reported	Governance information, G1-1 – Corporate culture and business conduct policies
ESRS G1	G1-4, 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	Annex I, Table 3, Indicator number 17		Delegated Regulation (EU) 2020/1816, Annex II)		Reported	Governance information, G1-4 – Confirmed incidents of corruption or bribery
ESRS G1	G1-4, 24 (b)	Standards of anti- corruption and anti- bribery	Annex I, Table 3, Indicator number 16				Reported	Governance information, G1-4 – Confirmed incidents of corruption or bribery

ENVIRONMENTAL INFORMATION

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852

The European Union has developed, in recent years, an ambitious strategy for sustainable development and the transition to a low-carbon economy, in line with the contents of the 2015 Paris Agreement on climate and the United Nations' 2030 Agenda with its 17 sustainable development goals. To achieve these goals, the Union promotes investments in sustainable assets and activities using not only public but also private resources.

The Regulation (EU) 2020/852 Taxonomy defines the criteria for determining whether an economic activity can be considered environmentally sustainable based on the identification of six environmental objectives: a) climate change mitigation (CCM); b) climate change adaptation (CCA); c) sustainable use and protection of water and marine resources (WTR); d) transition to a circular economy (CE); e) pollution prevention and control (PPC); f) protection and restoration of biodiversity and ecosystems (BIO).

As provided by Regulation (EU) 2020/852, Article 8, the following indicators are reported:

- a) the portion of revenue derived from products or services associated with economic activities considered environmentally sustainable pursuant to Articles 3 and 9;
- b) the portion of capital expenditures and the portion of operating expenses related to assets or processes associated with economic activities considered environmentally sustainable pursuant to Articles 3 and 9.

The reported indicators have been calculated based on the guidelines contained in Annex 1 to Regulation (EU) 2021/2178 and are based on currently available data and the current interpretation of the regulations and may therefore be subject to future changes.

Eligibility to the taxonomy

Turnover

Based on the current interpretation of the regulations, the Group has identified that its range of products and services falls within the definition of the following activities:

- CCM 3.6 Manufacture of other low-carbon technologies. In continuity with what was reported in 2023, the Emak Group has considered the revenues generated from the sales of battery-powered and electric finished products manufactured by the Group as eligible for the taxonomy. Specifically, the sales of battery-powered and electric OPE products, cleaning machines (PWJ) that do not have diesel-powered boilers for steam production are included in the counts. Therefore, all products powered even partially by fossil fuels and all products falling within the Components and Accessories segment have been excluded.
- CE 4.1 Provision of IT/OT (information technology/operational technology) solutions based on data. Revenues generated from the product range related to precision agriculture fall within this activity.
- CE 5.1 Repair, refurbishment, and remanufacturing. Revenues generated from the sales of chainsaw sharpeners fall within this activity. To avoid double counting, electric and battery-powered sharpeners have been excluded from CE 5.1 and included in CCM 3.6.
- CE 5.2 Sale of spare parts. Revenues generated from the sales of spare parts, excluding consumables, fall within this activity.
- CE 5.5 Product-as-a-service and other service models oriented towards circular use and results. Revenues generated from the rental of products fall within this activity.

Capex

Based on the analysis described above, Emak has considered the increases in tangible and intangible fixed assets and IFRS16 right-of-use assets related to the following activities as eligible for the taxonomy:

- CCM 3.6. Manufacture of other low-carbon technologies
- CCM 7.2. Renovation of existing buildings
- CCM 7.3. Installation, maintenance, and repair of energy efficiency equipment
- CCM 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)
- CCM 7.6. Installation, maintenance, and repair of renewable energy technologies
- CCM 9.3. Professional services related to the energy performance of buildings
- CE 4.1 Provision of IT/OT (information technology/operational technology) solutions based on data

- Therefore, data related to battery and electric products, the provision of IT/OT solutions, and energy efficiency improvements to buildings such as replacing neon lights with LED lights, replacing windows, installing solar panels, installing meters to monitor energy consumption, and installing electric heat pumps were considered.

Opex

In accordance with regulatory requirements, Emak has defined operating expenses as non-capitalized direct costs related to research and development, building renovation measures, short-term leasing, maintenance and repair, as well as any other direct expenses related to the daily maintenance of buildings, plants, and machinery, carried out by the company or third parties to whom these tasks are outsourced, necessary to ensure the continuous and effective operation of these assets. The data considered are related to the following activities:

- CCM 3.6. Manufacture of other low-carbon technologies
- CCM 7.2. Renovation of existing buildings
- CCM 7.3. Installation, maintenance, and repair of energy efficiency equipment
- CCM 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)
- CCM 7.6. Installation, maintenance, and repair of renewable energy technologies
- CE 4.1. Provision of IT/OT (information technology/operational technology) solutions based on data
- CE 5.1. Repair, refurbishment, and remanufacturing

The Emak Group has therefore considered the research and development costs charged to the income statement directly related to battery and electric products, the costs related to the repair, refurbishment, and remanufacturing of products, and the maintenance costs of buildings and other assets for 2024 concerning the energy efficiency improvements of buildings carried out during the year.

Alignment with the EU Taxonomy

Emak has analyzed the technical criteria and the related DNSH requirements provided by the Climate Delegated Act, the Complementary Delegated Act, and the Environmental Delegated Act for all identified eligible activities and concluded that none of them can currently be considered aligned as the Group does not meet all the required criteria. During 2024, the Group completed the scenario analysis related to physical risks – chronic and acute – indicated in Appendix A of Delegated Regulation (EU) 2021/2139. This analysis was evaluated by the Risk and Sustainability Control Committee and the Board of Directors in February 2025. The Group will continue deepen its understanding of the requirements for alignment with the taxonomy in the future.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned or eligible turnover year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)

Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	78,625	13%	EL	NEL	NEL	NEL	NEL	NEL							13%		
Provision of IT/OT data-driven solutions	CE 4.1	799	0.1%	NEL	NEL	NEL	EL	NEL	NEL							0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	92	0.02%	NEL	NEL	NEL	EL	NEL	NEL							0.02%		
Sale of spare parts	CE 5.2	35,973	6%	NEL	NEL	NEL	EL	NEL	NEL							7%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	132	0.02%	NEL	NEL	NEL	EL	NEL	NEL							0.02%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		115,621	19%	68%	0%	0%	32%	0%	0%							20%		
Total (A.1 + A.2)		115,621	19%	68%	0%	0%	32%	0%	0%							20%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)	486,293	81%
Total (A+B)	601,914	100%

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	13%
CCA	-	-
WTR	-	-
CE	-	6%
PPC	-	-
BIO	-	-

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned or eligible CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	2,935	7%	EL	N/EL	N/EL	N/EL	N/EL								6.1%		
Renovation of existing buildings	CCM 7.2	738	2%	EL	N/EL	N/EL	N/EL	N/EL								1.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	882	2%	EL	N/EL	N/EL	N/EL	N/EL								1.3%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	3	0.01%	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2	0.01%	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	103	0.24%	EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Professional services related to energy performance of buildings	CCM 9.3	25	0.06%	EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Provision of IT/OT data-driven solutions	CE 4.1	449	1%	N/EL	N/EL	N/EL	EL	N/EL								3.6%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	5,136	12%	91%	0%	0%	9%	0%	0%								12.4%		
Total (A.1 + A.2)	5,136	12%	91%	0%	0%	9%	0%	0%								12.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CAPEX of Taxonomy-non-eligible activities (B)	38,124	88%																
Total (A+B)	43,260	100%																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	11%
CCA	-	-
WTR	-	-
CE	-	1%
PPC	-	-
BIO	-	-

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned and eligible OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	1,233	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							13.6%		
Renovation of existing buildings	CCM 7.2	92	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	6	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.05%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3	0.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.0%		
Provision of IT/OT data-driven solutions	CE 4.1	377	3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							1.4%		
Repair, refurbishment and remanufacturing	CE 5.1	54	0.4%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							0.3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,766	15%	76%	0%	0%	24%	0%	0%							15.4%		
Total (A.1 + A.2)		1,766	15%	76%	0%	0%	24%	0%	0%							15.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OPEX of Taxonomy-non-eligible activities (B)		10,198	85%															
Total (A+B)		11,964	100%															

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	11%
CCA	-	-
WTR	-	-
CE	-	4%
PPC	-	-
BIO	-	-

Activities related to nuclear energy and fossil gas ¹⁴

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

¹⁴ Delegated Regulation (EU) 2022_1214

ESRS E1 – Climate change

ESRS 2 GOV-3 — Integration of sustainability-related performance in incentive schemes

The Board of Directors has set sustainability goals, including those related to climate change¹⁵, within the incentive remuneration for the Group CEO only. The characteristics of the Incentive Plan, the objectives, and the percentage of remuneration connected to them are detailed in section *ESRS 2 GOV-3 – Integration of sustainability related performance in incentive schemes*, in General Disclosures.

Specifically, these objectives contribute to achieving 40% of the possible annual incentive compensation for the Group CEO, according to the following breakdown:

- 20% related to the development of new battery-powered products;
- 5% related to the development of a succession plan for key Group positions;
- 15% (and individually 3% each) for energy recovery initiatives, reduction of emissions related to the vehicle fleet of Italian companies, obtaining AEO certification, and preparatory activities for obtaining gender equality certification by the Parent Company.

E1-1 – Transition plan for climate change mitigation

The Group currently does not have a structured transition plan for climate change mitigation as outlined by Regulation (EU) 2023/2772, which aims to ensure that its strategy and business model are compatible with the transition to a sustainable economy and the objectives of limiting global warming to 1.5°C in line with the Paris Agreement and achieving climate neutrality by 2050, in accordance with Article 2, paragraph 1, of Regulation (EU) 2021/1119 (European Climate Law) and Article 2 of Delegated Regulation (EU) 2020/1818 (Regulation on Climate Benchmarks).

Currently, the Group is focused on progressively refining and expanding the mapping of its emissions inventory. Specifically, for years the Group has been reporting progress related to its Scope 1 and 2 GHG emissions. Starting from this fiscal year, disclosure of gross Scope 3 GHG emissions is being provided. Based on the GHG Protocol and implemented with the aid of the dedicated *Scope 3 Calculation Guidance*, the calculation considers, where possible, precise data from the Group's companies and resorts to estimates for missing data. The selection of significant Scope 3 categories is carried out following a materiality analysis.

Aware of the margins for improvement in reporting, the Group's management believes that in order to make improvement commitments, it is first crucial to have a consolidated database on which to conduct the necessary analyses to undertake initiatives aimed at improving its environmental performance.

To date, the three companies with ISO 14001 environmental certification are the only ones with formalized and certified improvement plans and initiatives in accordance with the measures provided by the regulation itself.

¹⁵ There are no consolidated Group objectives related to the reduction of GHG emissions communicated pursuant to the disclosure requirement E1-4 of Regulation (EU) 2023/2772, against which to assess the sustainability performance of the CEO as contemplated by the incentive systems; the aforementioned performance is currently evaluated solely based on the mere achievement of the objectives.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality. The results of the analysis are detailed in the table provided in the paragraph *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.

For a more detailed overview, please refer to section *ESRS 2 SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*, in General Disclosures.

Additionally, Emak has conducted an in-depth analysis regarding climate change, with particular attention to risks related to both the transition and the physical aspects relevant to the Group.

Regarding transition risk, in conjunction with the budgeting process, the Group Risk Manager interviewed 21 risk owners distributed among some of the subsidiaries to assess the exposure of the Business Units (BUs) to 20 strategic risks. The risk owners examined the risks within their purview, identifying corrective measures already in place to mitigate risk exposure, and proposing, where necessary, additional initiatives to be included in the budget plan. The analysis led to the creation of a Risk Matrix for each BU, highlighting the position of the 20 strategic risks and delving into the most significant risks.

The study revealed that transition risks are managed as follows within business operations:

- Product regulatory evolution: monitored and followed by technical structures, also through trade associations, with continuous monitoring of the regulatory framework evolution, which guides research and development activities (see specific paragraph);
- Evolution of consumer preferences: monitored by the commercial and marketing structure, through constant dialogue with the distribution network and the trade associations to which the Group belongs;
- Aspects related to the energy supply chain: controlled by the purchasing function, through framework agreements, participation in consortia, and active market monitoring.

Regarding physical risk, based on the results of scenario analysis, the Group's management believes that this risk is not critical. The scenarios examined¹⁶ and the risks considered indicate that potential issues could arise within a 30-year timeframe, making mitigation planning currently ineffective. The Group, through dedicated functions, will continue to monitor the evolution of these scenarios, keeping its risk assessments updated and the possibility of implementing corrective actions if necessary.

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be reported in this Consolidated Sustainability Statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements" were followed.

¹⁶ Focus on the 12 events deemed as priorities based on definitions and applicability to the Group: Changes in air temperature; Thermal stress; Temperature variability; Heatwave; Cold wave/frost; Cyclone, Hurricane, Typhoon; Storm; Snowstorm; Tornado; Water stress; River flooding; Subsidence.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROS					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E1 - Climate change	Climate change adaptation			TRANSITION RISKS (and impacts on the business model): The impact of new regulatory developments related to climate change on the range of products and services offered	
				Sudden obsolescence triggered by the arrival of new technologies on the market (technological acceleration)	
				Chronic: Climate change and rising average temperature and sea level	
	Emission reduction	Generating direct and indirect CO2 emissions, slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal		Costs of transition to low-emission technologies	Use of new technologies
				Impact of new regulatory developments related to climate change on the range of products and services offered	
	Responsible energy use	Maintaining dependence on non-renewable energy sources, thus contributing to climate change.	Raising awareness among company personnel and stakeholders towards responsible energy use	Energy crisis (an entity's energy mix can affect the cost and reliability of energy supply and ultimately affect the entity's cost structure and regulatory risk) and consequent increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy)	
				Failure to comply with regulations (e.g. Greenbuildings)	

For a more detailed overview, please refer to section *ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*, in General Disclosures.

In the development of its business plans, the Group formalizes specific sections dedicated to climate change risks, where the planned initiatives are illustrated and, where data is available, the investments, costs, and expected revenues for the planned interventions are quantified. To date, based on the analyses carried out and the nature of the Group's activities, particular attention is paid to mitigating transition risks, considered to have the greatest potential impact.

These risks also present interesting opportunities for the Group both from a business development perspective (e.g., development of electric/battery-powered products, growth in the agriculture sector) and in terms of energy efficiency (e.g., reduction of energy consumption).

For further information, please refer to the previous *paragraph ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*.

E1-2 – Policies related to climate change mitigation and adaptation

To date, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to climate change mitigation, adaptation, energy efficiency, and the spread of renewable energies.

Nevertheless, through its organizational system, the Group ensures full compliance with relevant laws and regulations and has been actively engaging in staff awareness activities and energy efficiency measures for several years to reduce its environmental footprint. According to the Organizational, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held

liable include environmental crimes as per Article 25-undecies of the aforementioned decree, as introduced by Legislative Decree No. 121 of July 7, 2011¹⁷, and amended by Article 1, Law No. 68 of May 22, 2015¹⁸.

Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of its activities, the Parent Company Emak S.p.A. adopts an environmental policy as part of the broader Integrated Corporate Policy.

In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, also understood as the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is duly shared.

E1-3 – Actions and resources in relation to climate change policies

Although the Emak Group has not set specific climate change targets, it is committed to contributing to sustainable development by pursuing continuous improvement goals related to environmental compatibility. To this end, it strives to spread and consolidate a culture of environmental protection and natural resource conservation. The Group's efforts to reduce environmental impact span all its business processes, starting with the design of its products, seeking increasingly eco-friendly materials and technical solutions that reduce pollutant emissions and consumption while ensuring customer satisfaction in terms of performance¹⁹.

The main actions taken by the Group in the reference year, divided by decarbonization levers, are listed below:

- a) Energy efficiency
 - installation of intelligent systems in production departments to manage lighting based on work shifts and, in some areas, sensors for automatic switching on and off of lights based on presence;
 - adoption of temperature control systems for different areas of the plants, dynamically adjusting the power of individual thermal generators to external climatic conditions and the thermo-hygrometric comfort conditions for different internal areas;
 - use of high-energy-consuming machinery outside peak hours;
 - recovery of energy generated during product testing;
 - installation of high-efficiency heating systems, such as heat pumps and latest-generation condensing boilers;
 - overhaul of the general electrical system and transformer stations, which has led to a reduction in electrical losses within the plant;
 - gradual replacement of neon lamps with LED lamps, including relamping interventions in some plants;
 - installation of high-energy-efficiency machinery and equipment in production departments;
 - measures aimed at reducing the thermal needs of the plants and improving the internal microclimate, such as replacing windows and installing blinds;
 - installation of energy consumption monitoring systems for each production line or machine, with the aim of identifying possible inefficiencies and planning potential efficiency measures
- b) Product modification / electrification
 - testing machines containing fully or partially recycled plastic materials (material research), a multi-year project focused on the Green Deal and thus reducing CO2 in relation to developed products;
 - identification and development of technologies to be applied to combustion engines to comply with future directives on emission limits (low-emission engines).
- c) Use of energy from renewable sources
 - purchase and self-production of renewable energy, in line with previous years.

With reference to previous years, the aforementioned mitigation actions have led to the filing of several patents concerning R&D activities focused on product innovation, as well as the modernization and energy efficiency of the facilities in a broad sense.

¹⁷ Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.

¹⁸ Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on contraventions and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

¹⁹ Since there is no associated policy, the implementation of the objectives does not contribute to the purpose of the aforementioned.

The Group will evaluate how to further articulate this path based on the results of the next financial year²⁰ and following the mapping of GHG emissions mentioned in relation to the *Transition plan for climate change mitigation* section.

The resources allocated by the Group to actions related to climate change mitigation and adaptation are reported in the paragraph *Disclosure pursuant to Article 8 of Regulation (EU) 2020/852*.

E1-4 – Targets related to climate change mitigation and adaptation

As of today, the Emak Group has not established consolidated targets for the reduction of gross GHG emissions, although there are intermediate and granular targets derived from ISO standards related to specific plants, such as in the case of the Parent Company.

However, during this reporting period, the Emak Group has refined its GHG emissions mapping activity by extending its scope to emissions generated along the value chain (scope 3). This activity aims to define the baseline on which potential GHG emission reduction targets can be identified and formulated, the actions to be taken to achieve them, and the respective decarbonization levers.

²⁰ At present, the Emak Group has not established timeframes within which it intends to complete each main action.

E1-5 – Energy consumption and mix

The energy consumption and energy mix of the Group are detailed below:

DR E1-5 -Energy consumption and energy mix		2024
		MWh
Coal fuels and coal products		
Fuels from crude oil and petroleum products		8,123.35
	Diesel for production	370.08
	Diesel for company cars for business use	3,842.52
	Diesel for company cars for mixed use	1,232.30
	Hybrid/Diesel for company cars for mixed use	6.60
	Gasoline for production	503.44
	Gasoline for company cars for business use	1,402.65
	Gasoline for company cars for mixed use	370.88
	Hybrid/Gasoline for company cars for business use	43.45
	Hybrid/Gasoline for company cars for mixed use	309.16
	LPG for production	42.26
Natural gas fuels		19,879.24
	Natural gas for heating	17,437.37
	Natural gas for production	2,297.70
	Natural gas for company cars for business use	144.17
Electricity purchased or acquired from fossil sources		25,741.31
	of which for company cars for mixed use	2.89
Heat purchased or acquired from fossil sources		
Cooling from fossil sources		
Nuclear sources		
Fuels from other fossil sources		-
Self-produced energy from non-renewable sources and consumed		-
Total energy consumption from fossil sources		53,743.90
Share of fossil sources in total energy consumption (%)		98.72%
Total energy consumption from nuclear sources		
Share of nuclear sources in total energy consumption (%)		0.00%
Fuels from renewable sources		15.80
	Biofuel (e.g. HVO) for company cars for business use	1.37
	Biofuel (e.g. HVO) for company cars for business use	14.43
Electricity purchased or acquired from renewable sources (Guarantee of Origin contracts)		35.72
Heat purchased or acquired from renewable sources		
Steam purchased or acquired from renewable sources		
Cooling purchased or acquired from renewable sources		
Renewable energy self-produced and consumed (without using fuels)		645.32
	of which from a photovoltaic system	645.32
Total energy consumption from renewable sources		696.84
Share of renewable sources in total energy consumption (%)		1.28%
Total energy consumption		54,440.74

The companies of the Emak Group fall into high climate impact sectors²¹. Therefore, the following information is provided:

Energy intensity (sectors with high climate impact)	2024
Total energy consumption of activities in sectors with high climate impact (MWh)	54,440.74
Net revenues from activities in high-impact climate sectors (€)	€ 601,914,195
Energy intensity (MWh/€)	0.0000904

²¹ High climate impact sectors are those listed in Annex I, sections A to H and L, of Regulation (EC) No 1893/2006 of the European Parliament and of the Council (as defined in Commission Delegated Regulation (EU) 2022/1288). This regulation defines the statistical classification of economic activities NACE Revision 2.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The greenhouse gas (GHG) emissions²² currently monitored and reported by Emak can be divided into three scopes:

- **Scope 1 GHG emissions**²³: direct greenhouse gas emissions from sources that are owned or controlled by the company;
- **Scope 2 GHG emissions**, calculated using both the **location-based**²⁴ and **market-based**²⁵ methods: indirect emissions from the generation of electricity, steam, heating, or cooling that is purchased or acquired and consumed by the company;
- **Scope 3 GHG emissions**: indirect greenhouse gas (GHG) emissions (excluding Scope 2 emissions) generated within the value chain of the reporting company, including both upstream and downstream emissions. These are divided into 15 categories.

In order to report information regarding gross Scope 3 GHG emissions, the Group has taken into account the principles and requirements outlined in the standard Technical Guidance for calculating Scope 3 emissions, version 1.0, of the Greenhouse Gas Protocol (GHG Protocol).

The significant Scope 3 categories were identified through a materiality analysis process, based on the guidelines and criteria established by the GHG Protocol²⁶. Following this analysis, the following Scope 3 categories were identified as significant:

- Category 1 - Purchased goods and services
- Category 3 - Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
- Category 4 - Upstream transportation and distribution
- Category 11 - Use of sold products

The materiality analysis was based on a set of purely qualitative criteria proposed in the aforementioned Technical Guidance, according to which the following categories were deemed non-significant, or not applicable:

- Category 2 - Capital goods (excluded)
- Category 5 - Waste generated in operations (excluded)
- Category 6 - Business travel (excluded)

²² The broad term "emissions" refers to the direct or indirect discharge, from point sources or diffuse sources, of substances, vibrations, heat, or noise into the air, water, or soil, as outlined in Directive 2010/75/EU on industrial emissions (Industrial Emissions Directive).

²³ For the calculation of gross Scope 1 emissions, the following conversion factors were used:

- DEFRA, UK Government GHG Conversion Factors for Company Reporting (2024);
- ISPRA, Reports 398/2024, Italian Greenhouse Gas Inventory 1990-2022, National Inventory Report (2024).

According to the latest version of the "GHG Protocol Scope 2 Guidance," self-produced electricity from renewable sources has an emission impact of zero, with reference to Scope 1 of GHG emissions.

²⁴ The term "location-based" refers to a method of accounting for emissions resulting from electricity consumption by applying national average emission factors for the various countries where electricity is purchased.

For the calculation of gross Scope 2 GHG emissions using the location-based approach, the emission factors used to convert different energy quantities into tCO₂eq are derived from the following sources:

- Association of Issuing Bodies (AIB), European Residual Mixes 2023, V.1.0 (2024);
- DEFRA, UK Government GHG Conversion Factors for Company Reporting (2024);
- ISPRA, Reports 404/2024, Efficiency and Decarbonization Indicators in Italy and the Largest European Countries (2024);
- Ministério da Ciência, Tecnologia e Inovação (MCTI), National Greenhouse Gas Emissions Inventory (2024);
- Terna, International Comparisons, 2019 Data from ENERDATA Sources (2022);
- U.S. Environmental Protection Agency (EPA), eGRID 2022 Data (2024).

²⁵ "Market-based" refers to a method of accounting for emissions that determines those arising from the purchase of electricity by considering specific factors communicated by the company's suppliers. When electricity from certified renewable sources is purchased, a zero-emission factor is attributed.

For the calculation of gross Scope 2 GHG emissions using the market-based approach, the emission factors used to convert different energy quantities into tCO₂eq are derived from the following sources:

- Association of Issuing Bodies (AIB), European Residual Mixes 2023, V.1.0 (2024);
- Terna, International Comparisons, 2019 Data from ENERDATA Sources (2022);
- Ministério da Ciência, Tecnologia e Inovação (MCTI), National Greenhouse Gas Emissions Inventory (2024);
- Green-e®, Residual Mix Emissions Rates 2021 Data (2023).

²⁶ Specifically, the criteria used by the Group, as indicated by the GHG Protocol, to perform the materiality analysis are magnitude, risk, influence, and data availability.

- Category 7 - Employee commuting (excluded)
- Category 8 - Upstream leased assets (not applicable)
- Category 9 - Downstream transportation (excluded)
- Category 10 - Processing of sold products (not applicable)
- Category 12 - End-of-life treatment of sold products (excluded)
- Category 13 - Downstream leased assets (not applicable)
- Category 14 - Franchising (not applicable)
- Category 15 - Investments (not applicable)

This period represents the Group Emak's first exercise in reporting gross Scope 3 GHG emissions; therefore, it is not excluded that future reports may include additional categories. The current reporting focuses on the categories deemed as significant.

Below is the approach for managing data and emissions for the individual Scope 3 categories that were included in the reporting process.

Category 1 - Purchased goods and services

For the calculation of this category, where possible, preference was given to data related to the reporting requirement E5-4 ("Resource inflows"). In this case, emission factors were derived from the Ecoinvent database v. 3.10.

When mass data were not available from the management system, they were reconstructed through estimates based on the average composition of the families of products sold.

In cases where such data were unavailable, the second option was to quantify the emissions associated with purchased materials using the spend-based method, converting foreign currency into euros where appropriate.

The emission factors used for calculations with the spend-based approach are derived from the database of the U.S. Environmental Protection Agency (EPA), which provides emission factors in kg CO₂eq/USD for the year 2022. Consequently, it was necessary to process these emission factors to convert them into euros and update them to reflect the year 2024.

In cases where a company's incoming material flow data was unavailable, the impact calculation for this category was reallocated based on the purchase value of a company with a similar type of production, where possible, or alternatively, on the turnover of all other Group companies for which data was available.

The emissions calculated for the entire Group, based on available data using mass-based or spend-based methods and the reallocation approach, amount to 239,875 t CO₂eq. The emissions specifically reported by the companies that provided data total 138,510 t CO₂eq, representing 58% of the total.

The number of companies for which this category is relevant amounts to 33 out of a total of 40. The reason not all companies are included in the calculations is that all intra-group purchases were excluded. Specifically, 7 companies fall into this category, as they predominantly handle only intra-group purchases.

Category 3 - Fuel- and energy-related activities

This category pertains to upstream activities related to energy and fuels, specifically the extraction of fuels used for Scope 1 GHG emissions, as well as the transmission and losses of electricity under Scope 2.

The data used for the calculations are, in fact, the same as those used for calculating Scope 1 and Scope 2 GHG emission, but their processing is based on emission factors that include upstream emissions, taking into account the different emission contributions associated with the specific energy sources used.

In this specific case, reallocation of emissions was not deemed necessary, as data were available for all the companies within the Group.

The total for this category amounts to 2,221 t CO₂eq, representing 100% of the Group's emissions.

To perform calculations in this category conversion factors were applied, where appropriate, to convert fuel volumes (liters or m³) into kilograms. Regarding electricity, the contributions related to energy transmission and electricity losses along the grid required the modeling of a specific impact. The source of the emission factors used is Ecoinvent v. 3.10.

Category 4 - Upstream transportation and distribution

For this category, only primary data from two companies in the Group, Emak S.p.A and Tecomec S.r.l., are available. Therefore, the calculation of emissions for the remaining companies was carried out by reallocating the emissions derived from the two companies' data based on their turnover.

The reallocation logic is the same as that described for Category 1.

The emissions calculated for the entire Group, based on the available data and using the reallocation method, amount to 7,286 t CO₂eq. The emissions specifically reported by the companies that provided data total 3,396 t CO₂eq, representing 47% of the total.

The modes of transportation identified for the movement of goods are trucks, ships, airplanes, trains, and ferries.

The emission factors for transportation were derived from the Ecoinvent v. 3.10 database.

Category 11 - Use of sold products

For this category, the finished products from the *Outdoor Power Equipment* segment and the cleaning line from the *Pumps & Water Jetting* segment were taken into consideration.

Primary data on product consumption was taken into account for companies within the *Outdoor Power Equipment* segment. For the *Pumps & Water Jetting* segment, primary data of cleaning products from Comet S.p.A. and Lavorwash S.p.A. were considered, serving as the basis to proportionally adjust product emissions of the entire sector proportionally to revenue.

Products from the *Components & Accessories* segment and the Agriculture and Industry lines of the pumps segment were excluded. Specifically, accessories and spare parts were excluded, as they do not inherently involve energy consumption, and all pumps were also excluded due to their indirect energy consumption. According to the GHG Protocol standard, these are optionally reportable. The Group opted to exclude them also considering that modeling a scenario in this context would be extremely complex, as it depends on the pump's final application, which introduces a high degree of uncertainty.

The reallocation logic is the same as that described for Category 1.

The emissions calculated for the entire Group, based on the available data and the proportionality method, amount to 962,414 t CO₂eq. Meanwhile, the specific emissions from the companies that provided their data total 780,142 t CO₂eq, which represents 81% of the overall emissions.

Since the majority of the market is European, it was assumed that all shipments occur within the EU. The average European electricity emission factor from Ecoinvent v. 3.10 was used, without calculating emissions in detail based on the destination country of the sold products.

Any potential diesel input associated with certain types of products was modeled using DEFRA's emission factor, which represents diesel combustion.

In general, assumptions were made to model the usage phase scenario. Specifically, for most products, during their homologation phase, emissions are evaluated in terms of g CO₂eq/kWh consumed. Where available, this data was used for emissions calculation.

Regarding the product's useful life, the duration in hours, as specified during homologation, was considered. Consequently, for various products, the total emissions over their entire useful life were quantified, either by directly assessing emissions or calculating total energy consumption and applying the mentioned emission factors.

The total GHG emissions are outlined below, broken down into Scope 1 and Scope 2 emissions, as well as the priority categories within Scope 3.

Total emissions	Unit	2024
Direct emissions - Scope 1	t CO2 eq	6,133.51
Scope 1 emissions covered by regulated emissions trading systems	%	0.0%
Indirect emissions - Scope 2		
Scope 2 -location-based	t CO2 eq	7,938.22
Scope 2 -market-based	t CO2 eq	9,770.94
Indirect emissions - Scope 3	t CO2 eq	1,211,795.40
1. Purchased goods and services	t CO2 eq	239,874.90
3. Fuel and energy related activities (not included in scope 1 or 2)	t CO2 eq	2,221.04
4. Upstream transportation and distribution	t CO2 eq	7,285.88
11. Use of the sold products	t CO2 eq	962,413.58
Total emissions - location based	t CO2 eq	1,225,867.13
Total emissions - market based	t CO2 eq	1,227,699.85

Here is the information related to GHG intensity in relation to net revenues:

Intensity of emissions compared to revenues - location-based	2024
Total emissions -location-based (t CO2 eq)	1,225,867.13
Net revenue (€)	601,914,195.00
Emission intensity (t CO2 eq/)	0.0020
Intensity of emissions compared to revenues - market-based	2024
Total market-based emissions (t CO2 eq)	1,227,699.85
Net revenue (€)	601,914,195.00
Emission intensity (t CO2 eq/)	0.0020

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

In March 2024, the Board of Directors approved the *Plan to eliminate Scope 1 emissions produced by the car fleet of the Italian companies in the Group*, achieved also through the purchase of Sustainability Credits²⁷ from the National Park and the UNESCO MAB Biosphere Reserve of the Tuscan-Emilian Apennines by the companies Emak S.p.A., Comet S.p.A., Tecomec S.r.l., and Sabart S.r.l., which will be used to sustainably and responsibly manage the forests and support the communities of the Park, and will offset 342 tCO2eq produced by the Italian car fleet in 2023.

The goal of the Plan will be achieved through the definition of a new company car policy aimed at reducing environmental impact - favoring the inclusion of electric and hybrid cars or, in any case, less polluting models compared to those currently in use - and the offsetting of emissions through the purchase of certified carbon credits in an amount equal to the emissions produced by the Italian car fleet.

E1-8 – Internal carbon pricing

The Group does not apply internal carbon pricing systems.

²⁷ The Credits come from forests managed sustainably and responsibly, certified according to FSC and PEFC standards.

ESRS E2 – Pollution

ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The double materiality analysis allowed the Group to establish the relevant issues to be included in this consolidated sustainability statement. For the correct execution of the process, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment', and the additional paper 'Links between AR16 and disclosure requirements' were followed.

The table below describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E2 - Pollution	Pollution of air, water and soil	Generation of other emissions (pollutants other than CO ₂ in air, water or soil), slowing down the achievement of the objectives of the Paris Agreement and the European Green Deal			

Please refer to the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model* for further information on the results of the double materiality analysis.

E2-1 – Policies related to pollution

As of today, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to pollution. Nevertheless, through its organizational system, the Group ensures full compliance with the applicable laws and regulations.

According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes as per Article 25-undecies of the aforementioned decree, introduced by Legislative Decree No. 121 of July 7, 2011²⁸, and amended by Article 1, Law No. 68 of May 22, 2015²⁹. Among these offenses, environmental pollution (Article 452-bis of the Penal Code) is explicitly included.

Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of their activities, the parent company Emak S.p.A. adopts an environmental policy within the broader Integrated Corporate Policy. In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, which also includes the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is duly shared.

E2-2 – Actions and resources related to pollution

As of today, the Group has not formalized specific objectives related to pollution, therefore there is no dedicated allocation of resources. Nevertheless, the Group carries out monitoring actions aimed at preventing pollution, rather than reducing it, in line with applicable national regulations. Regarding the quantification of other atmospheric emissions different from CO₂ emissions, there are different cases among the Group's companies. In fact, while some companies are not subject to environmental authorization because they do not produce

²⁸ Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.

²⁹ Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on misdemeanors and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

significant atmospheric emissions, others are subject to periodic checks and have an obligation to obtain environmental authorization for atmospheric emissions.

Regarding the second case, Emak S.p.A., Lavorwash S.p.A., Comet S.p.A., Tecomec S.r.l., and P.T.C. S.r.l. monitor their atmospheric emissions (PM) in accordance with Title I of Legislative Decree 152/06 and subsequent amendments. Specifically, emissions are sampled by collecting gaseous fluids conveyed through an emission chimney, according to the sampling method UNI EN 13284-1:2003. The sampling results are reported in specific test reports where the values of the sampled dust (in mg/nm³) are compared with the limits set by the relevant regulations. These values do not exceed the emission limit values imposed by the AUA³⁰. For the company Tailong, atmospheric emission control is carried out annually by the competent authorities. The Group is also committed to preventing soil and subsoil pollution related to potential spills of chemicals used in the production cycle.

Among the planned actions, with reference to the site where the headquarters of Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd. was located before its relocation, the Group has committed to undertaking the necessary activities for the restoration of the soil in the affected industrial area, for which a provision of € 659 thousand has been set aside.

E2-3 – Targets related to pollution

The Emak Group has not currently defined consolidated objectives related to the significant impacts identified with reference to pollution prevention, although there are intermediate and granular objectives derived from ISO standards, related to specific plants, as in the case of the parent company. However, in compliance with the regulations of the countries of operation, the Group ensures complete environmental compliance, including provisions on pollutants.

E2-4 – Pollution of air, water and soil

The types of pollutants that Delegated Regulation (EU) 2023/2772 focuses on are those listed in Annex II of Regulation (EC) No. 166/2006, namely the European Pollutant Release and Transfer Register (E-PRTR), emitted into the air, water, and soil, with the exception of GHG emissions, which have been reported in the section on *Gross GHG emissions of scope 1, 2, and total GHG emissions*.

The other emissions produced by the Group do not exceed the threshold values set out in Annex II of Regulation (EC) No. 166/2006.

ESRS E3 – Water and marine resources

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

From the double materiality analysis, a relevant issue has been identified that the Group is required to include in this Consolidated Sustainability Statement. As previously reported, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment,' and the additional paper 'Links between AR16 and disclosure requirements' have been followed.

The following table describes the relevant issue and the related impact that was found to be significant during the double materiality analysis.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E3 - Water and marine resources	Sustainable management of water resources	Water withdrawal and usage in production processes conducted within the company			

The results of the double materiality analysis are detailed in the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.

³⁰ Environmental Authorization "Autorizzazione Unica Ambientale"

E3-1 – Policies related to water and marine resources

As of today, the Group does not have formalized policies for managing the impacts, risks, and relevant opportunities related to water and marine resources³¹. Nevertheless, through its organizational system, the Group ensures full compliance with the applicable laws and regulations.

According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes as per Article 25-undecies of the aforementioned decree, introduced by Legislative Decree No. 121 of July 7, 2011³², and amended by Article 1, Law No. 68 of May 22, 2015³³. Among these offenses, the following are explicitly included: discharges into the subsoil and groundwater (Article 104 of Legislative Decree 152/06), discharges into sewer networks (Article 107 of Legislative Decree 152/06). The commitment to responsible water resource management is also demonstrated through the Code of Ethics, in paragraph 4.12. *Environmental Responsibility*, which identifies water discharges as one of the activities considered to be at highest risk.

The Group has identified the companies located in water-stressed areas based on the 'Baseline Water Stress' indicator provided by the Aqueduct Water Risk Atlas tool from the World Resources Institute (WRI)³⁴. The companies that are in water-stressed areas for 2024 are:

- Emak S.p.A. limited to the Pozzilli plant;
- Speed South America;
- Markusson;
- Yong Kang Lavorwash Equipment.
- Emak Suministros Espana SA
- Victus-Emak Sp. Z.o.o
- Lavorwash Iberica S.L.
- Pnr EE Sp. Z.o.o
- Spraylab Northern Europe AB
- S.I. Agro Mexico
- Yongkang Lavorwash Trading Co. Ltd

Emak S.p.A., Agres Sistemas Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor, and reduce the environmental impacts of their activities, the Parent Company Emak S.p.A. adopts an environmental policy within the broader Integrated Corporate Policy.

E3-2 – Actions and resources related to water and marine resources

The Group pays particular attention to the consumption of water resources and implements actions³⁵ aimed at reducing consumption in the medium to long term³⁶, also through constant monitoring, and promoting its reuse in companies that use water the most in their production processes, including those located in water-stressed areas, which are equipped with appropriate filtration systems for this purpose. Additionally, although it is a practice only encouraged and not regulated by local authorities, Speed Line South Africa Ltd. uses collected rainwater in production.

Efficiency measures also extend to the range of washing products: through certain technical solutions, it is possible to achieve a reduction in washing time and the volume of water used or greater effectiveness to avoid the use of chemical agents or other polluting elements such as additives. Finally, all companies periodically

³¹ Due to the characteristics that define its core business, the Group has not adopted practices related to the sustainability of oceans and seas.

³² Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements.

³³ Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to protect the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on misdemeanors and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

³⁴ The WRI tool is available online at the webpage: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results from the "baseline water stress" column were considered.

³⁵ Since there is no associated policy, the implementation of the objectives does not contribute to achieving the purpose of the aforementioned.

³⁶ At the moment, Emak has not established timeframes within which the company intends to complete each main action.

conduct water analyses through external entities to ensure that the quality complies with the regulatory requirements of the various countries.

Resources to manage significant impacts are allocated annually once the actions to be implemented are defined.

E3-3 – Targets related to water and marine resources

The Emak Group has not currently defined consolidated objectives related to the significant impacts identified concerning water and marine resources, although there are intermediate and granular objectives derived from ISO standards, related to specific plants, as in the case of the parent company. However, in compliance with the regulations of the countries of operation, the Group ensures complete environmental compliance, including provisions on water resources.

E3-4 – Water consumption

Within the Group, water can be used for sanitary or production purposes. In the latter case, it is mainly used in test benches or test rooms to test products and in the production process of trimmer line. The primary source of withdrawal is the public network, but several companies within the Group also use wells located near their plants, within the limits allowed by public authorities, for both production purposes and the irrigation of green spaces. The water is usually discharged into the sewer system.

Considering the use of water resources as outlined above, and lacking monitoring tools at discharge points, the Group considers it reasonable to assume that most of the incoming water is discharged again, with almost no consumption, except for potential quantities retained in waste (e.g., washing solutions, sludge).

Regarding its water withdrawals, the following tables are provided.

Water withdrawals	Unit	2024
Surface water (rivers, lakes, glaciers, reservoirs)	m3	64
Groundwater (wells)	m3	17,395
Seawater	m3	
Produced water (from extractive/mining activities)	m3	
Third-party water resources (aqueduct)	m3	111,566
Total water withdrawals	m3	129,024

Water stress	Unit	2024
Low water risk zone (<10%)	m3	54,916
Medium to low water risk zone (10-20%)	m3	2,119
Medium to high water risk zone (2-3) (20-40%)	m3	8,985
High water risk zone(40-80%)	m3	17,965
Extremely high water risk zone (>80%)	m3	45,040
Total water withdrawals	m3	129,024

Below is the information related to water intensity based on water withdrawals:

Water intensity	Unit	2024
Total water withdrawals	m3	129,024
Net revenues	Euro millions	602
Water intensity	m3 /Euro	214.36

ESRS E5 – Resource use and circular economy

ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be included in this consolidated sustainability statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance 'EFRAG IG 1 – Materiality Assessment,' and the additional paper 'Links between AR16 and disclosure requirements' were followed.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the materiality threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
E5 - Circular economy	Sustainable management of materials	Use of materials and resources with consequent reduction in their availability		Failure to comply with regulatory requirements (e.g. ESPR) Increase in the final price of the finished product due to increased production costs resulting from changes in input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Use of secondary raw materials or semi-finished products composed of them
	Reduction of waste and circular economy	Production of waste, hazardous and non-hazardous		Failure to comply with regulatory compliance (e.g. Packaging and Packaging Waste Regulation - PPWR, Extended Producer Responsibility - EPR)	

For a more in-depth overview, please refer to section *ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*, in *General Disclosures*.

E5-1 – Policies related to resource use and circular economy

The Group currently does not have formalized policies for managing the impacts, risks, and opportunities related to resource use and the circular economy. Nevertheless, through its organizational system, the Group ensures full compliance with relevant laws and regulations. According to the Organization, Management, and Control Model, in application of Legislative Decree 231/2001, the types of offenses for which the Group may be held accountable include environmental crimes under Article 25-undecies of the aforementioned decree, as introduced by Legislative Decree No. 121 of July 7, 2011³⁷, and amended by Article 1, Law No. 68 of May 22, 2015³⁸. These crimes explicitly include: prohibition of mixing hazardous waste (Article 187 of Legislative Decree 152/06), unauthorized waste management activities (Article 256 of Legislative Decree 152/06), illegal waste trafficking (Article 259 of Legislative Decree 152/06), and organized activities for illegal waste trafficking (Article 260 of Legislative Decree 152/06).

The commitment to responsible waste management is also demonstrated through the Code of Ethics, in paragraph 4.12. Environmental Responsibility, which identifies it as one of the activities considered to be at highest risk. The companies Emak S.p.A., Agres Eletrônicos S.A., and PNR Italia have an Environmental Management System certified according to the UNI EN ISO 14001 standard. Additionally, to identify, monitor,

³⁷ Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and the introduction of penalties for violations.

³⁸ Provisions on environmental crimes (Law No. 68 of 2015) introduced new crimes to safeguard the environment in the Penal Code, thus modifying the previous regulatory framework that relied almost exclusively on contraventions and administrative sanctions, as provided by the Environmental Code (Legislative Decree No. 152 of 2006).

and reduce the environmental impacts of their activities, the parent company Emak S.p.A. adopts an environmental policy as part of the broader integrated corporate policy, which emphasizes the search for eco-compatible materials and recyclable components in product industrial design from the design phase.

In the selection of suppliers, the Group exclusively uses criteria related to the objective competitiveness of the services and products offered and their quality, which also includes the supplier's performance in environmental and social areas and compliance with the principles expressed in the Code of Ethics, which is consistently shared. In general, the Group is committed, where circumstances warrant, to avoiding potential incorrect disposal of hazardous waste that could have significant environmental impacts, despite the limited use of hazardous raw materials in its production processes.

E5-2 – Actions and resources related to resource use and circular economy

Companies adopt various measures ³⁹ to reduce the amount of waste generated and, as much as possible, recover the waste materials produced from the processing of raw materials. With reference to the waste hierarchy⁴⁰, the actions taken by the Group mainly concern: prevention, recovery, and disposal.

In some cases, reusable containers are used for the transport and storage of raw materials and components to reduce the generation of cardboard waste. Where possible, waste from processing is recovered. Metal and plastic shavings, for example, are reused by the companies that generate them, sold to other companies, or returned to suppliers for processing. Some production facilities have wastewater treatment systems to separate sludge and emulsions from the rest of the water, which can then be reused in the production process. An example comes from the Parent Company Emak S.p.A., which, to reduce the amount of hazardous emulsions generated by the painting process of its wheeled products, uses a purification plant at its Pozzilli facility, allowing water to be recovered and reused in the painting process, with only the sludge from the production process being disposed of. Another example of initiatives aimed at more efficient waste management is the recent installation of a cardboard compactor, which reduces the volume of waste disposed of by Comet.

To avoid incorrect waste disposal, various companies have waste management procedures in place that define the flow of activities to be carried out and the responsible parties. Employees are trained and made aware of these procedures. Additionally, companies regularly prepare waste records and proceed to sample and verify them through specific analyses. Documentation control is periodically carried out by the designated offices. The categorization of waste and the definition of internal disposal processes are sometimes defined with the support of specialized consultants.

Industrial waste is deposited in dedicated areas, in containers suitable for the volume and type of waste, and subsequently entrusted to companies that have all the authorizations required by current regulations for recovery or disposal operations. In the case of Chinese companies, waste is collected and managed by third parties designated by the local government.

The Group is also committed to increasing the use of recycled materials, both in its products and packaging. Already in the research and development phase, efforts are made to reduce the use of virgin raw materials by replacing them with recycled plastics. Regarding packaging, particular attention is paid to developing eco-friendly packaging, replacing plastic with cardboard, largely recycled and FSC (Forest Stewardship Council) certified, recycled plastic, and chipboard parts. Consistent with the Group's environmental commitment, some Italian companies have adopted projects to reduce plastic consumption, using paper cups and wooden coffee stirrers in company break areas, and water dispensers where employees can fill bottles distributed free of charge to discourage the use of plastic bottles.

Finally, the Group strives to increase end-user awareness and education on product disposal at the end of its life and the differentiated disposal of packaging. For example, the parent company Emak S.p.A. provides useful information for the correct disposal of packaging in recycling bins both on the packaging via QR code and on the website. The website also includes a guide for the proper disposal of products.

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis, but considering the basic assumptions of the business plan.

³⁹ Since there is no associated policy, the implementation of the objectives does not contribute to achieving the aforementioned purpose. Currently, Emak has not established timeframes within which the company intends to complete each main action.

⁴⁰ Priority order in waste prevention and management, defined by Article 4, paragraph 1, of Directive 2008/98/EC on waste: i. prevention; ii. preparation for reuse; iii. recycling; iv. other recovery (e.g., energy recovery); and v. disposal.

E5-3 – Targets related to resource use and circular economy

The Group has not yet defined improvement objectives related to resource use and the circular economy, although there are intermediate and granular objectives derived from ISO standards, referring to specific plants, such as the case of the Parent Company. However, in compliance with the regulations of the operating countries, the Group ensures complete environmental compliance, including provisions on resource use and the circular economy.

E5-4 – Resource inflows

The Group's production companies purchase a wide variety of codes, including raw materials, components, semi-finished products, and finished products. Purchases mainly focus on technical commodities such as plastics, metal products, and electronics, as well as finished products. Some Group companies indirectly purchase critical raw materials in the form of semi-finished or processed products: aluminium, magnesium, lithium, graphite, nickel, and copper.

In addition to the materials used for production and finished products, packaging is also purchased, mainly paper and cardboard packaging and wooden pallets. The Group's companies strive to make resource use as efficient as possible. Where possible, waste from processing is recovered. Metal and plastic shavings, for example, are reused by the companies that generate them, sold to other companies, or returned to suppliers for processing. In some cases, the containers used for the transport and storage of goods are reused.

Kg	2024					
	Technical materials	Biological materials	of which organic materials that come from a sustainable supply chain	Total	Weight of secondary intermediate products reused or recycled (kg)	Weight of secondary materials reused or recycled (kg)
Raw materials / natural resources						
<i>Metals (purchased as raw materials)</i>	2,574,155.16			2,574,155.16		
<i>Plastic (purchased as raw material)</i>	8,918,084.27			8,918,084.27	344,977.36	5,500.00
<i>Other</i>	97,395.59			97,395.59		
Materials necessary for the production process not part of the finished product						
<i>Oils, lubricants, glues and detergents</i>	776,125.81			776,125.81		
<i>Other</i>	71,521.10			71,521.10		
Semi-finished products or components						
<i>Plastic components</i>	9,205,183.36			9,205,183.36		
<i>Metal components</i>	24,819,893.17			24,819,893.17		
<i>Rubber components</i>	844,196.06			844,196.06		
<i>Other</i>	1,515,821.94			1,515,821.94		
Packaging materials						
<i>Paper and cardboard packaging</i>	3,941,026.18	9,675.00		3,950,701.18	105,159.00	
<i>Plastic packaging</i>	377,364.96			377,364.96	726.00	
<i>Wood Pallet</i>	2,397,258.10	31,118.00		2,428,376.10	229,346.00	
<i>Other</i>	60.51			60.51		
Total	55,538,086.21	40,793.00	-	55,578,879.21	680,208.36	5,500.00
% of biological materials					0.1%	
% of secondary components and					1%	

Data related to incoming resource flows were collected and reported for the first time with reference to the 2024 financial year.

The data takes into account, where possible, the precise data from the companies' management systems. In other cases, due to the complexity and variety of codes handled and the lack of management data, estimates were used, which, in some instances, were based on assumptions subject to a profile of uncertainty, as a result of difficulties in accessing primary data.

Specifically, for calculating the weight of components purchased for machine production, the total number of machines produced was considered, and based on an estimate by the technical office of the percentage of each material contained within the high-rotation model for each product family, the total weight of purchased components was estimated, assuming a constant inventory. In other cases, the weight of materials and components purchased was estimated based on the value of purchases, considering the average price for

each type of material. For the companies where precise data was not available, a reallocation was carried out based on the purchase value of the most similar company.

E5-5 – Resource outflows

The Group's production activity mainly consists of component assembly. Consequently, waste production is primarily limited to paper and cardboard packaging, and wooden pallets. In some sites, however, a vertical production process is carried out, starting from raw materials to the finished product. These are productions that, for economic reasons and to ensure product quality, are preferably carried out internally; the productions are as follows:

- The nylon thread for brush cutters and stall separators produced by the Group's Speed companies: starting from polymers through the extrusion process to the finished product. This processing accounts for over 70% of the plastic waste generated by the Group's production companies;
- The chassis for wheeled grass-cutting machines produced at the Pozzilli plant with a vertical process that includes sheet metal stamping, welding, and painting, which accounts for about 70% of the metal waste generated by the Group's production companies.

An element to be noted comes from the surface treatment of nickel-plating aluminium cylinders carried out at the Chinese company Tailong: the plant is equipped with a production water purification system managed by a specialized company authorized by the local government.

In 2024, hazardous waste from the Group accounted for 6.5% of the total waste and mainly consisted of aqueous washing solutions, sludge, and electronic waste. The data on waste was obtained through direct measurements, particularly for the Group's manufacturing companies, or, where this was not possible, especially for commercial companies, it was estimated based on the number of employees.

<i>kg</i>		2024		
Waste (EWC code)	Waste (description)	Recovery	Disposal	Waste generated
Hazardous waste				
WS09	Metal	6	260	266
WS10	Paper and cardboard			-
WS11	Plastic			-
WS12	Wood			-
WS07	Hazardous electronic waste	715		715
WS13	Aqueous washing liquids		73,074	73,074
WS08	Other hazardous waste	54,324	71,124	125,448
Total hazardous waste		55,045	144,458	199,503
		Recovery	Disposal	Waste generated
Non-hazardous waste				
WS00	Metal	862,492	7,710	870,202
WS01	Paper and cardboard	818,381	64,455	882,836
WS03	Plastic	152,615	341,083	493,697
WS02	Wood	386,839	36,800	423,639
WS04	Non-hazardous electronic	14,043	278	14,321
WS05	Aqueous washing liquids		35,220	35,220
WS06	Other non-hazardous waste	123,661	43,297	166,958
Total non-hazardous waste		2,358,031	528,843	2,886,873
Total waste		2,413,076	673,301	3,086,376

<i>kg</i>	Hazardous waste	Non-hazardous waste
Preparing for reuse	90	344,743
Recycling	8,046	1,766,745
Other recovery operations	46,909	246,543
Total waste sent for recovery	55,045	2,358,031
Incineration	2,887	41,599
Landfill	1,168	60,538
Other disposal operations	140,403	426,706
Total waste sent for disposal	144,458	528,843

SOCIAL INFORMATION

ESRS S1 - Own workforce

ESRS 2 SBM-2 – Interests and views of stakeholders

Emak has implemented a process for mapping and identifying priority stakeholder categories for the Group. From this analysis, carried out with reference to the criteria defined by the AccountAbility 1000 (AA1000) Standard, its own workforce represents a fundamental category of stakeholders.

The level of relevance for each stakeholder category was defined based on two variables: the influence exerted by the stakeholder on the Group and the stakeholder's dependence on the Group's activities and decisions. The thematic scope and main dialogue tools attributable to the aforementioned stakeholder category, identified to establish a constructive relationship between the parties capable of meeting mutual needs in the medium to long term, are shown in the table below.

Stakeholders	Thematic area	Main instruments of dialogue
Employees	<ul style="list-style-type: none"> - Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare 	<ul style="list-style-type: none"> - Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Support to employees' recreational facility

For more details on how the company takes into account the outcome of stakeholder engagement, refer to the paragraph on *Impact, Risk, and Opportunity Management*, in *General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality.

LIST OF MATERIAL MATTERS AND MATERIAL IROs ⁴¹					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
S1 - Own workforce	Creation and maintenance of employment		Creating a workplace that ensures the retention and attraction of new talent	Increased difficulty in finding staff, at all levels of the organizational chart (e.g. involuntary migration due to lack of opportunities for economic advancement and/or other factors)	
	Occupational health and safety	Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group		Loss of know-how Health and safety risks arising from, among others, exposure to heavy machinery, moving equipment and electrical hazards	

⁴¹ Relevant IROs do not concern specific groups of people.

	Improvement of employee wellbeing		Possibility of positively influencing the level of psycho-physical well-being of employees, with a consequent impact on the actual opportunity for each employee to fully realize their potential, through the offer of a positive, healthy working environment characterized by a set of programs aimed at improving the work-life balance of employees, promotion of dedicated interventions and practices		
			Possibility of promoting a healthier and more collaborative working climate, reducing tensions and internal conflicts, mitigating reputational damage, sanctions and disputes		
	Training and education for workers		Opportunity for each employee to fully realize their potential thanks to the presence of stimulating career paths	Reduced productivity due to lower operational agility, lack of development and implementation of know-how and lower flexibility of a workforce unable to adapt quickly to new technologies and processes	Development of employee potential and consequent increase in productivity
					Increased corporate attraction and retention
	Promotion of diversity and equal opportunities		Possibility of promoting the creation of a healthier, more inclusive, attractive and high-performing work environment, in order to protect the level of psychological well-being of employees, their sense of belonging and active involvement, respect for personalities and professionalism		
	Respect for human rights in business activities	Failure to respect the personal freedom of individuals and human rights in the broad sense, including prevention and combating child, forced or compulsory labour			

The results of the analysis, as well as any relevant risks and opportunities for the Group arising from impacts and dependencies, are detailed in the table in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.

All employees involved in Emak's activities are included in the scope of disclosure under ESRS 2.

The Group mainly employs permanent employees.

Regarding the type of non-employee workers that make up its workforce, they are mainly agency workers.

The negative impacts identified are typical of companies and Groups that carry out production activities and have locations worldwide: one actual, '*Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group*,' related to occupational health and safety; one potential, '*Failure to respect personal freedom of individuals and human rights in a broad sense, including prevention and combating child labor, forced or compulsory labor*,' related to respect for human rights in business activities.

Additionally, five positive impacts have been identified, all actual and related to personnel management activities, extendable to employees at all levels, and, where possible, also to non-employee workers that make up the Group's workforce.

No operations at high risk of forced or compulsory labor, or child labor have been identified.

For further information, please refer to section *ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*, in *General Disclosures*.

S1-1 – Policies related to own workforce

The people and collaborators involved in the Group's activities constitute a strategic and valuable resource. For this reason, the Group is committed to ensuring the respect of their rights, promoting their well-being, and fostering their professional growth.

The Emak Group supports and respects human rights and promotes compliance with applicable labor regulations. The Group considers impartiality in treatment a fundamental value in all internal and external relationships and regards the individual, their values, and their rights as values to be protected. The behavior Given the Group's organizational structure and strong presence both in Italy and abroad, in order to manage all personnel oversight and management activities harmoniously and uniformly, the Group has established a dedicated Committee composed of members from the Human Resources function of each Italian company. This Committee coordinates and oversees personnel-related activities of the respective foreign subsidiaries. Additionally, a global HR platform has been implemented, a software solution that will standardize and improve the Human Resources management process at the Group level, particularly with reference to performance evaluation, recruitment and selection of personnel, and succession planning.

All Group companies are subject to the provisions of the Code of Ethics based on the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions, and the UN Convention on the Rights of the Child⁴². Through the dissemination of the Code of Ethics, the companies establish a framework aimed at ensuring respect for human rights, even in areas with higher potential risk related to these issues and that includes guidelines regarding the prohibition of any form of discrimination, explicitly addressing the issue of forced or compulsory labor and child labor⁴³. Measures to remedy any negative impacts on human rights would be established based on the specifics of the case that may arise.

It is specified that Speed Line South Africa adheres to the ETI Base Code, an internationally recognized code based on the conventions of the International Labour Organization (ILO) regarding working conditions and workers' rights, available for consultation on the company notice board.

The Group is committed to respecting the individual dignity and physical and moral integrity of every person, protecting diversity, ensuring equal opportunities, and promoting personal, professional, and cultural growth without implementing or supporting any form of discrimination. This commitment, pervasive in the daily operations within the Group, is explicitly stated in the procedure 'Ethical Management of Human Resources' in force at the Parent Company Emak S.p.A.

Furthermore, the implementation of an integrated Management System inspired by the SA8000 standard ('Social Accountability') demonstrates the concrete commitment of the parent company Emak S.p.A. to adopt socially responsible behaviors. In light of this, 100% of the activities at Emak S.p.A are subject to audits regarding respect for human rights or assessment of the impact on human rights.

The Parent Company has also embarked on the path for voluntary certification for gender equality, with the goal of obtaining UniPDR certification by the first half of 2025. This certification is recognized for companies that have implemented corporate policies aimed at reducing gender disparities, from salary imbalances to career opportunities, to the protection of parenthood, and any other gender inequality found in work contexts. The purpose of this path is to promote, at the corporate level, the adoption of policies and procedures for gender equality and female empowerment, thereby increasing the opportunities for women to access the labor market and leadership positions, harmonizing life and work times.

The Group companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which is realized through outsourcing assembly/packaging activities.

As for the measures to prevent workplace injuries, the Group's companies are committed to complying with national regulations on health and safety at work (for instance, in Italy, D.lgs. 81/08; in Brazil, PCMSO - Programa de Controle Médico de Saúde Ocupacional and PGR - Programa de Gerenciamento de Riscos Ocupacionais). This is achieved through the adoption of specific management systems that encompass all employees, both internal and external collaborators, operating within the Group's workplaces. In more structured companies, the implemented system adheres to the stricter requirements set forth by specific certifications (e.g., ISO 45001:2018 certification). Notably, PNR Italia and Agres have obtained the ISO 45001:2018 certification for "Occupational Health and Safety Management Systems." Management models

⁴² The Group currently does not have structured mechanisms in place to verify compliance with the OECD guidelines.

⁴³ The Code of Ethics does not explicitly refer to the fight against human trafficking.

are updated in response to significant changes in business processes, new legislation, and at a minimum frequency required by current standards. In some of the Group's companies, the management avails itself of the support of an external consultancy firm for the implementation of the health and safety management system.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Worker involvement is highly valued within the Group. The processes are formalized in national contracts and/or company agreements, where applicable. Otherwise, they constitute an established practice in the various Group companies. Typically, relations with workers or their representatives are managed by the HR function. Periodically, the company leadership meets with worker representatives to share the company's performance and address specific topics of interest. Additionally, informal but regular meetings are organized with worker safety representatives where health and safety issues are addressed in search of solutions. At different intervals and in various ways, the different companies conduct internal climate surveys to assess employee satisfaction and identify potential areas for intervention to improve the well-being of the Group's people. Among the topics addressed in the analysis are corporate organization, belonging to the company, the relationship with one's supervisor, professional development opportunities, health and safety, and environmental aspects. Additionally, the Group companies annually conduct employee performance evaluations through interviews or questionnaires to identify any gap, the result of which, together with the analysis of specific training needs and specific update requests, contributes to the definition of precise training plans to be implemented in the following year.

Tecomec has equipped itself with an app dedicated to internal communication and the administration of surveys on specific topics.

Some companies are conducting an employer branding campaign to increase the attractiveness of the company externally and reduce turnover.

The Group is also committed to establishing dialogue relationships with its employees to reconcile the needs of the people with the growth requirements of the Group. This commitment translates into the stipulation of various categories of contracts: from national and/or sector bargaining, to collective and/or company agreements, to individual contracts.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

The Group adopts a consolidated approach to manage and mitigate any negative impacts on its workers, based on internal regulations, specific policies, and operational tools that ensure compliance with corporate and regulatory standards, such as the Group's Code of Ethics.

As an example, Emak S.p.A. has implemented (as required by MOG 231) a reporting channel called the Whistleblowing platform, through which all company employees can submit their reports. Confidentiality is guaranteed to the authors of the reports to avoid any form of retaliation or penalization. The reports are evaluated by the entities responsible for verifying compliance with the Code of Ethics (Supervisory Body where present or company managers) so that the Group can take appropriate disciplinary measures, which must be proportionate to the severity of the violations found. The Group makes the reporting channel (so-called Whistleblowing) available through its website so that it is accessible to all employees, in both Italian and English.

Regarding health and safety protection, the Group companies encourage their employees to report hazards and dangerous situations related to their work. Employees are required to communicate any incidents or potentially dangerous situations, which will be evaluated by the competent authorities, and possibly external experts, to define the improvement and implementation actions to be taken. In the Italian companies and the more structured foreign companies, there are formalized and structured procedures that outline how reports should be made and their process of evaluation, analysis, and closure. Every worker has the right/duty to report hazards and dangerous situations: the reports are evaluated to proceed with the suspension of any activity and/or the immediate removal of the risk. Employees can make their reports either anonymously or in person, by contacting a dedicated phone number or by submitting specific forms in dedicated boxes or to Supervisors, RSU, and RSL.

S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Group adopts an approach that combines various initiatives to effectively manage significant impacts on the workforce, leverage available opportunities, and reduce potential risks, fostering an inclusive and respectful work environment, which focus on the following areas: employee training and well-being, promotion of equal

opportunities, and health and safety protection. The Group is engaged in various activities aimed at complying with regulations with the goal of not causing significant negative impacts on its workforce⁴⁴.

Regarding significant negative impacts related to its own workforce, the Group has undertaken the following actions to prevent or mitigate them:

- For the actual negative impact 'Injuries or other incidents in the workplace due to poor management systems and training initiatives of the Group,' in addition to complying with the national regulations in place, the Group has intervened by adopting specific management systems that cover all employees, internal and external collaborators operating within the Group's workplaces - which in some companies are inspired by the most stringent requirements for specific certifications (see section S1-14 – Health and safety metrics);
- For the potential negative impact 'Failure to respect personal freedom of individuals and human rights in a broad sense, including prevention and combating child labor, forced or compulsory labor,' the Group has established a Committee composed of members from the Human Resources function of each Italian company to coordinate and oversee personnel-related activities of the respective foreign subsidiaries, a global HR platform, and various other communication channels, as well as a Group Code of Ethics aligned with authoritative international guidelines and requirements (see S1-1 – Policies related to own workforce).

Measures to remedy any significant impacts would be established based on the specifics of the case that may arise.

The processes by which the Group determines what action is necessary and appropriate in response to a particular negative impact, whether actual or potential, are defined based on the corporate strategies to be pursued.

For the risks identified as significant and related to the issues of Job Creation and Maintenance, Training and Education for Workers, and Health and Safety Protection in the Workplace, the Group has the following ongoing actions:

- In the first two cases, actions related to the introduction of corporate welfare tools aimed at ensuring a good work-life balance for employees, training and skill enhancement opportunities, measures to protect diversity, and to guarantee equal opportunities (see respective sections in Social Information);
- In the latter case, the strict measures previously mentioned regarding health and safety apply (see section S1-14 – Health and Safety Metrics).

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis, but considering the basic assumptions of the business plan.

Regarding the promotion of diversity and equal opportunities, the Group is committed to respecting the individual dignity and physical and moral integrity of every person, protecting diversity, ensuring equal opportunities, and promoting the personal, professional, and cultural growth of individuals, without implementing or supporting any form of discrimination.

In 2024, the parent company Emak S.p.A obtained the IDEM Gender Equality 2024 certification, a recognition awarded to companies that have implemented corporate policies and work-life balance tools that ensure gender equality in daily business operations.

In general, the Group implements recruitment and selection processes that include female candidates in all cases where profiles are consistent with ongoing searches. For example, in the search for temporary workers, Tecomec requests recruiting agencies to provide at least mixed applications, and for greater fairness, the selection process is sometimes carried out through practical tests to verify the specific and technical competence of the candidates in the field.

To facilitate work-life balance and allow individuals to meet family care needs, several companies have activated permanent individual smart working agreements for employees with compatible roles. In case of specific work and/or personal needs, some companies provide the possibility of fully remote work and, particularly for parents with young children, recognize part-time work if requested. Additionally, a system of flexible working hours for entry and exit is active with the same logic. Another example of the Group's attention to its employees concerns Agres. The Brazilian company offers employees who are parents of children with special needs a bonus equivalent to an additional salary, organizes an event to collect essential goods, and makes work rules more flexible according to specific needs: all measures that go beyond what is already provided by local regulations. Agres is also enrolled in the "Programa Empresa Cidadã". The Program, established by Law No. 11.770/2008, aims to extend the duration of maternity leave by sixty days and paternity leave by fifteen days, in addition to the five already established (Law No. 13.257/2016). The track record shows that the return to work after leave is 100%.

⁴⁴ The Group currently does not aim to produce additional positive impacts and therefore does not monitor or evaluate their effectiveness.

The Group's companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which materializes in outsourcing assembly/packaging activities.

Consistent with the Group's commitment to valuing diversity and promoting equal opportunities, in 2024 Tecomec continued its project in partnership with the Oscar Romero Social Solidarity Consortium, located in Reggio Emilia, that allows employees to volunteer at the "Nessuno Escluso" socio-occupational center during working hours, engaging in creative activities alongside the cooperative's users with advanced disabilities.

Regarding health and safety, to ensure full compliance with regulations, internal legislative compliance audits are conducted based on defined checklists and with reference to various company procedures. Business activities are generally aimed at preventing accidents, injuries, and occupational diseases; therefore, the design, operation, and maintenance of equipment and facilities, including workplace cleaning operations, are directed towards this goal. In some cases, Italian safety standards have been applied even in countries with less stringent regulations.

All Group companies are committed to identifying and eliminating hazards and minimizing risks in the pursuit of continuous improvement. For each type of job, constant evaluations and analyses are carried out, resulting in the drafting of an adjustment and improvement plan, in which new risks or new potential danger situations (near misses) identified by the RSPP are constantly included, along with the measures implemented by the company to reduce the risk and the residual risk. Reports and the consequent updating of improvement initiatives are analyzed during periodic meetings between the Prevention and Protection Service Manager (RSPP), worker safety representatives (RLS), and company management or within specific safety committees. The priority level of interventions is determined based on the probability and severity of possible injuries.

The involved figures are responsible for sharing the proposed improvement/adjustment actions, bringing up any critical issues or new hazards/risks reported by workers, and disseminating the progress of the discussed improvement actions to involve workers in safety and prevention measures. Italian companies prepare the risk assessment document, which is updated periodically, and at least every three years, by the employer in collaboration with the members of the Prevention and Protection Service (RSPP, ASPP), the competent doctor, and the worker safety representatives (RLS). Companies that do not have a dedicated internal function collaborate with external professionals in the preparation and implementation of procedures and activities necessary to comply with local regulations. The Group's production companies, therefore more structured and subject to risks and dangers related to health and safety at work, are equipped with dedicated committees, which include, in the larger compositions, representatives of workers delegated for safety; the employer's delegate; the production manager; the personnel director. During the meetings, workers' reports and requests, improvement proposals, and the progress of scheduled activities regarding safety are analyzed.

The Group supports the continuous improvement of worker health and safety by providing the necessary human, instrumental, and economic resources to achieve its objectives. To facilitate work activities, particularly in production departments, improvement actions on ergonomics and risk reduction are continuously implemented, exceeding legal requirements. Several companies are introducing machines in production departments that automate some activities and reduce manual labor. Workstation improvement initiatives are aimed at all types of workers, including employees, temporary workers, and interns. Particular attention is paid to training and raising awareness among personnel on health and safety issues, with specific reference to the tasks performed, such as courses on load handling, machinery use (e.g., forklift), emergency and fire plans, and training of RSLs and first aid personnel.

To raise employee awareness and increase corporate consciousness about the importance of safety within the organization, the Brazilian company Agres organizes an annual week dedicated to the prevention of work-related injuries. During this week, training sessions and workshops are held, including demonstrations on proper load lifting techniques and more interactive moments like quizzes among employees.

Regarding health and safety issues, particularly training, health surveillance, and the provision of PPE, temporary workers are treated the same as employees. In the case of subcontracted companies operating within the Group's companies, it is constantly verified that workers comply with training, health surveillance, and insurance requirements, also with the support of specific management software that automates the collection and control of the related documentation.

The Group is strongly committed to avoiding and mitigating negative impacts on health and safety at work directly related to its activities and products through product and component safety tests, product certification, and the selection of suppliers based on environmental and ethical requirements, which include worker health and safety issues. Additionally, the machine tools owned by the Group's companies that are at the suppliers comply with the safety requirements set by regulations and are certified. In case of maintenance or any issues,

the company intervenes, either directly or through competent external personnel, to restore safety or perform specific maintenance on the machine.

Finally, among the corporate welfare tools, some companies provide employees with supplementary health coverage and access to preventive services, as well as medical and sports agreements.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Emak Group has not yet defined consolidated and quantitative objectives related to the significant impacts identified with reference to the management of its workforce, although there are intermediate and granular ones derived from ISO standards and related to specific plants, as in the case of the Parent Company.

However, recognizing that investing in human capital is a strategic lever, as detailed in the previous paragraph, the Group has already structured a series of initiatives to improve and monitor, also through certified management systems and dedicated communication channels, the health and safety of the work environment, the development of key skills, and the promotion of a corporate culture based on inclusion and well-being.

S1-6 – Characteristics of the undertaking's employees

As of December 31, 2024, the total workforce of the Group amounts to 2,527 people, an increase of 7% compared to the previous year (2,362 employees in 2023). The inclusion of the PNR Group contributed to an increase of 109 people. On a like-for-like basis, employees increased by 2.4%. Male employees represent 66.8% (65.8% in 2023) of the workforce, while female employees represent 33.2% (34.2% in 2023).

Employees		2024			
HC	Woman	Man	Other	Not communicated	Total
Total employees at the end of the period / by gender		839	1,688		2,527

		2024			
Total number of employees by gender / geographical area	Woman	Man	Other	Not communicated	Total
Italy	364	802			1,166
United Kingdom	4	7			11
Spain	13	26			39
France	60	105			165
Poland	9	31			40
Ukraine	6	17			23
Germany	4	4			8
Sweden	2	4			6
United States	89	206			295
Brazil	74	233			307
Mexico	2	19			21
Chile	14	19			33
China	198	187			385
South Africa		28			28
Total	839	1,688	-	-	2,527

To confirm the Group's commitment to creating strong and lasting professional relationships over time, the predominant type of contract remains permanent, with 94% of contracts being permanent.

HC		2024			
Total number of employees by gender/contract type	Woman	Man	Other	Not communicated	Total
Temporary employees	60	89			149
Permanent employees	778	1,599			2,377
At variable hours (hired)					-
of which on-call contract	1				1
of which casual employees					-
Total	839	1,688	-	-	2,527

HC	2024				
Total number of employees by type of employment/by gender	Woman	Man	Other	Not communicated	Total
Full-time	745	1,629			2,374
Part-time	94	59			153
Total	839	1,688	-	-	2,527

During the reference period, 417 employees left the company, and the overall turnover rate⁴⁵ is 18%.

HC	2024				
Terminations	Woman	Man	Other	Not communicated	Total
Up to 29 years old	51	90			141
30 to 50 years old	68	131			199
Over 50 years	27	50			77
Total	146	271	-	-	417

HC	2024				
Reason for termination	Woman	Man	Other	Not communicated	Total
Voluntary exits	85	149			234
Retirement	11	16			27
Dismissal	38	82			120
Death		3			3
Other (e.g., end of temporary contracts)	12	21			33
Total	146	271	-	-	417

The number of people as of December 31, 2024, reported in the management report, was determined using the same calculation methodology as the consolidated sustainability statement.

S1-7 – Characteristics of non-employee workers in the undertaking's own workforce

In 2024, the average number of non-employees in the workforce was 198 people, an increase of 23.7% compared to the previous year.

	2024				
Average number in the period / by gender	Woman	Man	Other	Not communicated	Total
Agency workers	60	121			181
Interns	5	4			9
Coordinated and continuous collaboration (Co.co.co)		0			0
VAT number	1	5			6
Total	65	131	-	-	196

The average number of external workers is calculated by relating the total hours worked to the total workable hours in a year.

⁴⁵ The turnover rate is calculated as the ratio between the number of terminations and the total number of employees as of 31st December 2023.

S1-9 – Diversity metrics

Regarding the breakdown of workers by age group, the majority of employees are concentrated in the 30 to 50 age group (54% with 1,372 people); 34% of the staff are over 50 years old (848 people), while 12% fall into the under 30 age group (307 employees).

Employees by age group / by gender	Woman	Man	Other	Not communicated	Total
Up to 29 years old	81	226			307
30 to 50 years old	496	876			1,372
Over 50 years	262	586			848
Total	839	1,688	-	-	2,527

2024					
Employees by age group / by gender %	Woman	Man	Other	Not communicated	Total
Up to 29 years old	3.2%	8.9%	-	-	12.1%
30 to 50 years old	19.6%	34.7%	-	-	54.3%
Over 50 years	10.4%	23.2%	-	-	33.6%
Total	33.2%	66.8%	-	-	100.0%

2024					
Employees by category / by gender	Woman	Man	Other	Not communicated	Total
Executives	18	108			126
Employees	429	758			1,187
Workers	392	822			1,214
Total	839	1,688	-	-	2,527

2024					
Employees by category / by gender %	Woman	Man	Other	Not communicated	Total
Executives	0.7%	4.3%	-	-	5.0%
Employees	17.0%	30.0%	-	-	47.0%
Workers	15.5%	32.5%	-	-	48.0%
Total	33.2%	66.8%	-	-	100.0%

S1-11 – Social protection

In 2024, 98% of employees are covered by social protection tools. The most common programs against income loss due to major life events are listed below:

- a) illness;
- b) unemployment from the moment the employee starts working for the company;
- c) work-related injury and acquired disability;
- d) parental leave; and
- e) retirement.

A total of 41 employees are not covered by social protection: 3 in England due to seniority limits; 4 in Brazil as local regulations do not provide coverage for partners/managers; and 34 in the United States by choice of the employees, given the option provided by the company.

S1-12 – Persons with disabilities

The Group's companies also facilitate the inclusion of people with disabilities within their business activities according to the respective national laws, such as Law 68/99 and subsequent amendments in Italy and the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, the policies are broader than the regulations. For example, Emak S.p.A., Tecomec, and Comet have developed increasingly close collaboration over the years with a social cooperative that employs disabled people, which materializes in outsourcing assembly/packaging activities.

In 2024, the percentage of people with disabilities among the Group's employees is 5%.

2024					
HC	Woman	Man	Other	Not communicated	Total
Employees with disabilities / protected categories	28	86			114

2024					
	Woman	Man	Other	Not communicated	Total
% Employees with disabilities / protected categories	3.3%	5.1%			4.5%

S1-13 – Training and skills development metrics

The Emak Group invests in the growth of its people through training and orientation towards specific results, using dedicated and refresher courses to enhance the specific skills of each resource within the organization. The definition of training and skill development projects is based on the corporate strategies to be pursued. The various companies within the Group conduct annual performance evaluations of employees through interviews or questionnaires to identify any gaps, the result of which contributes, together with the analysis of specific training needs and specific requests, contribute to the definition of precise training plans to be implemented in the following year.

The percentage of employees (broken down by gender) who participated in periodic performance and career development reviews is 29% (28% of women and 30% of men).

2024					
%	Woman	Man	Other	Not communicated	Total
Employees evaluated / by gender	28%	30%			29%

2024					
%	Woman	Man	Other	Not communicated	Total
Reviews conducted versus those agreed upon by management/by gender	155.0%	140.2%			144.5%

The training and skill enhancement activities in 2024 amounted to 25,253 hours, an increase compared to 22,220 hours in 2023. The per capita average was 10 hours, consistent with the previous year.

45% of the training hours were related to health and safety topics (33.9% in 2023), 7% to anti-corruption topics (2.5% in 2023), and the remaining 48% to other topics (63.6% in 2023).

2024					
h	Woman	Man	Other	Not communicated	Total
Average hours of training/employee					
Executives	20	7			9
Employees	12	14			13
Workers	7	7			7
Total	9.9	10.1			10.0

The main types of training and development provided include:

- **Language training**, aimed at enhancing language skills and obtaining certifications;
- **Health and safety training**, related to learning legal and/or company regulations on safety;
- **Training on Model 231**, anti-corruption topics, and compliance with local legislation;
- **Technical and specialized** courses, covering IT topics (e.g., Excel, Word, and Marketing) and enhancing skills to perform assigned roles proficiently and safely (e.g., forklift driving or specific product development training);
- **Managerial development** courses and Executive Masters, for the continuous improvement of managerial skills and tools for employees in positions of responsibility or specific areas (such as logistics, sales, administration, and sustainability);
- **Specific training with internal instructors**, thanks to a mapping of internal skills that has facilitated the exchange of hard skills (e.g., Excel and product training) and soft skills (effective communication – youth group);
- **Coaching paths**, both individual and group, for personal and professional development.

S1-14 – Health and safety metrics

Health and safety at work are a priority for the Emak Group. Through continuous risk analysis and training activities, the Group is committed to creating a safe and healthy work environment for its people, adopting appropriate measures and procedures to prevent accidents and health damage.

Below are the detailed data:

Accidents at work - Employees		Unit	2024
Total accidents recorded		Nº	49
	Commuting accidents	Nº	1
	Mortals	Nº	-
Total hours worked		h	4,504,468
Days absent due to injuries		Nº	1,083
Accident indices			
Accident Frequency Index (No. of accidents/hours worked x 1,000,000)			11.10
Injury Severity Index (days of accident absence/hours worked x 1,000)			0.24
Accidents at work - Non-employee workers		Unit	2024
Total accidents recorded		Nº	6
	Commuting accidents	Nº	1
	Mortals	Nº	-
Total hours worked		h	359,352
Days absent due to injuries		Nº	87
Accident indices			
Accident Frequency Index (No. of accidents/hours worked x 1,000,000)			19.48
Injury Severity Index (days of accident absence/hours worked x 1,000)			0.24
Occupational Diseases - Employees		Unit	2024
Professional diseases		Nº	3
Mortals		Nº	-
Days of absence due to occupational disease		Nº	270

S1-15 – Work-life balance metrics

The Group has already implemented corporate welfare tools aimed at ensuring a good balance between private and professional life for employees, such as individual smart working agreements and flexible entry and exit times, as well as part-time recognition for parents of young children to meet family care needs.

Family leave (HC)	2024			
	Woman	Man	Other	Total
Percentage of employees who took family leave out of eligible employees	9%	7%		7%
Percentage of employees eligible for family leave out of total employees	100%	98%		99%

S1-16 – Compensation metrics (pay gap and total compensation)

For the calculation of the annual pay ratio, the fixed base salary and any allowances, bonuses, commissions, and variable MBOs paid during the year to employees as of 12/31/2024, excluding those hired in 2024, were considered. Long-term incentives were also included according to the accrual principle, even if not yet vested. Ratio between the total annual compensation of the highest-paid person and the median total annual compensation of all employees⁴⁶ (excluding the aforementioned person) is equal to 12.

S1-17 – Incidents, complaints and severe human rights impacts

During the reporting period, as well as the two preceding years, no incidents of discrimination⁴⁷, including harassment, were reported or identified, nor were any serious human rights incidents identified.

ESRS S2 WORKERS IN THE VALUE CHAIN

ESRS 2 SBM-2 – Interests and views of stakeholders

As mentioned in other sections, the following table outlines the thematic areas and the main dialogue instruments attributable to the stakeholder category of workers in the value chain. These have been identified to establish a constructive relationship between the parties, capable of addressing mutual needs in the medium to long term.

Stakeholders	Thematic area	Main instruments of dialogue
Distributors OEM	- Anticipation and understanding of customer expectations and needs	- Institutional website
	- Customer trust and satisfaction	- Assessment of customer satisfaction
	- Product quality and safety	- Management of claims
		- Pre and post-sale customer service
		- Commercial communications
Direct materials suppliers and finished product suppliers	- Transparency	- Participation in trade fairs and events
	- Ethical responsibility	
	- Human rights and working conditions	- Institutional website
	- Continuity in relations	- Participation in initiatives and events
	- Qualification and assessment	- Negotiation reports
	- Negotiating conditions	
	- Development of partnerships	

⁴⁶ For the calculation of the median annual total compensation of employees, those hired during 2024 and the new employees of the Group resulting from the acquisition of the PNR Group were excluded.

⁴⁷ Work-related discrimination incidents can be related to gender, race or ethnic origin, nationality, religion or personal beliefs, disability, age, sexual orientation, or other relevant forms of discrimination.

The Group has identified the supply chain as the sole area where it could have an impact on the interests, opinions, and rights of workers within its value chain. Specifically, the potential impact relates to labor rights of supply chain workers and can be linked to the lack of assurance of individuals' personal freedom and human rights in a broad sense, including the prevention and combating of child labor, forced labor, or compulsory labor.

For more details on how the company takes into account the results of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities*, in *General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Group's double materiality analysis process has made it possible to identify significant indirect impacts related to workers throughout the entire value chain.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
S2 - Workers in the value chain	Other work-related rights	Failure to guarantee the personal freedom of individuals and human rights in a broad sense, including prevention and combating child, forced or compulsory labour			

The results of the analysis are presented in greater detail in the table included in the section *SBM-3– Material impacts, risks and opportunities and their interaction with strategy and business model*.

Workers most exposed to significant negative impacts resulting from the Group's activities are those operating in countries where human rights regulations are less stringent. Specifically, the Group has identified that the most significant impacts related to human rights violations, such as child labor and forced or compulsory labor, arise from suppliers operating in non-European countries. This is because suppliers located in Europe and, more broadly, in Western countries, are subject to stricter regulations. To prevent unethical practices toward workers in its supply chain, the Group conducts periodic audits that also address social issues concerning its suppliers, as detailed in paragraph *G1-2 – Management of relationships with suppliers*. Therefore, the potential negative impacts are primarily linked to specific commercial relationships in geographical areas most exposed to these risks.

All workers within the value chain involved in Emak's activities are included within the scope of disclosure pursuant to ESRS 2.

For a more detailed overview, please refer to section *ESRS 2 SBM-3 – Relevant impacts, risks, and opportunities and their interaction with strategy and the business model*, in *General Disclosures*.

S2-1 – Policies related to value chain workers

The management of impacts, risks, and opportunities related to workers throughout the value chain is a fundamental issue for the Group, which addresses these matters through its Code of Ethics, as there is no dedicated ad hoc policy. This document defines the values and principles of conduct that guide the Group's operations and establishes the commitments to be upheld in relationships with all stakeholders in the value chain. The Code of Ethics is applied across all companies within the Group, both Italian and foreign, and is shared with all new suppliers, who are required to adhere to the principles and values it contains. In alignment with the Universal Declaration of Human Rights, ILO Conventions, and the UN Convention on the Rights of the Child, the Group explicitly prohibits the use of child labor, forced or compulsory labor, as well as discriminatory or coercive practices of any kind. It ensures continuously the safety and well-being of its workers.

The Group has formalized in its Code of Ethics a commitment to evaluate its suppliers not only in terms of product quality but also regarding social issues, through periodic audits that assess workplace safety and labor ethics. These audits primarily focus on suppliers operating in countries with less stringent local regulations,

identified as higher-risk concerning human rights and working conditions. To this end, the parent company Emak S.p.A. requires its main suppliers to sign an ethical commitment⁴⁸, binding them to strictly comply with international social standards. Special attention is given to avoiding the use of child labor or forced labor, ensuring safe and healthy working conditions, and respecting freedom of association and the right to collective bargaining. Furthermore, any form of discrimination, verbal abuse, or corporal punishment is strictly prohibited. Suppliers are also required to provide fair wages and ensure working hours comply with local regulations.

To ensure compliance with these commitments, the Group periodically conducts inspections carried out by its personnel as part of the technical-commercial routine. These inspections aim to verify that all suppliers meet the minimum requirements established by the relevant regulations. Should negative impacts on human rights occur, remedial measures would be assessed based on the specific characteristics of the incident. In 2024, no cases of non-compliance with international human rights principles—such as those established by the United Nations, the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises—were reported.

S2-2 – Processes for engaging with value chain workers about impacts

While recognizing the value of active worker engagement throughout the entire value chain, the Group is still in the process of evaluating and developing a structured and consolidated approach. Currently, the adopted strategy includes targeted initiatives and specific actions; however, a uniform and systematic mechanism to ensure stable and continuous large-scale engagement has not yet been implemented. An example from 2024 was the involvement of a sample of workers from the value chain for updating the double materiality analysis through a questionnaire.

For more details on how the company considers the outcomes of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities*, in *General Disclosures*.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Currently, there is no unified process across the Group for reporting concerns. However, Emak S.p.A. has implemented a reporting channel called the Whistleblowing platform. Through this platform, all workers in the value chain can submit their reports in cases of non-compliance with the principles outlined in the Code of Ethics. It also facilitates protected and consistent interaction and dialogue with the Whistleblowing Manager. Confidentiality is guaranteed to the authors of the reports to prevent any form of retaliation or penalty.

Reports are evaluated by the entities responsible for ensuring compliance with the Code of Ethics (the Supervisory Body, where present, or company officials). This is to enable the Group to take appropriate disciplinary actions, which must be proportional to the severity of the identified violations.

The Group provides access to the reporting channel (known as Whistleblowing) through its website, ensuring it is accessible to all workers in both Italian and English.

S2-4 – 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 action

The Emak Group adopts a structured approach to monitor and manage significant impacts on the workforce throughout its value chain, with particular focus on risk mitigation⁴⁹.

The initial selection of suppliers and the assignment of contracts are conducted through transparent, non-discriminatory procedures based on objective criteria. These criteria take into account competitiveness, the quality of services and products offered, as well as environmental and social performance. The company

⁴⁸ The Group does not have a Supplier Code of Conduct.

⁴⁹ Despite having a structured approach for monitoring and managing significant impacts, there is no equally structured approach for evaluating the effectiveness of the actions taken.

considers Ethical, Environmental, and Quality certifications as an added value in supply chain choices and the application of strategic sourcing. The evaluation of environmental and ethical aspects is, therefore, a fundamental element both in the initial selection of suppliers and in the subsequent periodic reviews of their performance.

Supplier evaluation is carried out using checklists to verify compliance with quality standards and ethical principles, aligned with the SA8000 model. Additionally, Emak conducts on-site visits to suppliers' premises to perform direct audits, managed by the designated teams (Quality and Procurement). These audits yield qualitative outputs, including reports of non-compliance to the Certified Systems Manager and the Procurement Management, as well as the development of a shared action plan to address any identified non-compliance issues. Every supplier listed in the registry is also assessed based on the presence of environmental and ethical certifications, as well as any improvements in these areas. For certain commodities, such as transportation, supply contracts include specific clauses related to environmental and ethical topics. Periodically, audits are also conducted on aspects such as workplace injuries, turnover, and safety through targeted questionnaires and checklists.

In 2024, the audits did not reveal any violations by suppliers regarding social issues and respect for human rights. Even in countries with less stringent local regulations, Emak's partners have proven to be well-established companies with extensive experience, accustomed to addressing sustainability-related issues. No significant incidents or human rights violations were reported throughout the value chain.

With regard to managing negative impacts, Emak identifies necessary corrective actions based on the results of periodic audits, inspired by the SA8000 certification. These audits, which evaluate aspects related to safety, ethics, and workers' rights, allow the identification of issues within the value chain and the implementation of targeted interventions. However, at present, the company's approach does not include a centralized mechanism to address individual negative impacts on workers. Instead, it focuses on continuous monitoring of working conditions through audits and established practices.

The resources allocated to manage significant impacts have not yet been defined based on the results of the double materiality analysis but rather in consideration of the basic assumptions of the business plan.

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Currently, the Group has not defined quantitative objectives related to the identified significant impacts. The sole qualitative objective established is to maintain a supplier registry adhering to high social and ethical standards to prevent potential negative impacts on workers within the value chain. To achieve this goal, the Group evaluates suppliers on social aspects, as outlined in the previous paragraph, and shares the results of these assessments directly with the suppliers.

ESRS S4 – CONSUMERS AND END-USERS

ESRS 2 SBM-2 –Interests and views of stakeholders

As mentioned in previous sections, the following table outlines the thematic areas and main dialogue instruments associated with the stakeholder category of end-users. These tools are identified to establish a constructive relationship between the parties, aimed at meeting mutual needs in the medium to long term.

Stakeholders	Thematic area	Main instruments of dialogue
End users	<ul style="list-style-type: none"> - Consumer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events

Although direct interaction primarily occurs through distributors and retailers, the Group acknowledges that the satisfaction and needs of end-users are essential for the long-term success of its products and the evolution of its solutions. For this reason, the company is committed to gathering feedback through its commercial partners and monitoring market trends. This approach aims to continually improve the quality and reliability of its products, ensuring they meet the expectations of those who use them.

For more details on how the company takes into account the outcomes of stakeholder engagement, please refer to the section *Management of Impacts, Risks, and Opportunities in General Disclosures*.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode

The Emak Group has identified its significant impacts, risks, and opportunities related to sustainability issues through the assessment of double materiality.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
S4 - Consumers and end- users	Information-related impacts for consumers and/or end-users		Effective contribution to the greater availability, in the markets in which the Group operates, of products and services characterised by high environmental and social performance (e.g. replacement of hazardous chemical products with alternatives with lower risk for health and the environment)	Risk of sanctions and legal liability (e.g. due to poor communication management or failure to comply with regulatory requirements; e.g. Green Claims Directive)	Placement of products on the market in line with consumer preferences

The results of the analysis are detailed more extensively in the table found in the *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model*.

The Group's customer base varies depending on the product lines. For instance, the agriculture line within the Pumps and Water Jetting business segment is sold to manufacturers of spraying and weeding machines (B2B), directly to end-users (B2C), or through a network of specialized dealers and importers (B2B). Due to the nature of the products sold, all consumers and/or end-users require accessible product information to prevent potential misuse that could be harmful. Therefore, an essential activity before launching a product to market is the preparation of manuals and technical documentation. The only potential negative impacts on the health of this stakeholder group arise from improper and irresponsible use of the products. Given these impacts, which are generalized and/or systemic in the contexts where the Group operates or supplies its products, no specific consumer or end-user categories, demographic classes, or users of particular products

or services have been identified as being at greater risk compared to others. Additionally, no significant negative impacts have been detected in this area.

As for significant positive impacts, related activities include the development of products and services with enhanced environmental and social performance, such as the replacement of hazardous chemicals with alternatives that pose less risk to health and the environment.

With regard to the connection between strategy and the business model, the Board of Directors of Emak annually approves the budgets and three-year plans for the Group and its individual business units. This process allows the Board to review the activity plans of the Group's main companies aimed at improving their environmental impact, social performance, and governance, as an integral part of the three-year plans. To implement its corporate sustainability strategy, the Group has developed a series of documents, including the Enterprise Risk Management (ERM) framework.

All consumers and end-users involved in Emak's activities are included within the scope of the disclosure in accordance with ESRS 2.

For a more detailed overview, please refer to section *ESRS 2 SBM-3 – Relevant impacts, risks, and opportunities and their interaction with the strategy and business model*, in General Disclosures.

S4-1 – Policies related to consumers and end-users

Consumers and end users represent a fundamental asset to the company's value; for this reason, Emak's primary goal is to maximize their satisfaction and strengthen their loyalty by offering high standards of product and service quality and safety. It strives to establish every relationship based on principles of fairness, professionalism, and transparency, while fully respecting current regulations on anti-money laundering, personal data protection, and anti-usury, avoiding any form of evasive practices. Moreover, the Group is committed to ensuring that advertising and all other communications directed at customers are truthful, correct, and fair, refraining from using misleading or deceptive content.

Although Emak currently lacks such policies, the commitment is towards developing consumer relationship policies based on an approach that places product quality and the genuine ability to meet customer expectations at the core of commercial negotiations.

Through adherence to the guiding principles outlined in its Code of Ethics, the Group formalizes its commitments to all stakeholders, including its consumers and end users, particularly regarding human rights in a broad sense. All the companies within the Group are required to respect the principles expressed in the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions, and the UN Convention on the Rights of the Child⁵⁰.

The methods of engagement are those described through the main dialogue tools associated with the relevant stakeholder category, as outlined in the above section *ESRS 2 SBM-2 – Stakeholder Interests and Opinions*. The consumer (or user) is granted, among others, the fundamental rights to health protection, safety, and quality of products and services, as outlined in the Consumer Code⁵¹. In this respect, the Group's companies certified under ISO 9001 operate in compliance with regulatory requirements and have adopted a procedure that establishes criteria and checks regarding the design, production, and quality control of products, both incoming and outgoing.

S4-2 – Processes for engaging with consumers and end-users about impacts

To capture the interests of its customers and end users, the Group participates in major industry fairs at both national and local levels and maintains a constant and continuous relationship with its sales network, serving as the primary point of contact with the public.

The perspective of consumers and/or end users, although collected indirectly, plays a crucial role in shaping the evolution of products, processes, and internal policies. The Group utilizes this information to continually refine its offerings, reduce risks, and seize opportunities for improvement, benefiting the entire value chain.

Observations and comments regarding user experience, conveyed by the distribution network or directly by users, are collected and analyzed periodically during regular business interactions or dedicated events with the commercial network. The Group is also particularly active and attentive to the ever-evolving regulatory context as well as major market trends. For this reason, it is part of several industry associations, such as EGMF, the European Garden Machinery Federation, whose purposes include supporting the development of

⁵⁰ Regarding the extent to which violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises affecting consumers and/or end users have been identified downstream in the value chain, the data has not been reported as the Group has relied on the phase-in provision under Article 3, paragraph 4, of Legislative Decree 125/2024.

⁵¹ Legislative Decree 6 September 2005, no. 206, Article 2, paragraph 2, letters a) and b).

future scenarios regarding product-related directives and market monitoring, and EUROMOT, the European Association of Engine Manufacturers, which focuses on supporting the evolution of future scenarios for the relevant sector (e.g., emissions scenarios, etc.).

The Board of Directors holds the operational responsibility to ensure that engagement takes place and that its outcomes guide the Group's approach. The commercial, technical, and quality assurance functions report to the Board, aligning their activities with its directives.

The Group's commercial offering is not specifically targeted at particularly vulnerable users. To ensure that its products are used correctly, finished products are accompanied, where required by law, by user and maintenance manuals. These manuals include, among other information, guidelines for the proper use of the machinery.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Consumers and/or end users can raise their concerns or communicate their needs through various official channels, such as whistleblowing, direct communication with the Group's companies, or contact with retailers, who serve as the frontline interface with customers. Information about support channels is accessible through the websites of the various Group companies and the retailer network.

To minimize its negative impacts and reduce potential risks, various procedures are implemented to monitor and ensure quality and safety at different stages of the design, production, and commercialization of products in the market.

In the event of issues reported by end users, they can approach retailers worldwide to voice their concerns, submit a report directly to the Group's companies through contact forms provided by the companies, or, where required by law, utilize the whistleblowing channel offered by the Group. If the report involves a product, the Group's internal departments (marketing, after-sales service, technical, and quality assurance) will assess the nature of the issue. Should the Group's responsibility be established, corrective actions are implemented, ranging from market communications to technical modifications and even recalls in cases of defects posing significant risks. The Group considers an issue resolved when no further reports of the same nature are received.

The Group assesses that consumers and end users are aware of the existence of communication channels to express concerns or needs based on the contacts it receives.

S4-4 – 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

To address significant impacts on consumers and end users, manage relevant risks, and seize relevant opportunities related to them, as well as to communicate the effectiveness of such actions, the Group certifies its products in compliance with the regulations of the countries where they are sold. Regarding product safety, the primary regulation is the Machinery Directive, which includes sub-directives that govern all technical aspects for each type of product. Additionally, there are specific directives that regulate electromagnetic compatibility, vibrations, emissions, and noise.

Additionally, ISO 9001-certified companies operate in compliance with regulatory requirements and have implemented a procedure that establishes criteria and checks for the design, production, and quality control of products, both incoming and outgoing.

The processes through which the Group identifies the necessary actions in response to a negative impact are those outlined by the aforementioned regulatory framework, to which the Group is subject due to its core business. Actions planned to pursue relevant opportunities and the approach to addressing potential significant negative impacts on consumers and/or end users, including actions related to design, marketing, or product sales practices, are determined case by case by the commercial, technical, and quality assurance functions. The effectiveness of the actions undertaken is assessed, depending on the specific circumstances, based on the Group's economic and financial results, feedback from the commercial network, or feedback from regulatory bodies.

The Group's actions, including procedures, training, and quality assurance, are designed to support operations in avoiding or not contributing to material negative impacts on consumers or end users.

In 2024, as well as in the two preceding fiscal years, no serious issues or incidents related to human rights concerning consumers and/or end users were reported. Similarly, there were no cases of non-compliance with

the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving consumers and/or end users.

The resources allocated to managing significant impacts have not yet been defined on the basis of the outcomes of the double materiality analysis, but considering the fundamental assumptions of the business plan.

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Currently, the Group has not established quantitative objectives related to the significant impacts identified concerning consumers and/or end users. Individual companies are granted managerial autonomy to set internal goals as needed.

Entity-specific information

In addition to the disclosure obligations under the three categories of ESRS, the Emak Group reports the entity-specific information on *Product Quality and Sustainability*, having concluded that an impact, risk, or opportunity related to this relevant issue cannot be covered with sufficient granularity by an ESRS.

Product Quality and Sustainability

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Emak Group has identified its relevant impacts, risks, and opportunities related to sustainability issues through the double materiality assessment. The following table describes, for each issue addressed in this paragraph, the corresponding impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold.

LIST OF MATERIAL MATTERS AND MATERIAL IROS					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
Other material topic	Product quality and sustainability		Availability of products that meet consumer needs	End customer preferences	
			Compliance with industry regulations (emissions, materials, etc.)	Failure to comply with regulatory requirements (e.g. ESPR)	

For a more detailed overview, refer to section *ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*, in General Disclosures.

MDR-P – Policies adopted to manage material sustainability matters

The Emak Group considers product quality and sustainability a priority, even if it has not formalized a Group-wide policy, due to the specific characteristics of the individual operational segments. To manage the impacts and risks associated with this issue, established practices are in place within the various companies, with specificities related to the nature of their activities, whether distributive or productive. The Group's Code of Ethics represents the formalization of the Group's commitments on sustainability issues, and its principles are also applicable here.

Most of the production companies are also equipped with an ISO 9001:2015 certified Quality Management System.

Finally, the parent company Emak S.p.A. has adopted a Quality Policy and an Environmental Policy, sections of the broader Integrated Policy.

MDR-A – Actions and resources in relation to material sustainability matters

The activities carried out by the Emak Group in relation to the relevant issue "Product Quality and Sustainability" can be divided into two categories: (i) research and development activities; (ii) product quality and safety.

Below are the main activities carried out by the Group's companies during 2024. In 2024, the Group dedicated a total of € 24,793 thousand to research and development activities, of which € 16,990 thousand were for product innovations and adjustments to production capacity and process innovation, and € 7,803 thousand were for research costs directly charged to the income statement.

Research and development

Research and development is one of the fundamental pillars on which the Group's continuous growth and success strategy is based. The Group, in fact, considers that investing in research as a tool for obtaining a competitive advantage in national and international markets to be of strategic importance. Whenever possible, the Group covers its products with **international patents**.

R&D is geared towards improving the product in several respects: safety, comfort, ease of use, performance and environmental impact. Particular attention is also paid to the development of new technologies, which guarantee the product, without affecting its performance, greater efficiency, lower consumption and an overall lower environmental impact.

In addition, the Group for some years has set up **partnerships with the academic world** with the objective of an exchange of know-how with a view to continuous improvement of its products and their performances.

Outdoor Power Equipment

Research and development activities in the Outdoor Power Equipment segment are substantiated in several directions. The development of new products is an activity that encompasses all the projects the Group has decided to develop (on average 10 projects each year): from concept definition, design, industrialization, validation, certification, to production. In December, the project for the introduction of the Material & Compliance module within the PLM (Product Lifecycle Management) was completed with the GoLive, in order to manage the entire lifecycle of materials and Rohs and Reach certifications. In 2024, activities began for the creation of a 30,000 sqm area for field tests to fully validate the products.

The year 2024 saw the introduction of a new range of tractors with various engines and different versions of cutting width, collection, and side discharge; a new brush cutter with a 4T 35cc engine; a new 100 cm shredder in wheel and tracked versions; a new range of transporters under the GKZ brand; a new professional 50cc brush cutter; a new entry-level cultivator; the first 56V machines and batteries; a new power unit for shaker; a new electric chainsaw; a portable station.

Sorting projects are preliminary study activities for product development, sometimes with drawings, other times with prototypes, aimed at evaluating the opportunity and feasibility of finalizing projects that emerged from dialogue with customers.

In 2024, a significant part of the activities focused on developing 56V and 40V battery machines to be launched starting in 2025; two robot mower platforms; a rear-handle chainsaw; a new cutter for the construction sector; a new 55cc chainsaw; and a new hedge trimmer with a two-stroke engine.

Research and innovation activities concern more transversal themes and are aimed at developing a technology or methodology. The most significant projects the Group is working on are as follows:

- Low-emission engine: development and validation of stratified charge two-stroke engines compliant with future Euro6 regulations. Testing of e-fuel, a synthetic fuel produced by chemically combining hydrogen and carbon dioxide, has begun as an alternative fuel (allowing a reduction in CO₂ by about 85-90%).
- Methodological activities: generally with external collaborations from research centers or universities, focusing on developing calculation/experimental calculation methodologies to be systematically used in the product development process. The goal is to create predictive models that, once refined, can be applied in the development of new products. For example, mathematical models to simulate drop tests have been consolidated and introduced into the development process. In 2024, specific activities were carried out to create product manuals using AI tools. A specific activity was carried out with UNIMORE to implement the LCA (Life Cycle Assessment) methodology.
- Materials research: In 2024, testing began on the first machines containing fully or partially recycled plastic materials. The first full-electric brush cutters with low environmental impact plastics were produced. This is a multi-year project primarily focused on the Green Deal and thus on reducing CO₂ in relation to the developed products.
- The design of an electric motor (30Nm of maximum torque) without magnets for wheel applications has begun, to avoid using rare earth elements and reduce production costs.
- The first concept of a full-electric cultivator has been developed.
- A control room has been created for data analysis and monitoring of connected machines in the field.

Pumps & Water Jetting

Below are the main activities carried out by the Pumps & Water Jetting area during 2024. Product development is a complex process that involves all company functions and is distinguished by several main phases: from the need/request for a new product to the definition of a specification, then moving to the implementation phase, with the definition of a concept, design, industrialization, validation, and certification, up to the production of the finished product. The integration between PLM and ERP systems continued throughout 2024, consolidating previous activities and implementing new flows with the increasingly growing goal of centralizing data and know-how. The world of pumps for agriculture, mainly used to pump pesticides or fertilizers, is very traditional and characterized by few but continuous innovations.

The past year saw the continuation of the development of a complete range in terms of flow rate and pressure for specific uses, the use of materials that increase chemical resistance to handle different liquids, and the search for different construction solutions, with the same pump performance and characteristics for pressure and water volumes moved, while reducing costs and weights.

Particular attention was also given to electrification, evaluating the introduction of battery-powered electric motors on some motor pumps for specific applications and markets.

The group is working in the field of electronics and IOT to provide possible solutions for analyzing pump operation, allowing users greater control over functional parameters and more precise maintenance, preventing potential failures or problems before they occur.

Regarding products for the industry, research and development activities vary based on the product category. For smaller pumps, particularly those equipping hobbyist pressure washers, the focus is on application specialization, using materials that ensure the best quality/price ratio, and design, with the aim of automating the production process as much as possible to increase product competitiveness. To achieve these goals, the Group collaborates with some suppliers, combining technical and construction aspects.

The development of high and ultra-high pressure pumps follows different directions, also considering their application in plant engineering. Therefore, the design focuses on the chemical resistance to the treated liquids, extending the pump's lifespan, and using alternative materials, in compliance with new regulations, that ensure equal performance.

Regarding washing products, in the consumer segment, design is of great importance, aimed not only at meeting the aesthetic tastes of private users but also at improving the production process of the machines. Increasingly significant is the development of electronics usage: the goal is to control the machine's consumption by adjusting the motor speed and offering more functionalities for both the user and service centers, ensuring better reliability. Currently, the evaluation of the range for a possible introduction of battery power in some product segments is also underway.

Regarding the professional segment, the Group is working on a 360° efficiency improvement of the machine. Through specific technical solutions, it is possible to reduce washing time and the volume of water used or increase effectiveness to avoid the use of chemical agents or other polluting elements like additives. Additionally, the Group has worked on improving combustion efficiency and reducing costs in machines that use diesel burners for hot water production. Another development line concerns electronics: systems capable of blocking the machine in case of micro-leak detection are already in use, preventing water leaks and safeguarding the machine's components.

In the floorcare sector, the development of new models of both ride-on and walk-behind machines has continued, with particular attention to increasing washing efficiency and cost containment. In this area, the development of electronics has also played and continues to play an increasingly significant role.

Systems have been developed that provide information on the machine's life (operating hours, any anomalies recorded from both electrical and hydraulic perspectives), useful for maintenance and managing rental fleets and construction sites.

The Group has also begun the study and evaluation for the introduction of partially recycled plastic materials in some washing products. With the involvement of the supply chain, both for molding and raw materials, some machine samples have been produced and are currently being characterized in the field.

Components & Accessories

The group's research and development activities are planned with a three-year horizon (2024-26). The guidelines for this activity are to offer customers products that elevate performance levels beyond the current market standards or, upon request, solve specific customer issues. As Tecomec Group is a supplier of accessories and components, it is crucial to understand the customer's specific needs. Finally, in some product sectors, the aim is to expand the range offered to cover still missing market segments.

The Organization aims for increasing integration of various locations concerning research and development, optimizing the skills of each resource team. In particular, integration has begun through technical documentation management systems (PDM) of the Agres and PNR sites with the Italian headquarters and the Ningbo Tecomec manufacturing site. This will enable integrated design among teams of technicians with complementary skills to accelerate multidisciplinary projects.

The innovation department, created specifically to develop product ranges in which the company was not previously present, has worked on a significant new project that will expand the high-pressure product line and other customer-oriented projects aimed at meeting specific OEM requests.

In the field of product calculation and virtual simulation, and their performance, the group has continued to invest by acquiring new software licenses, which are expected to provide a deeper understanding of the physical phenomena governing their operation. Examples of this research include the fluid dynamics of both fixed and rotating nozzles, and the mechanics of plastic materials in severe applications such as brush cutter cutting accessories.

Gardening and Forestry product line

In 2024, the line saw the redesign of chainsaw chain sharpeners. This product has always characterized the Tecomec brand and has been revisited to make it specific for some chain models available on the market. Additionally, projects have been initiated to optimize sharpening performance based on the grinding wheel used and the type of chain.

In the line dedicated to brush cutter accessories, Tecomec has been continuously revising products for years, leading to the creation of some innovative models each year with certain key features. Specifically, this year, a cutting accessory, commonly called a head, with significantly reduced cutting height has been designed.

Agriculture Product Line: spraying and weeding

In the Agriculture product line, the development of various products has continued, especially with a focus on precision farming.

Electromagnetic flow meters for a wide range of flow rates are being developed both for sale as individual components and for integration into fluid control units (solenoid valves) that Tecomec has historically produced. PWM-controlled valves for dosing pesticides have also been developed. Each valve controls a single nozzle, allowing extremely precise control of soil treatment.

The onboard computer for spraying and atomization machines, called the rate controller, has been completely redesigned to improve mechanics and robustness, offer a more modern graphical interface, and provide a wider range of machine controls.

Motorized ball valves: A multi-year project has begun to develop a range of motorized ball valves, from on-off versions to proportional versions with different communication and control systems.

All these components, as mentioned, contribute to equipping machines for high-precision treatments and control to optimize the amount of product dispensed in relation to the position on the ground. Completing this objective is the development of new satellite navigators for agricultural machines, which were introduced in 2024 and represent an important feature of Tecomec's agriculture range.

Product Line: high-pressure washing accessories

In the high-pressure line, investments have been made in the ultra-high pressure range, and the project for a 1000 bar pressure washer gun and a 1000 bar unloader valve with zero output pressure in bypass configuration has been completed. For ultra-high pressures, research on materials and fluid dynamics calculations have led to the commercialization of a new rotating nozzle.

A steam pressure washer gun has also been developed, which falls into a niche of products where Tecomec was only partially present.

A low-pressure pressure washer gun has been designed for the industrial cleaning sector, with spray adjustment based on the operator's needs and other specific features required by industries such as food and chemical, including chemically inert materials, washability, and impact resistance.

Product quality and safety

The Group strongly believes that quality is an essential factor for guiding activities in the pursuit of its corporate mission. All the companies in the Group therefore actively seek to ensure maximum quality. From this point of view, the following table shows the certifications obtained by Group companies, testifying to the joint efforts made to guarantee the best possible product quality:

Segment	Company	Certifications
Outdoor Power Equipment	Emak S.p.A.	ISO 9001:2015 ISO 14001:2015
	Comet S.p.A.	ISO 9001:2015
Pumps & Water Jetting	Lavorwash S.p.A.	ISO 9001:2015
	P.T.C. S.r.l.	ISO 9001:2015
	Yong Kang Lavorwash Equipment Co. Ltd.	ISO 9001:2015
	Lavorwash Brasil Industrial and Commercial Ltda	ISO 9001:2015
	Tecomec S.r.l.	ISO 9001:2015
Components & Accessories	Ningbo Tecomec Manufacturing Co. Ltd.	ISO 9001:2015
	Agres Sistemas Eletrônicos SA	ISO 9001:2015
		ISO 14001:2015
		ISO 45001:2018 ⁵²
	PNR Italia	ISO 9001:2015 ISO 45001:2018 ISO 14001:2015

Outdoor Power Equipment

The Group certifies its products in compliance with the legal requirements of the countries in which they are sold. With regards to product safety, the main piece of legislation is the Machines Directive, which contains sub-directives that regulate all the technical aspects for every type of product. There are also other specific directives that regulate electro-magnetic compatibility, vibrations, emissions and noise. More than 90% of the activities necessary for the certification of products occurs internally in laboratories equipped with special instrumentation. There are, however, a number of specific tests, such as electromagnetic compatibility and kick back tests for chainsaws, which need to be carried out by a third-party body. A further necessary activity for launching a product on the market, carried out internally, relates to user manuals and the drawing up of the technical file.

In the production phase, the quality and safety of the machines are guaranteed by constant monitoring along the entire product cycle, from the development phase to production, besides a sample check involving a functional and safety check aimed at assessing the machine's conformation.

The Group is also particularly active in and attentive towards the constantly evolving reference legislation context. Emak is a member of EUROMOT, the European Association of Internal Combustion Engine Manufacturers, which supports the evolution of future scenarios with regards to the reference sector (e.g., emission scenarios, etc.) and of EGMF, the European Garden Machinery Industry Federation, whose objects include supporting the evolution of future scenarios regarding all directives concerning products and market monitoring. In addition, Emak follows the evolution of sector regulations (Emissions Directive, Machine Servicing Directive, Noise directive, WEEE Directive - The Waste Electrical and Electronic Equipment Directive - ISO, REACH, ROHS standards, etc.) in order to be constantly updated and in line with the requirements imposed by current laws in the countries where the Group operates. Finally, in 2024, Emak joined the international technical committee of ISO and actively participates in ISO meetings related to changes and evolutions regarding product safety in the reference market. Since February 2024, Emak has become a member of the e-Fuel alliance.

No cases of non-compliance with current regulations occurred in 2024.

⁵² Agres Sistemas Eletrônicos SA obtained the ISO 45001:2018 certification on January 18, 2024.

Pumps & Water Jetting

In the Pumps & Water Jetting segment, there are various procedures in place to monitor and guarantee quality and safety in the different phases for the design, production and marketing of the product in the market. Specifically, in Comet S.p.A., the reference company for the activities of the segment, there is a procedure that describes the criteria adopted by the product certification department for preparing the Technical File of designed, manufactured and marketed Finished Products. Among other things, this document sets out analyses of the risks associated with the use of the developed products, which follows the criteria indicated in the directives/standards which the product has to comply with. The analysis of risks, as well as the use and maintenance booklet, is revised every time a modification makes this necessary (modification of the product and/or the issue of new relevant regulations). The File also shows the results of conformity tests carried out in company or external laboratories.

A further procedure in place relates to the definition and description of the activities, responsibilities and flow of information linked to the product design cycle so as to ensure that the quality requirements of the product are complied with and implemented.

In addition, there is a Technical procedure aimed at defining the production process control requirements for subcontracted suppliers of finished products.

The production processes are subject to a specific Technical Procedure with the aim of defining the operating procedures for structuring the production process and of ensuring that these are implemented in controlled conditions. The organisation provides for specific procedures that accompany the production process of a number of machines subject to a PED Directive (Directive relating to equipment under pressure).

Every product non-conformity found during the design and production phase is registered and any corrective actions are planned.

ISO 9001 certified companies operate according to the requirements of the standard and have adopted a procedure that establishes criteria and controls with regards to the design, production and quality control of both incoming and outgoing products. In some cases, certification is issued by third parties such as TÜV (Technischer Überwachungsverein), TÜV SÜD, Intertek and SGS.

Products are also subject to the safety requirements established by the directives or regulations applicable in the various countries, such as the EU/EC directives for the European market, the INMETRO certification, necessary for household appliances and products for professional use in the Brazilian market, EAC for Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan markets.

No cases of non-compliance with current regulations occurred in 2024.

Components & Accessories

With regards to evaluation activities regarding the health and safety of the products developed, there is an internal procedure that establishes the activities and responsibilities regarding the design and engineering phases of new products. Specifically, during the design phase the laws and standards to which the product is subject are reviewed (e.g. the REACH regulation - Registration, Evaluation, Authorisation and Restriction of Chemicals, and the RoHS directive - Restriction of Hazardous Substances Directive) on the basis of the final market of the product. Higher levels of safety are requested for a number of products, such as power tools. In these cases, the well-established procedure imposed by management is the issue of a certification by third party bodies: for the European market, the certification is issued by the TÜV company (Technischer Überwachungsverein), while for the United States market by UL (Underwriters Laboratories). In the event that it is considered necessary internally or is explicitly requested by the customer, an FMEA (Failure Mode and Effect Analysis) risk analysis is applied. Finally, for those products that are not regulated by specific legislation (e.g. accessories), reference is made to the standard to which the finished product is subject. For example, for the trimmer heads, the Chinese company Ningbo Tecomec carries out its tests on the basis of the UNI EN ISO 11806 standard, indicating the safety requirements and testing for portable, hand-held, powered brush-cutters and lawnmowers. Tecomec has also obtained the Russian EAC certification for most of its catalog products. During the year, the requirements of the General Product Safety Regulation (GPSR) 2023/988 were received and implemented.

In 2024, there were no cases of non-compliance with the current regulations.

MDR-T – Tracking effectiveness of policies and actions through targets

The objectives set by the Quality Policy, as a section of the Parent Company's Integrated Policy, are connected to the satisfaction of the end customer, anticipating and exceeding their expectations, and creating value for the common benefit of stakeholders. In light of these objectives, Critical Success Factors (CSFs) have been defined, representing the main elements of the company's strategy.

Management, in line with the objectives of this Policy, intends to manage the path from the Business Plan to operations: starting from the Critical Success Factors and passing through the definition of corporate and managerial objectives—quantified through Key Performance Indicators (KPIs) and their expected performance levels—down to defining the activities of individual resources.

Furthermore, the Management is committed to identifying, during the periodic review of the Quality Management System, specific quality objectives and related numerical indicators aimed at improving performance. The Management is aware of the importance of the contribution that all employees can make to permanently pursue the company's objectives and provides the Management and all staff with the necessary inputs so that everyone constantly strives to keep the focus of their activities on the defined priorities.

The Quality Assurance Manager has the delegation and full responsibility to manage the Quality Management System and ensure its compliance throughout the organization, and to annually verify with the Management the adequacy of the Policy.

The Group has not established consolidated objectives, due to the specific characteristics of the individual operational segments

GOVERNANCE INFORMATION

ESRS G1 - Business conduct

ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies

The Board of Directors represents the central body of the Corporate Governance system of the Emak Group. In its guiding role, it defines the Group's strategies, integrating social and environmental issues, and monitors their implementation, with the aim of promoting long-term value creation. The Board is also responsible for approving specific procedures, policies, and guidelines aimed at ensuring compliance with regulations and promoting ethical behavior by the Group (e.g., Code of Ethics, procedures for transactions with related parties, MOG 231).

Regarding its composition and the skills present within it, please refer to section *ESRS 2 GOV-1 – Role of the administrative, supervisory and management bodies*, found in General Disclosures.

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

Through the final phase of the double materiality analysis, the Group determined which qualitative and quantitative information related to relevant issues should be reported within this consolidated sustainability statement. To this end, the methods outlined in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 – Materiality Assessment," and the additional paper "Links between AR16 and disclosure requirements" were followed.

The following table describes, for each relevant issue, the related impacts (positive and negative), risks, and opportunities that have exceeded the relevance threshold and thus made it significant.

LIST OF MATERIAL MATTERS AND MATERIAL IROs					
TOPIC	MATERIAL SUB-TOPIC OR SUB-SUB-TOPIC	MATERIAL NEGATIVE IMPACTS	MATERIAL POSITIVE IMPACTS	MATERIAL RISKS	MATERIAL OPPORTUNITIES
G1 - Business conduct	Corporate culture		Promote the affirmation of solid ethical principles, including tax regulatory practices, pursued by the Group along the entire value chain, in all contexts (e.g. geographical, social, etc.) in which it operates Protection of legality and prevention of illicit behavior (the reinvestment of profits from illicit activities, episodes of extortion, etc.)		Increasingly integrating sustainability into corporate strategy
	Active and passive corruption		Staff awareness for the prevention of corruption incidents		
	Sustainability in the management of relationships with suppliers			Supply disruption / supplier power Evolution in the concentration and sources of geopolitical power (geostrategic shifts) Failure to comply with regulatory requirements (e.g. CSDDD, Critical Raw Materials Act)	

For a more in-depth overview, please refer to section *ESRS 2 IRO-1 – Description of the processes for identifying and assessing relevant impacts, risks, and opportunities*, found in General Disclosures.

G1-1 – Corporate culture and business conduct policies

In carrying out its activities and conducting business, the Emak Group adopts behavior characterized by high ethical standards, based on absolute fairness, full respect for the rights of others, compliance with current laws, and adherence to the principles of belonging to the Group. The Group's companies have activated preventive insurance coverage and implement at least the measures required by applicable regulations to cover any potential negative impacts related to material issues.

The Italian companies of the Group have adopted and implemented the Organization, Management, and Control Model provided for by Legislative Decree 231/2001, aimed at aligning internal regulations on the liability of legal entities with certain international conventions to which Italy has long adhered, such as the Brussels Convention of July 26, 1995, the Brussels Convention of May 26, 1997, and the OECD Convention of December 17, 1997. Additionally, the general part of the Model includes Law No. 116 of August 3, 2009, with which the Parliament ratified the 2003 United Nations Convention against Corruption. On the other hand, in companies that have not adopted the Organization, Management, and Control Model, full compliance with local regulations and, if more restrictive, the rules of conduct of the Code of Ethics is ensured.

In line with the adoption of the Organization, Management, and Control Model, the Group has established a Code of Ethics, shared with all the companies of the Group, periodically updated, and communicated to all employees and various parties collaborating with the companies. The Code defines the corporate principles and values that the Group's companies adhere to in their activities, forming the company's identity and constantly guiding strategic choices and policies within the businesses they operate in. The Group's companies take appropriate measures to promptly identify and eliminate risk situations, preventing illegal or otherwise unethical behavior contrary to the principles expressed in the Code of Ethics by any party acting for the Group. Regarding this last point, the Group has identified executives and members of the Administration, Management, and Control bodies as functions considered at risk of active and passive corruption due to the tasks performed and related responsibilities.

Any recipient who detects or suspects a violation of the Code of Ethics is required to report it to the Function Manager, the Supervisory Body of the respective parent company, or use the dedicated information channels for reporting any violations of the Code of Ethics. Additionally, communication and dialogue channels are active through which stakeholders can send reports or complaints to the Group's companies, which are then examined by the competent internal functions. The guiding corporate principles and values are as follows: fairness, competence, team spirit, innovative spirit, impartiality and honesty, anti-corruption, respect for people, transparency in relationships, and confidentiality, combining economic, social, and environmental sustainability.

The Emak Code of Ethics also defines the areas of application and the Group's commitments in internal and external relations. It represents the moral commitment towards various stakeholders, including employees, shareholders, customers, suppliers, institutions, the financial community, and the Public Administration. The recipients of the document are all those who operate in the name and on behalf of Emak (employees, directors, administrators, consultants, collaborators, etc.), who are required to know its content, contribute to its implementation, and disseminate the principles formalized in it, also demanding compliance from all those with whom they have business relations. A correct and effective application of the Code of Ethics is possible only through the commitment and cooperation of the entire Group structure, which is entrusted with the task of making each individual behavior consistent with the expressed principles.

The Code of Ethics is widely disseminated to all recipients, including through its inclusion in the 'Sustainability' section of the Group's website www.emakgroup.it, in both Italian and English. The Code and any future updates are defined and approved by the Board of Directors of the parent company Emak S.p.A. based on the context in which the Group operates and its evolution. Companies that adopt the 231 model commit to training new hires on the topics covered in the Code of Ethics and the Model: new hires are provided with a concise informational set during onboarding that ensures knowledge considered of primary importance.

In compliance with national legislation implementing Directive (EU) 2019/1937, the Emak Group has established reporting channels that ensure, through the use of encryption tools, the confidentiality of the identity of the reporting person, the person involved, and any person mentioned in the report, as well as the content of the report and related documentation; it organized the management of the reporting channels through the implementation of a procedure that regulates their management and the appointment of an autonomous body dedicated to this task, with personnel specifically trained to manage the reporting channel as quickly and objectively as possible; measures for data protection and cybersecurity have been applied, including a series of organizational and technical measures to protect the confidentiality of the reporter and the integrity and confidentiality of the personal data subject to reporting. The Group provides all employees with mandatory and updated training on whistleblowing, outlining the relevant procedures to follow and potential consequences.

It should be noted that Emak S.p.A. adopts a **Management System** inspired by the SA 8000:2014 standard (Social Accountability) with the aim of ensuring the ethicality of its production processes and, indirectly, its

supply chain. Compliance with the requirements is verified through internal audits, and the expected performance expectations are measured using indicators in line with the aforementioned standard.

G1-2 – Management of relationships with suppliers

The Group, through the coordination of the Corporate Purchasing Department, implements synergy and supply chain optimization plans aimed at increasing and further consolidating the scope of common suppliers. Supplies are included within a global Group supply framework and governed by common rules and commercial conditions where possible, regulated by framework agreements that take into account the specific needs arising from the peculiarities of the business sectors in which the Group operates. The Group relies on a heterogeneous supply chain in terms of supplier size: both small companies (SMEs) and multinational groups are present.

The main suppliers are classified at the Corporate level according to indicators that assess their strategic importance, performance, supply characteristics, substitutability, degree of interdependence, and financial risk into:

- **Partner:** suppliers that meet high requirements based on cross-functional scoring;
- **Strategic:** important suppliers for whom the Group does not represent a strategic customer. The Group strives to ensure that suppliers in this category become partners or part suppliers;
- **Part Supplier:** suppliers without stable relationships from a relational point of view; thus, they do not represent a high risk for the Group.

In the case of purchasing marketing activities, it is the Group's policy to maintain double sourcing of supplies as part of risk management. Supply chain risk is mapped according to parameters that include assessments of financial aspects, difficulty in replacing the supplier, integration with technical management, service level, and vendor rating. In the case of critical suppliers or strategic purchases, the percentage of shared suppliers is high. This represents an advantage for the Group's companies, as it allows them to respond more promptly to material shortages and increased transportation costs. In the purchasing process, several Group companies use KANBAN logic, which allows for a leaner management of the supply chain and a reduction in inventory.

The initial selection of suppliers and the assignment of business regulated by contracts are carried out through clear and non-discriminatory procedures, using only criteria related to the objective competitiveness of the services and products offered and their quality, also understood as the supplier's performance in environmental and social areas and compliance with the principles expressed in the Group's Code of Ethics. The presence of Ethical-Environmental-Quality certification is a plus in the choice of supplier and in the application of strategic sourcing. The evaluation of environmental and ethical aspects contributes to the assessment of the supplier both in its initial inclusion in the Emak supplier register and in the periodic performance evaluation.

Supplier evaluation is carried out both through checklists, to verify compliance with quality standards and ethical principles according to the SA8000 model, and through visits to the supplier's premises by the designated team (Quality - Purchasing). This type of audit has a more qualitative output in terms of reporting any non-conformities to the Certified Systems Manager and the Purchasing Department and defining a shared action plan for further investigation and correction of any non-compliant situations. The evaluation and classification of suppliers already present in the Supplier Register are included in a specific section that verifies the presence of environmental and ethical certification and evaluates the supplier on particular changes or improvements in these areas. Some supply contracts for certain purchasing commodities (e.g., transportation) include a specific section on environmental and ethical issues. Periodically, audits are conducted on accident trends, turnover, or aspects related to safety and ethics through the completion of questionnaires and/or checklists.

New suppliers are promptly sent Emak's integrated policies and the ethical and environmental commitment information that they are required to comply with. They are also invited to visit the Emak website for more details on these topics.

The management of relationships with Far East suppliers is entrusted to local teams (Purchasing and Quality) present in various plants, under the supervision of designated Italian personnel: thus, both on-site oversight by qualified personnel and multi-level control by the Parent Company are ensured. If personnel from individual companies are not present on-site, intra-group collaboration and synergy agreements are active to control suppliers using available personnel through information sharing or direct visits.

Regarding European and, in general, Western suppliers, the Group believes that the probability of having suppliers at risk concerning environmental, social, and human rights issues is minimal, as they are subject to the stringent regulations in these countries.

For non-European suppliers, a procedure for supplier inclusion and evaluation is in place, along with the sharing of a checklist related to compliance with ethical principles in personnel management to be used during

Purchasing-Quality audits. The audits are conducted by designated and qualified personnel and transmitted for verification and control to the Parent Company's designated structure.

New suppliers are visited and evaluated according to the checklist based on the SA8000 model and Quality Audit forms. The Italian companies have developed a common Quality Questionnaire that, among various topics, verifies environmental aspects such as the presence of AUA, wastewater discharges, atmospheric emissions, waste management; aspects related to health and safety and employee training, as well as the presence of any environmental, social, and ethical certifications.

The periodic assessment by designated personnel, through checklists and audits, ensures that the supplier panel is always updated with approved and usable suppliers. The verification of clauses related to human rights is part of this procedure. The Group considers it essential to centrally monitor the non-European supply chain and promote training projects for Purchasing-Quality personnel so that environmental, safety, and ethical issues are constantly taken into account, thereby limiting risk. To this end, auditors are sensitized and formally trained to pay attention to these aspects and report any non-conformities, even potential ones.

Based on the quality audits received, the Group does not have high-risk suppliers concerning environmental, social, and human rights issues: most partners are well-structured companies that have been operating in the market for a long time and are accustomed to discussing sustainability. Most of the practices described have been extended to all divisions of the Group, also thanks to their inclusion in the Group's Code of Ethics, although general evaluations on environmental and social criteria were already widely present within the Group. Within the Code, or in other Group policies, there are no explicit provisions regarding procedures to be implemented to avoid payment delays to all suppliers.

Payment terms are agreed upon with the counterpart during the negotiation phase and entered into the supplier's database, remaining valid for the duration of the contract. Any changes to the terms are communicated and approved in advance of the payment for the supply. Compliance with the agreed conditions is verified for each transaction by the administrative office. Periodically, due dates are transmitted to the treasury service, which proceeds with their settlement. All payment terms for supplies and services are in line with the commercial practice that has always been applied and existing and have been mutually defined with the supplier, whether it is an SME or a multinational company, in full respect of the principles of good faith and fairness.

G1-3 – Prevention and detection of corruption and bribery

The Emak Group pays great attention to the prevention of risks related to corruption. In general, all individuals who operate in the name and on behalf of the Emak Group are required to behave ethically and in compliance with applicable laws, with the utmost fairness, transparency, and integrity, as provided by the principles of conduct outlined in the Group's Code of Ethics.

With particular regard to relationships and behaviors with external parties, illegal, collusive, or potentially collusive practices and behaviors, illicit payments, incitement to corruption, corruption, favoritism, solicitations, direct or through third parties of advantages for oneself or others, contrary to laws, regulations, and the provisions of the Code of Ethics, are prohibited. This prohibition includes the direct or indirect offering of goods and services aimed at influencing decisions or transactions.

In this context, the Group is committed to **combating all forms of corruption**, both active and passive, by implementing all necessary measures provided by the Organizational Model pursuant to Legislative Decree 231/2001 and following the prescriptions contained in the Group's Code of Ethics.

This Model is aimed at preventing crimes belonging to various categories, including corporate crimes and crimes of extortion, undue inducement to give or promise benefits, and corruption. Furthermore, a system of procedures, both manual and computerized, has been implemented, which constitutes the guide to follow in the relevant business processes and includes specific control points to ensure the correctness, effectiveness, and efficiency of business activities. In the event of a confirmed case of corruption, the Board of Directors would be informed by the delegates at the next useful meeting or, if necessary, in a specially convened session. For a more in-depth overview of the procedures in place to prevent, detect, and manage assertions or cases of active and passive corruption, their management methods, and the process of communicating results, please refer to section *G1-1 – Policies on corporate culture and business conduct*. Please refer to the same section for how the company communicates its policies on the subject to those for whom they are relevant, as well as for information on training.

The following table shows the anti-corruption training received by the Group's employees, detailing the training received by Executives, considered at risk due to the tasks performed and related responsibilities. No specific anti-corruption training is provided for the administration, management, and control bodies of the Parent Company.

Training on active and passive corruption				
2024				
	Executives	Administrative, management and control bodies	Other functions at risk (excluding managers and administrative, management and control bodies)	Other own workers (excluding at risk functions)
Extension of training				
Total recipients by Group	126	13		2,401
Total training recipients	15			263
% training recipients	11.9%	0.0%		11.0%
Delivery method and duration				
Classroom training (hours)	45			1,229
Remote training (hours)	12			
Voluntary training (hours)				
Total training	57	-	-	1,229

The main topics covered during the training were Legislative Decree 231/2001 training for Italian companies, the Code of Ethics, and anti-corruption policies.

G1-4 – Cases of active or passive corruption

In 2024, as well as in the two preceding years, there were no convictions for violations of laws against active and passive corruption, nor were any cases related to the same issue identified.

Bagnolo in Piano (RE), lì 13 March 2025

On behalf of the Board of Directors

The Chairman

Massimo Livatino

Certification of consolidated sustainability statement pursuant to art. 154-bis, paragraph 5-ter of the Decree. 58/1998 (Consolidated Law on Finance)

1. We, the undersigned, Cristian Becchi, as Chief Executive Officer for finance and control, and Roberto Bertuzzi, as the manager in charge of preparing the accounting statements of the company Emak S.p.A. affirm, taking account of the provisions of art. 154-bis, paragraphs 5-ter, of legislative decree 24 February 1998, n. 58, that the sustainability reporting included in the annual report has been prepared:
- a)* in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024;
 - b)* with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

Bagnolo in Piano (RE), lì 13 March 2025

The Chief Executive Officer for finance and control:
Cristian Becchi

The Manager in charge of preparing the accounting statements:
Roberto Bertuzzi

**INDEPENDENT AUDITOR'S
REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT
PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Emak S.p.A.**

Conclusion

Pursuant to articles 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the “Decree”), we have carried out a limited assurance engagement on the consolidated sustainability statement of Emak S.p.A. and its subsidiaries (hereinafter also the “Group”) for the year ended on December 31, 2024, prepared pursuant to art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also “ESRS”);
- the information included in the paragraph “*Environmental information - Disclosure pursuant to article 8 of Regulation (EU) 2020/852*” of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the “Taxonomy Regulation”).

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - “Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)”. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor’s responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement in the paragraph “*Environmental information - Disclosure pursuant to article 8 of Regulation (EU) 2020/852*” has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of Emak S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the “double materiality assessment process”) and for disclosing this process in “*General information – Impact, risk and opportunity management*” of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph “*Environmental information - Disclosure pursuant to article 8 of Regulation (EU) 2020/852*” with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain.

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement, also with the support of Deloitte specialists, with particular reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;
- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by
Giovanni Borasio
Partner

Bologna, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.





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