



ALPSALPINE
ALPS ALPINE GROUP



SUSTAINABILITY

REPORT 2023

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CEO Greetings

When we consider sustainability, our minds often turn to technology and regulations set forth by public and national authorities. Renewable energy, carbon dioxide emissions, recycling programs – they all remain vital and we continue to rely on their innovation and development. **However, at Faital Group, we believe that the future of building a sustainable world hinges on people.**

That is why we are dedicated to investing in our employees' culture, fostering a sustainable lifestyle within our workforce. Now, our human capital represents the core of our values. It's imperative that we collaborate, forging strong communities with sustainable cultures that actively support eco-friendly behaviors and practices.

By establishing resilient communities where people can work together in safe and healthy environments, we can cultivate a shared value that transcends individual projects and actions. Together, we can identify issues and their root causes, openly discussing topics like disrespectful behavior, inequalities, diversity and the creation of sustainable workplaces and lifestyles.

Our Environmental, Social and Governance (ESG) vision must permeate every facet of our company's value chain. We communicate our ethos through various external channels, fostering two-way dialogue with stakeholders and incorporating their feedback into shaping our collective future.

From a global perspective, among the 17 Sustainable Development Goals (SDGs), education stands out as

paramount to me. Investing in education essentially supports the other 16 SDGs and, at Faital, we are committed to embodying this principle.

I firmly believe in the science of sustainability. By 2030, I envision our company with a transformed management and employee culture – one marked by greater internal collaboration, shared goals, increased turnover and strategic investments supporting our future.

By achieving our goals and fulfilling the commitments outlined in our ESG strategy, I am confident we can steer our business towards sustainable operations, solidifying our significant role in the international automotive market for years to come.



Marco Sebastiano Romeo
Managing Director

Faital S.p.A. | Alps Alpine Group

Presentation of FAITAL GROUP

Since its establishment in 1958, Faital has steadfastly pursued its mission of crafting bespoke loudspeakers tailored to the specific needs of its clients. Over the course of its 60-year history, Faital's unwavering dedication has fostered a precise expertise enabling the development and construction of diverse loudspeaker models utilizing various materials. In the 2020s, Faital Group became a proud member of the Japanese Alps Alpine Group, marking a new chapter in its evolution.

The Group's expansion is a testament to its enduring commitment to comprehensively understand client requirements. From design to manufacturing and quality control, every aspect of Faital's operations is diligently geared towards self-imposed standards and customer satisfaction. At the core of the company's mission is the assurance that Faital products embody four fundamental principles: Technology, Quality, Service, and Competitiveness. Embracing environmentally friendly technology, maintaining exceptional product quality, and adhering to sustainable processes underscore Faital's determination to address one of the pivotal aspects of contemporary life: sustainable manufacturing.

Our Reflection:

The Group success is underpinned by several key reflections:

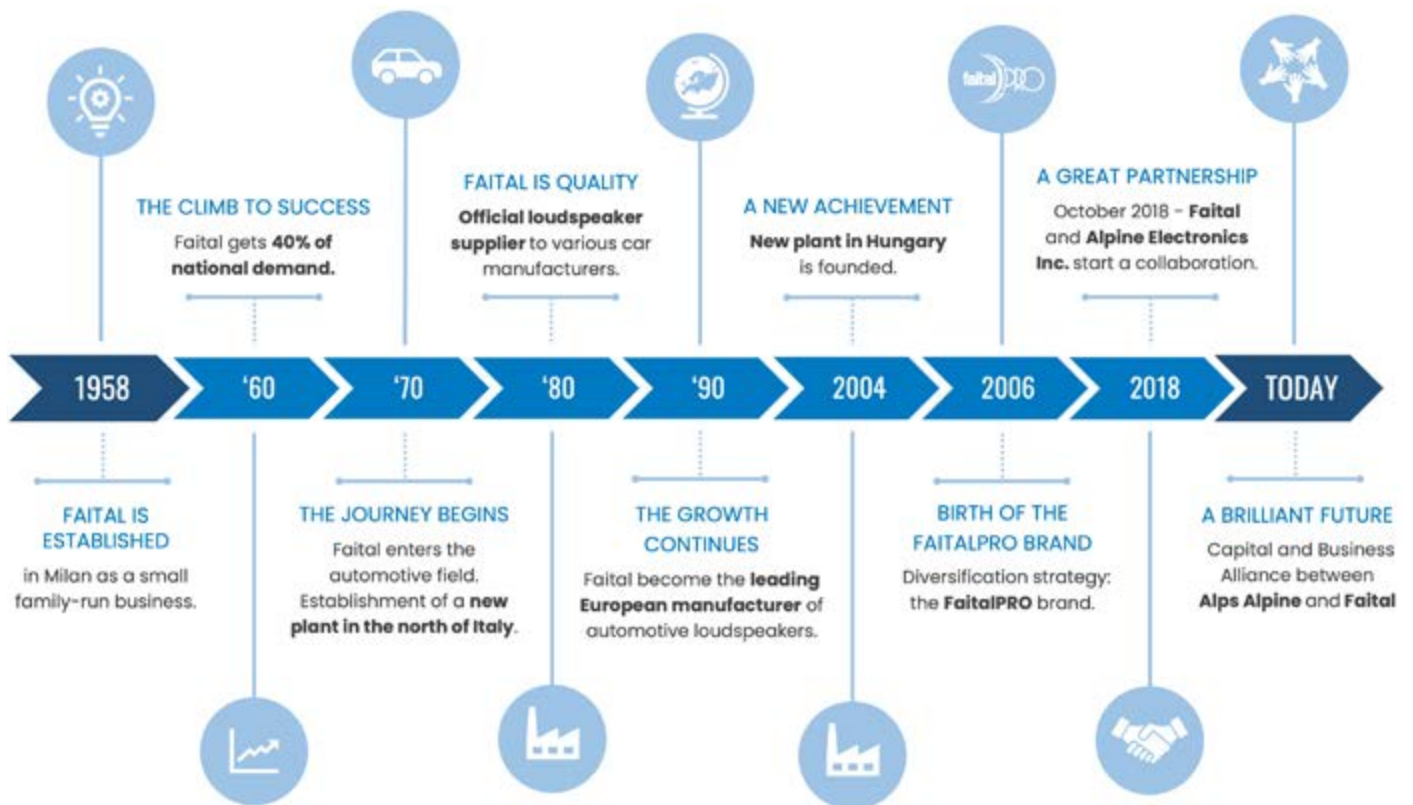
- **Design Expertise and Innovation:** Backed by advanced manufacturing processes, Faital excels in designing innovative loudspeaker solutions that push the boundaries of technology;
- **Consistent Quality Control:** The company maintains stringent quality control measures throughout the procurement and manufacturing processes, ensuring that every product meets the highest standards;
- **Effective Supply Chain Management:** Through meticulous logistics planning, Faital exercises precise control over its supply chain, optimizing efficiency and responsiveness to market demands and sustainable solutions.
- **Evolutionary Tradition:** Faital's triumphs are not just the result of static practices but stem from an ethos of constant evolution. The company continuously adapts to changing market dynamics and technological advancements

Faital Group's footprint extends across the globe. All the facilities are centrally coordinated from the headquarter in San Donato Milanese, Italy. Operations in strategic locations such as Salgótarján, Hungary, a distribution center in the United States, and another manufacturing plant in Chieve, Italy. As an integral part of the Alps Alpine Group, Faital benefits from synergies and resources within this larger corporate network.

Moving forward, Faital Group is committed to incorporating sustainability principles across all its plants, warehouses and offices. This forthcoming sustainability report will encompass the environmental, social, and economic impacts of Faital's operations, reflecting its dedication to responsible business practices.

History

Faital's illustrious history epitomizes its continuous development and expansion over the past six decades.



Faital Today

In the FY2023, a total of around 12 million pieces of loudspeakers were manufactured and sold across three distinct locations and distributed to various prominent automotive and professional audio companies worldwide.

As part of our steadfast commitment to continuous improvement, we have implemented a dynamic development system wherein departmental leaders are empowered to propose suggestions and actionable measures. These proposals are thoroughly deliberated upon during meetings and subsequently monitored for their efficacy. At the conclusion of each calendar year, the outcomes are meticulously evaluated to drive further enhancements.

Since joining the Alps Alpine Group in 2018 Faital has wholeheartedly embraced the group's overarching philosophy of "Innovating value for humans and society on a brighter planet." This ethos underscores our dedication to fostering sustainable practices and creating products that enrich both human lives and the global community. Our new motto is "Spreading the culture of sustainability across our value chain".

Double-Materiality Assessment

The foundation of the report centered around a comprehensive double materiality assessment, marking our inaugural endeavor in this realm. While our material values had previously been integrated into Alps Alpine's reports and the group's European strategy, it was only through this assessment for Faital Group that we embarked on this journey in earnest. Adhering to the standardized indexes of the Global Reporting Initiative (GRI), our assessment unfolded through a structured process comprising of four primary steps (4 steps), with an additional step serving as a complementary component to ensure thoroughness, accuracy and continuity.

Step 1 Understand the impact of our value chain and identify the key stakeholders

Step 1 stands as a pivotal stage in our assessment process, wielding significant importance on a global scale. Through extensive engagement with stakeholders and a meticulous examination of the value chain, we unearthed a spectrum of ESG-related (environmental, social and governance) impacts that have, currently, or may potentially affect Faital Group's activity in the future. Within the framework of impact analysis, we meticulously considered our core values, overarching goals, prevailing trends within the automotive industry, and the strategic directives of top management. Employing robust risk management methodologies, we scrutinized our environmental, social, and governance impacts from a financial perspective too, ensuring a comprehensive understanding of their implications. The application of the impact-influence matrix analysis method further facilitated the identification and prioritization of these values, guiding our subsequent actions and strategies.

Step 2 Stakeholder analysis

Following the insights gleaned from Step 1, we proceeded to implement a comprehensive stakeholder engagement strategy in Step 2. Leveraging the outcomes, we developed a meticulously crafted questionnaire designed to solicit feedback from stakeholders anonymously and at their convenience via a universally accessible URL within the company. Emphasizing granularity, this questionnaire delved into nuanced topics to ensure a comprehensive understanding of stakeholder perspectives.

During this phase, Faital Group adhered to the stringent stakeholder analysis guidelines established by Alps Alpine Europe, a framework previously utilized in our strategic planning endeavours. The categorization of stakeholders according to this guideline, delineating key players whose influence on the company and reciprocal impact are profoundly significant. Central to our ethos is the recognition of the pivotal role played by our human capital, alongside the headquarters of the Alps Alpine Group, customers whose demands are inherently intertwined with sustainability imperatives inherent to the automotive industry, and local management possessing unparalleled insights into plant operations.

Engagement with stakeholders was paramount throughout this process, facilitated through online questionnaires, personal interviews, and rigorous evaluation protocols aimed at elucidating the significance of various impacts by our ESG specialist. Continuous communication with suppliers and customers was upheld, with stakeholder satisfaction assessments conducted annually to ensure alignment with their evolving needs and expectations. This concerted effort underscores our commitment to fostering robust relationships with stakeholders and maintaining exceptional performance standards.

Step 3 Risk and Impact Analysis

In Step 3, a comprehensive impact and risk analysis was conducted, delving into various facets such as environmental, social, and financial considerations. Internal specialists within our group spearheaded this endeavour, meticulously assessing the risks and impacts associated with different fields. Drawing upon their expertise, they meticulously evaluated the nuances of our business sector, analyzing partial sustainability-related risks, and discerning both external and internal triggers that could influence outcomes.

To quantify these assessments, specialists took into account a range of factors including potential payoffs and other intrinsic values. By synthesizing these elements, they generated quantitative values for each topic under scrutiny. Furthermore, they

meticulously scrutinized the longevity of impacts stemming from various projects, evaluating the likelihood of potential risks, and delineating the potential ramifications should these risks materialize.

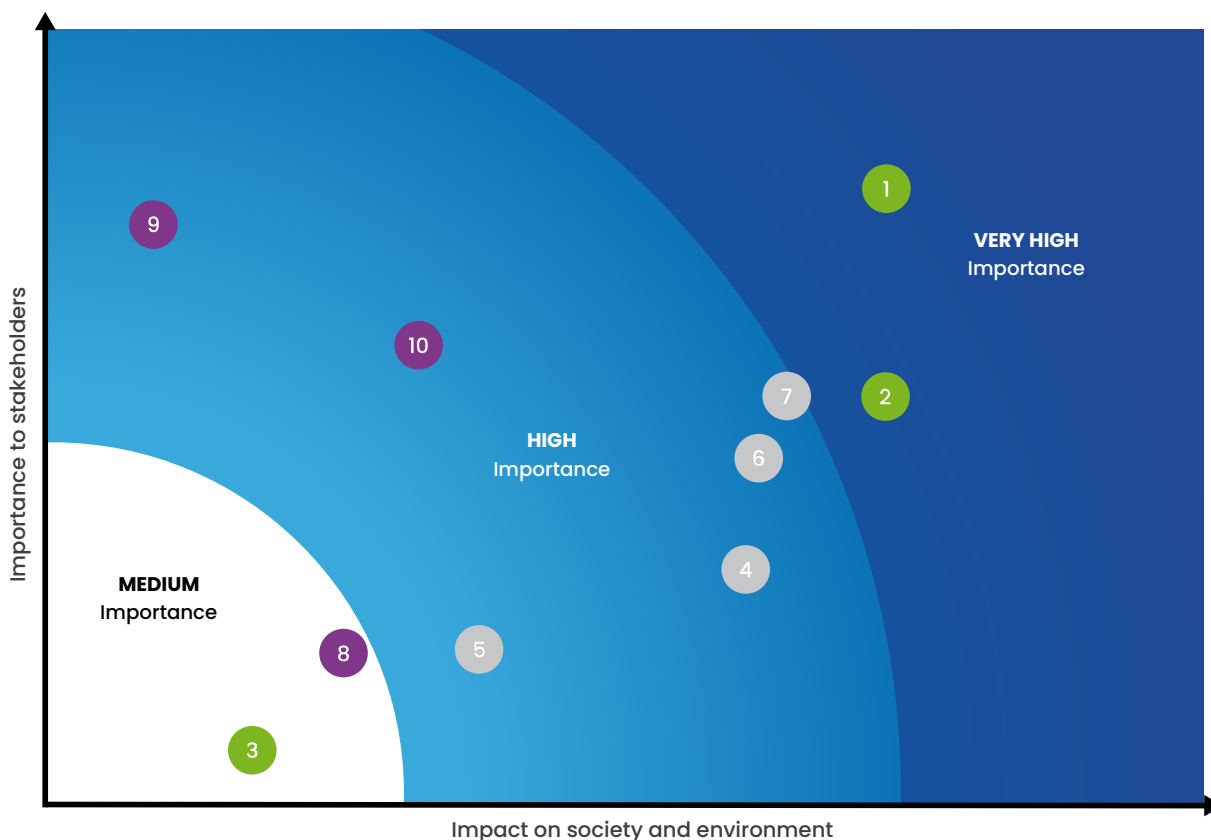
This rigorous analysis provided invaluable insights into the risk landscape and the potential impacts on our operations, empowering strategic decision-making processes and facilitating the formulation of proactive risk mitigation strategies.

Step 4 C-Suite engagement

The materiality assessment culminated in a matrix, shaped by responses from stakeholder interviews and questionnaires. These responses were quantified to form the vertical axis, while the impacts on society and environment of the company – or impact on our business – constituted the horizontal axis. Derived from the results of risk and impact analyses, this matrix provides a concise yet comprehensive visualization of key topics, aiding strategic decision-making and alignment with organizational objectives.

After that the ESG team has created 10 common topics that were put on the matrix. These topics are:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> 1. Energy efficiency 2. Circular economy 3. Biodiversity 4. Human Rights | <ul style="list-style-type: none"> 5. Diversity and Inclusion 6. Supply Chain Management 7. Health and Safety 8. Risk Management | <ul style="list-style-type: none"> 9. Corporate Governance 10. Ethics and Compliance |
|---|--|--|



Step +1 Continuous materiality

To enhance effectiveness in the realm of sustainable development, it's imperative to adopt continuous approaches that involve the C-suite in capturing valuable stakeholder insights.

An aerial photograph of a lush green forest. A narrow, winding path or streambed cuts through the dense canopy of trees, which are in various shades of green. The overall scene is vibrant and natural.

SUSTAINABILITY

Strategy











Our Sustainability Strategy

We defined our sustainability strategy based on the results of double-materiality and the sustainable development goals and we followed the logic and pillars of ESG (Environment, Social, Governance).

The Sustainable Development Goals (SDGs)

As part of the Alps Alpine Group, we prioritize the globally recognized Sustainable Development Goals (SDGs) in the development of our Sustainability Strategy. Our strategy is built upon key material issues, and for each of these, Faital has established specific commitments. Here is an overview of our strategy and the corresponding commitments in various material areas:

Materiality	Commitments	KPI	SDG Relation
Energy efficiency and climate change	<ol style="list-style-type: none"> 1. Reduce annual energy consumption by 2% 2. Carbon neutrality by 2050 3. Annual reduction of total CO2 (Scope 1 & 2) emissions 4. Expand Scope 3 monitoring system 	<ol style="list-style-type: none"> 1. 22% decrease to 2021 2. Decreasing Scope 1 and ZERO Scope 2 3. Reduced Scope 1,2 emissions 4. Cooperation with local waste management companies 	 
Circular economy	<ol style="list-style-type: none"> 1. Min. 4% reduction of waste generation 2. Use at least 25% recycled material (30% for plastics, 40% for metals) 3. Implement PCF pilot project 4. Reduction the use of paper 5. Reduction of VOC emissions 6. 100% waste recycling rate by 2030 	<ol style="list-style-type: none"> 1. 8% reduction of total waste generated 2. Use 30% recycled materials 3. PCF project has been started 4. Pilot project started on reduction of paper consumption 5. 6% decrease in VOC useage 6. 91% recycling rate in 2023 	  
Biodiversity	<ol style="list-style-type: none"> 1. Volunteer activities to support Biodiversity 	<ol style="list-style-type: none"> 1. Monthly volunteer activities are held in 2024 	 
Human Rights	<ol style="list-style-type: none"> 1. Reach rank 'A' on human rights due diligence 2. 100% GDPR coverage (information security) 3. Keep 0 incidents related to Human Rights 4. 100% participation in Code of Conduct education 	<ol style="list-style-type: none"> 1. Rank 'A' in the 2023 survey 2. 100% GDPR coverage 3. 0 incidents in 2023 4. 100% in 2023 	 
Diversity and Inclusion	<ol style="list-style-type: none"> 1. Keep 50% gender ratio 	<ol style="list-style-type: none"> 1. 62% women in 2023 	
Supply chain management	<ol style="list-style-type: none"> 1. Sustainability assessment of the Supply Chain 2. 100% CMRT coverage 	<ol style="list-style-type: none"> 1. Self-assessment questionnaire pilot project 2. 100% CMRT coverage 	  

Materiality	Commitments	KPI	SDG Relation
Health and Safety	<ol style="list-style-type: none"> 0 work-related accident Opportunity for participating in health-care and prevention activities 	<ol style="list-style-type: none"> 7 occupational accidents Health care projects for employees are under investigation 	 
Risk Management	<ol style="list-style-type: none"> Strengthen information security Respond to economic security risks Climate change risk management 	<ol style="list-style-type: none"> TISAX certification Green category in economic risk Climate change risk analysis 	  
Corporate Governance	<ol style="list-style-type: none"> Reporting of ESG and Human Capital values Establish the ESG team 	<ol style="list-style-type: none"> Sustainability report consist this information ESG Team upgrade with meetings 	
Ethics and Compliance	<ol style="list-style-type: none"> Keep 0 compliance violations within the company (keep green external regulatory compliance category) Number of findings in internal audits related to ethical standards 	<ol style="list-style-type: none"> 0 number of external compliance violations 100% participation in code of conduct education 	   

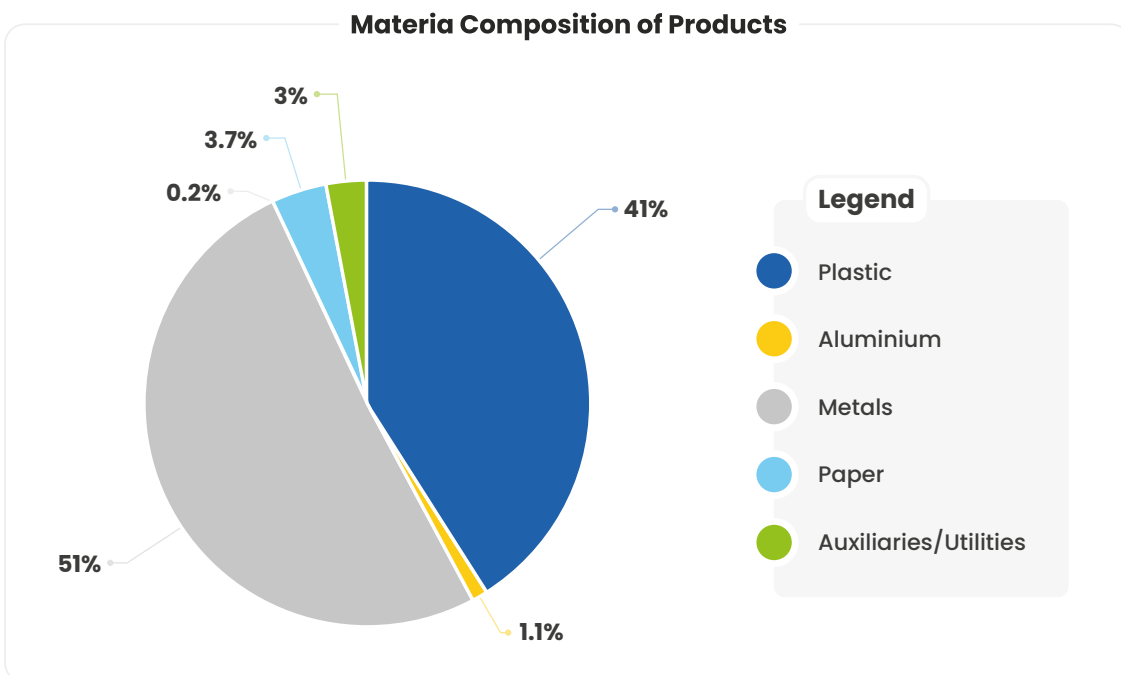
Our COMMITMENTS

Environmental Values

Environmental values and their protection are crucial for sustainability, requiring a well-organized governance system. We are committed to enhancing our effectiveness and having less impact on the environment and climate change by reducing energy use and waste, focusing on decarbonization and carbon neutrality, and minimizing water consumption. Innovation in material management and actions supporting biodiversity are essential to our approach. These principles are integral to our basic environmental policy, emphasizing continuous improvement and compliance with current laws and regulations, all aimed at creating a more sustainable future. To reach our goals, all our plants have ISO 14001 certified environmental management system (EMS).

Material Usage

Faital Group is at the forefront of assembling loudspeakers for various automotive and professional audio brands globally. Our commitment extends beyond mere production; we're actively contribute to the development of



new products selecting and monitoring the utilization of materials through our dedicated system. These data are undergoing thorough analysis, driving our latest initiative: the Life-Cycle Assessment (LCA) project. By scrutinizing material usage patterns, we aim to enhance sustainability and efficiency from a holistic perspective. Faital's products

respect the EU directive of Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS2) and the ingredients are only sourced by following our DRC Policy about Conflict-Free Sourcing.

In terms of composition by weight percentages, it's important to note that our products are not directly constructed from raw materials. Instead, we rely on semi-manufactured goods comprising various materials such as plastics, steel, copper, paper and more. The materials incorporated into our products are integral to their structure and come into direct contact with sensitive components. They play a crucial role in shaping the sound output, making any alterations to their composition or quality potentially impactful on sound performance. Additionally, during the assembly process, we incorporate various auxiliaries like glues, tinning and rivets to ensure the integrity of our final products. This intricate blend of components underscores our commitment to quality and innovation in every aspect of production.

COMMITMENT

Use at least 25% of recycled material by 2030

As a result of the aforementioned LCA project, we necessitate a metric that encapsulates the Product Carbon Footprint (PCF). However, calculating the PCF via the LCA method presents a challenge. Given the diverse array of products in our portfolio and the intricacies of our supply chain, disseminating data requirements throughout our extended network, particularly to Tier-n suppliers, proves to be a formidable task. In order to ensure consistency and excellence in the performance and quality of our products, we aim to prioritize the PCF value. PCF encapsulates the environmental factors of our suppliers that are within our sphere of influence, allowing us to take proactive measures to enhance its value further. To address these points, our project demands a heightened focus on implementation and engagement with our supply chain stakeholders. This entails fostering collaboration and transparency to gather comprehensive data and ensure the accuracy of our PCF assessments.

In 2022, our total material input amounted to 5707.2 tonnes, which increased to 6172.4 tonnes the following year for assembling purposes. Considering the weight-percentages of our total material inputs, along with insights from the pre-phased VDA-based Life-Cycle Inventory (LCI) project and the diverse range of products in our portfolio, we can confidently assert that around 8-10% of our products consist of recycled content. However, to refine this value and establish a robust foundation for our LCA project, we recognize the need for further development of our data collection system (LCI). This system will serve as the cornerstone for accurately assessing our environmental footprint and guiding our sustainability efforts moving forward.

COMMITMENT

Implement PCF pilot project

These targets underscore our unwavering commitment to advancing the Circular Economy principles throughout our product lifecycle, ensuring a sustainable and environmentally responsible approach to manufacturing.

COMMITMENT

Reduce the use of paper

From environmental point of view, paper and its consumption also define important values and require further commitments. In 2023, we used more than 250 000 pieces of photopaper for printing or copying. At the production and at the offices more than 7 tonnes of paper tissues were used. Our target is to half the paper consumption (both photopaper and paper tissue) at our plants by the end of 2024.

Volatile Organic Compounds

Volatile Organic Compounds (VOC) are really serious materials at our group. Some of the product require higher amount of adhesives and auxiliaries which contains VOC. We will implement projects on finding alternative solutions of replacing such materials or we try to find technological solutions for using less adhesives to the same products. Our statistic shows slight decrease regarding the VOC usage.

We have regular external auditing plans for the air quality within our buildings. It helps preventing possible risks and possible causes of accidents but in the recent years there was no disorders based on the actual EU standards for working environment. From safety point of view, information about handling of different materials can be found in the chapter 'Occupational Health and Safety'.

COMMITMENT

Reduction of VOC Emissions

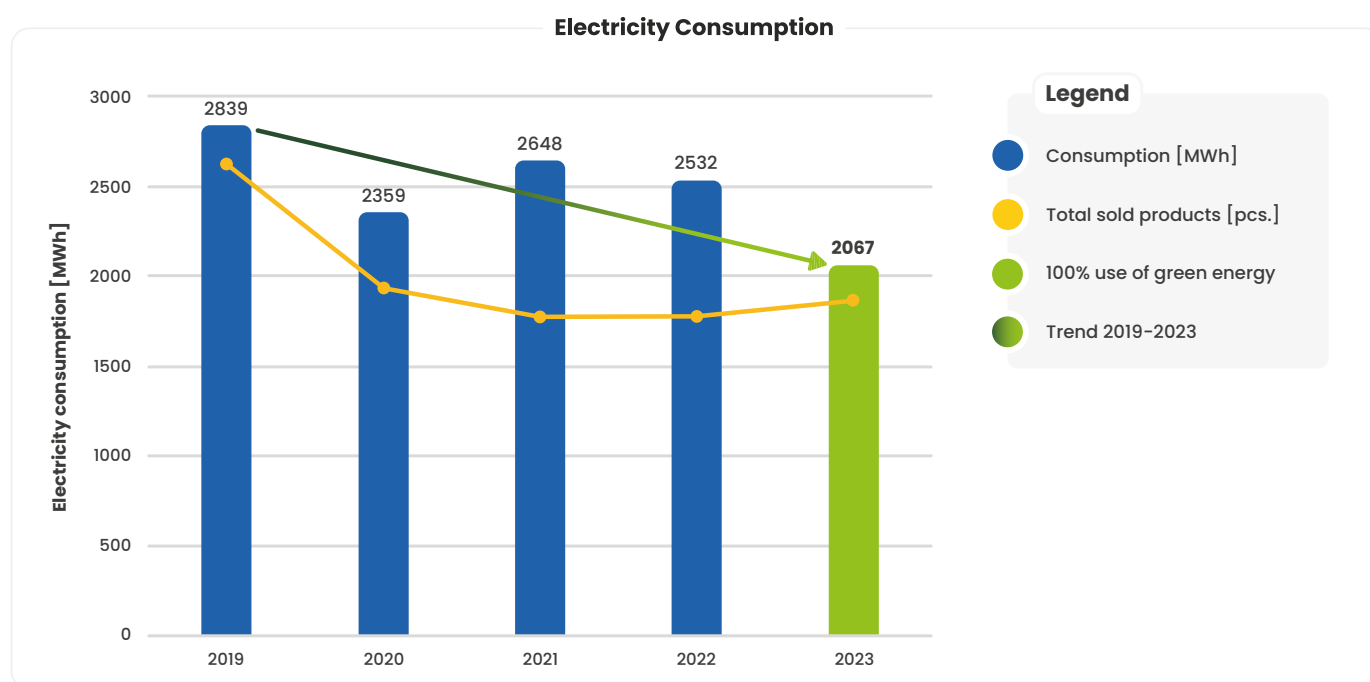
Climate Impacts

Due to the type of activities of Faisal Group, our climate impact is significant. This impact could be connected to our operation that uses energy, the waste what it generates, its direct and indirect emissions to the air. This is why transport and waste management play key role in our sustainability strategy and the linking policies because it gives the wider part of our Scope 3 emissions.

Energy efficiency

The optimization of energy consumption through modernization or the use of renewables stands as a pivotal concern for our future. In our plants and offices, we've implemented a comprehensive strategy centered around modern LED lighting systems. These systems are complemented by motion sensors, strategically deployed to minimize the wasteful use of energy. Furthermore, within our office spaces, we harness natural light by incorporating sun tunnel light at the apex. These tunnels redirect and reflects sunlight, amplifying its brightness within the workspace. During the summer months, this setup fulfils 100% of our lighting requirements throughout the workday. Not only does this approach significantly reduce our reliance on artificial lighting, but it also fosters a work environment reminiscent of the natural world, promoting well-being and productivity.

The advancements outlined above mark a significant stride towards enhanced energy efficiency. In 2023, our electricity consumption witnessed a remarkable 22% decrease compared to 2021 (base year), a testament to the efficacy of our initiatives. Moreover, in 2023, our entire electricity supply was sourced from 100% renewable energy sources, a milestone made possible through a collaboration with the national grid suppliers, who ensure the authenticity of our renewable energy procurement. This achievement underscores our commitment to sustainability and underscores our dedication to minimizing our environmental footprint.



Energy efficiency entails optimizing energy usage relative to other significant factors like the company's performance. Achieving the higher number of sold loudspeakers while consuming less energy signifies higher energy efficiency. This principle is exemplified in the figure provided above. Faisal consistently sold more products in both 2022 and 2023 while concurrently reducing electricity consumption than in the base year 2021. Moreover, in 2023, all energy consumption was sourced from 100% renewable sources, further highlighting our commitment to sustainable practices.

When discussing energy efficiency, it's imperative to address heating and cooling systems too, which play significant roles in our operations. At the Chieve plant, heating is primarily facilitated by diesel-fired boilers, circulating water that is then distributed throughout the facility via fan coils, with supplementary heating provided by hot air blowers. Cooling needs are met through industrial air conditioners, ensuring optimal working conditions. Similarly, at the San

Donato Milanese offices, gas boilers maintain the ideal temperature for work. In contrast, the Hungarian plant utilizes a centralized gas boiler system for heating, circulating hot water to warm the offices via fan coils and the operational areas through hot air blowers. Cooling is facilitated by electric liquid coolers, which act as refrigerants for fan coils and evaporative cooling systems in production and warehouses. This evaporating cooling system is also water-based just like the heating one, so in case of any leakage, it causes no environmental damage.

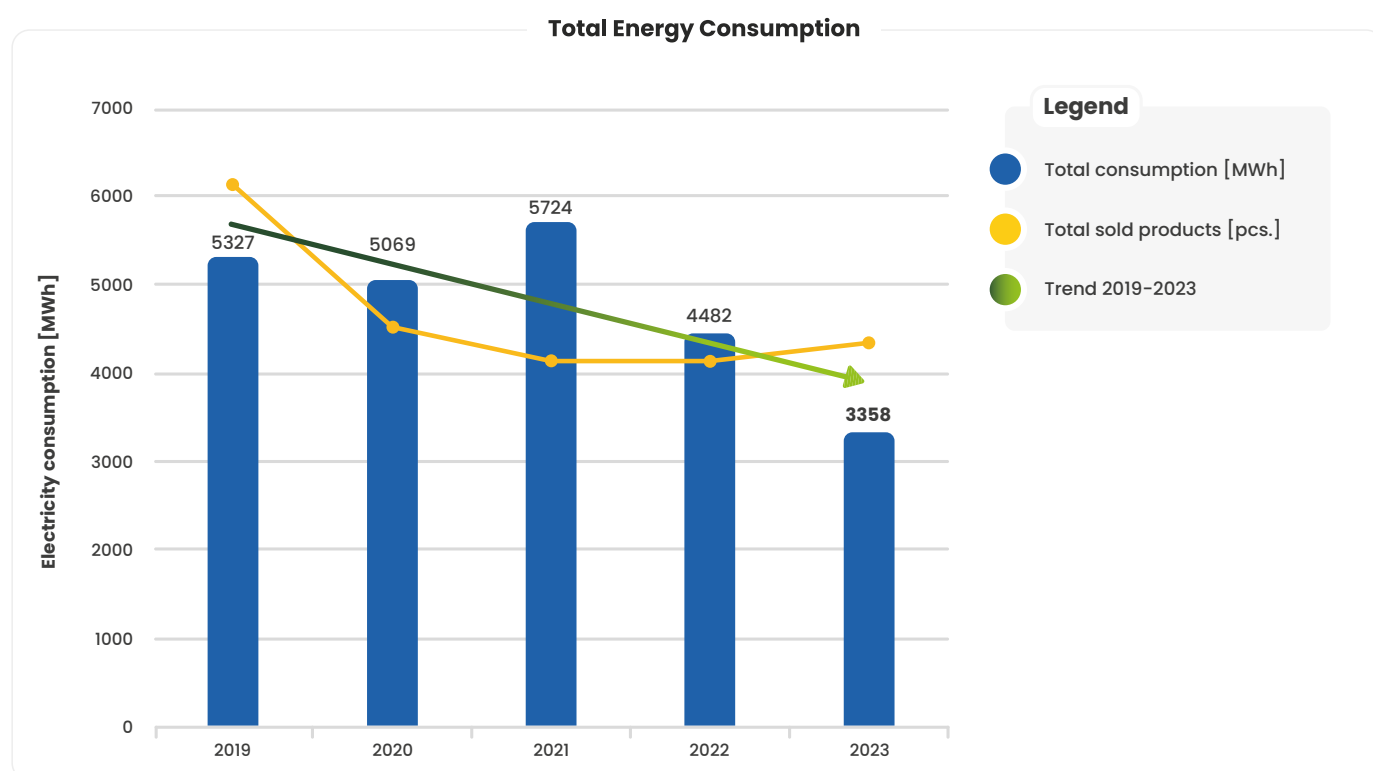
For years, for more successful fulfilment of goals we are operating an environmental quality team consist of energetic, quality, environmental experts. This team has diligently pursued the goal of incrementally optimizing production efficiency. As stewards of environmental responsibility, they possess access not only to financial resources but also to essential values critical for fulfilling our energy strategy. Enhancements in building insulation, with all offices and a main production area being insulated in 2022, have significantly contributed to reducing energy consumption. Additionally, employee education initiatives promote energy efficiency both at work and in their homes.

Our investments are directed towards research in green capital expenditure, such as modernizing heating systems, expanding photovoltaic systems, and purchasing green electricity credits. These efforts are aligned with our objectives to decrease reliance on fossil fuels for heating, increase the availability of sustainable energy sources, and enhance the efficiency of our equipment and processes. Operating within an ISO-based continuous improvement framework, we prioritize efficiency and accountability. The Hungarian plant is ISO 50001 certified. This certification is the prove of our effective energy system. Our system is structured to identify issues, implement corrective actions, and assign responsibilities with clear deadlines, ensuring transparency and accessibility for all stakeholders.

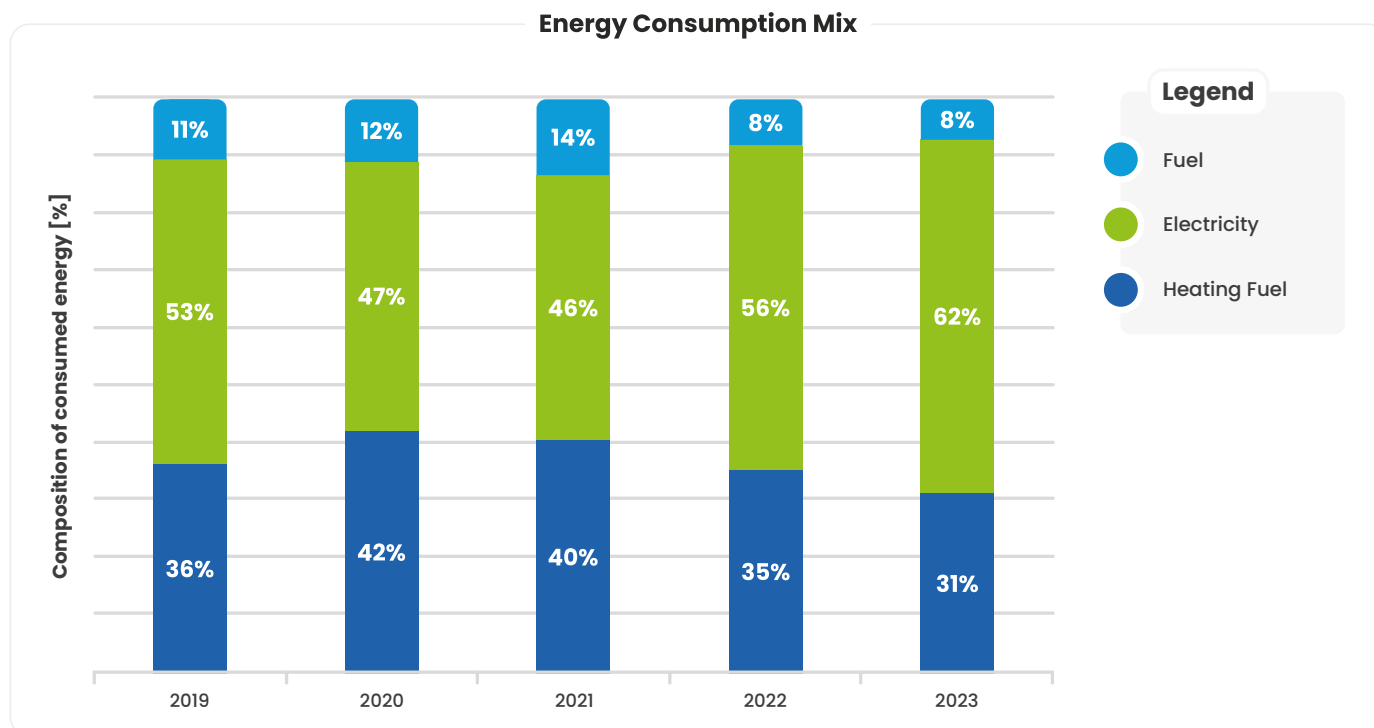
Central to our mission is our commitment to achieving carbon neutrality across the entire value chain by 2050. To this end, we are steadfastly exploring opportunities to transition away from heating oil- and natural gas-based heating systems towards fully electrical solutions. By the end of 2030, we aim to replace existing systems with electrical boilers which ones can consume full renewable electricity, aligning with our ambitious sustainability goals.

COMMITMENT
Reduce annual energy consumption by 2%

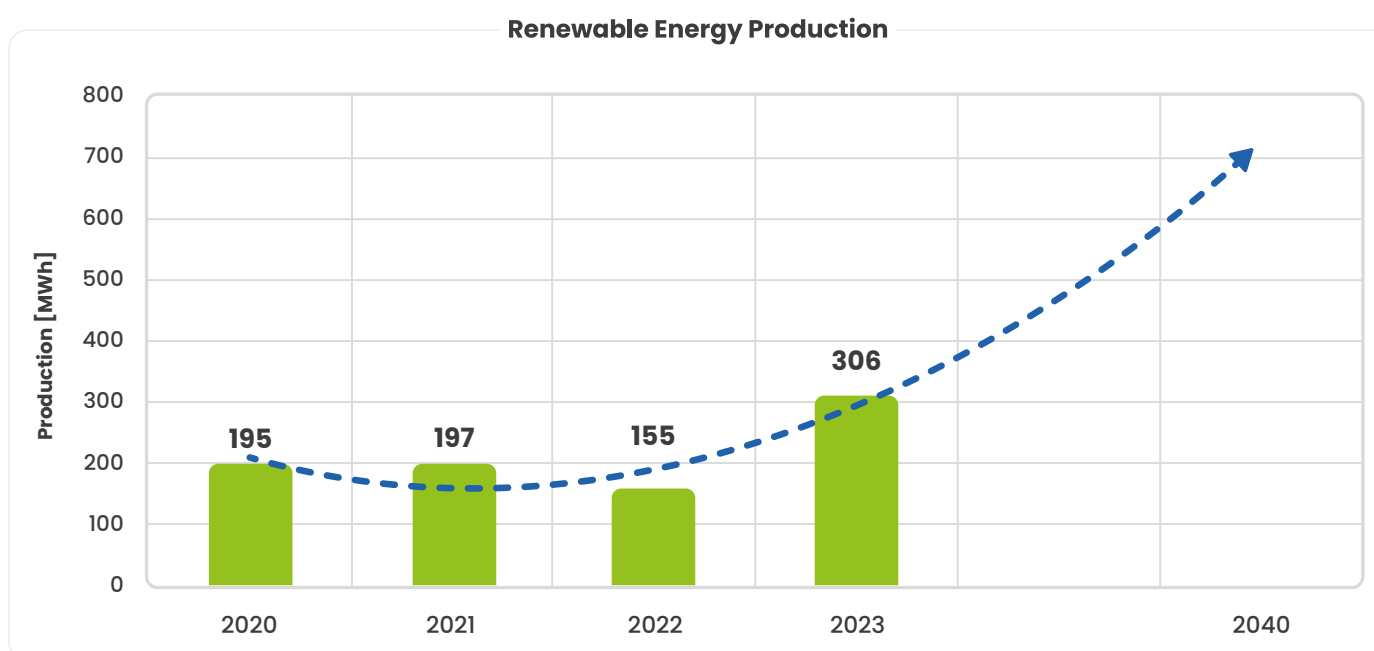
Regarding energy efficiency, our objective has been to achieve a 2% annual reduction in total energy consumption based on the 2021 baseline. We successfully met this target in both 2022 and 2023. Compared to the base year 2021, Faisal has reduced its energy consumption by an impressive 41.33%, while the performance has either increased or remained stable. Consequently, we have significantly lowered the Product Carbon Footprint (PCF) of our sold loudspeakers. The accompanying graph illustrates a consistent downward trend in energy consumption, a trend we aim to maintain. The composition of our energy consumption is categorized into three distinct types: fuel, electricity, and heating fuel.



In 2022, we upgraded our solar panel system, which initially covered 6% of our total electricity consumption. By the close of 2023, our objective was to elevate this ratio, successfully reaching a milestone where solar energy accounted for 15% of the group's total consumption. Looking ahead, our ambition is to double this figure by 2030 and triple it by 2040, as we continue to expand our commitment to renewable energy sources. Due to lack of territory for solar panels the goals must be finite. In 2023, the proportion of electricity usage has increased, while the reliance on natural heating fuels has decreased. Our electricity is sourced entirely from renewable energy, we have successfully reduced our greenhouse gas (GHG) emissions, particularly Scope 1 emissions.



The residual electricity demand across our group was sustainably met through a Power Purchase Agreement, procuring 100% Green Energy from the Italian grid supplier, while our Hungarian plant's energy needs were guaranteed by 100% renewable sources through the Record of Green Energy Certificate from the national grid supplier. Consequently, the entire Faital Group operates on electricity derived entirely from renewable sources. Given that our production processes solely rely on electricity, we proudly assert that our products are crafted using 100% Renewable Energy (RE).



Moreover, we actively endorse research into expanding and modernizing our existing systems, as well as exploring novel renewable energy sources. Currently, we're engaged in ongoing feasibility studies, with further developments in the pipeline, under rigorous investigation. This commitment underscores our dedication to advancing sustainability practices within our operations.

For more information about our energy system and ISO certificates, [please visit Faital's website](#).

Emission of Green House Gases

To fortify our Company's emissions reduction strategy and oversee the execution and attainment of its Sustainability Objectives, Faital conducted a comprehensive assessment and compiled an inventory of greenhouse gas emissions. For the first time, our Company has prepared a comprehensive voluntary GHG Inventory encompassing Scope 1, Scope 2, and Scope 3 (transport only) emission categories for the 2023 calendar year, which serves as the base year for the inventory.

We intend to release GHG Reports annually to provide transparent updates to our stakeholders, aligning with the commitments outlined in Alps Alpine's Sustainability and Decarbonization Policy, as well as Faital's Strategy. Our GHG Inventory adheres to the requirements outlined in the GHG Protocol's Reporting Standard and complies with ISO 14064-1:2018 standards.

The GHG report will undergo certification by the Science Based Targets initiative (SBTi) and will be made available on our company website in its entirety.

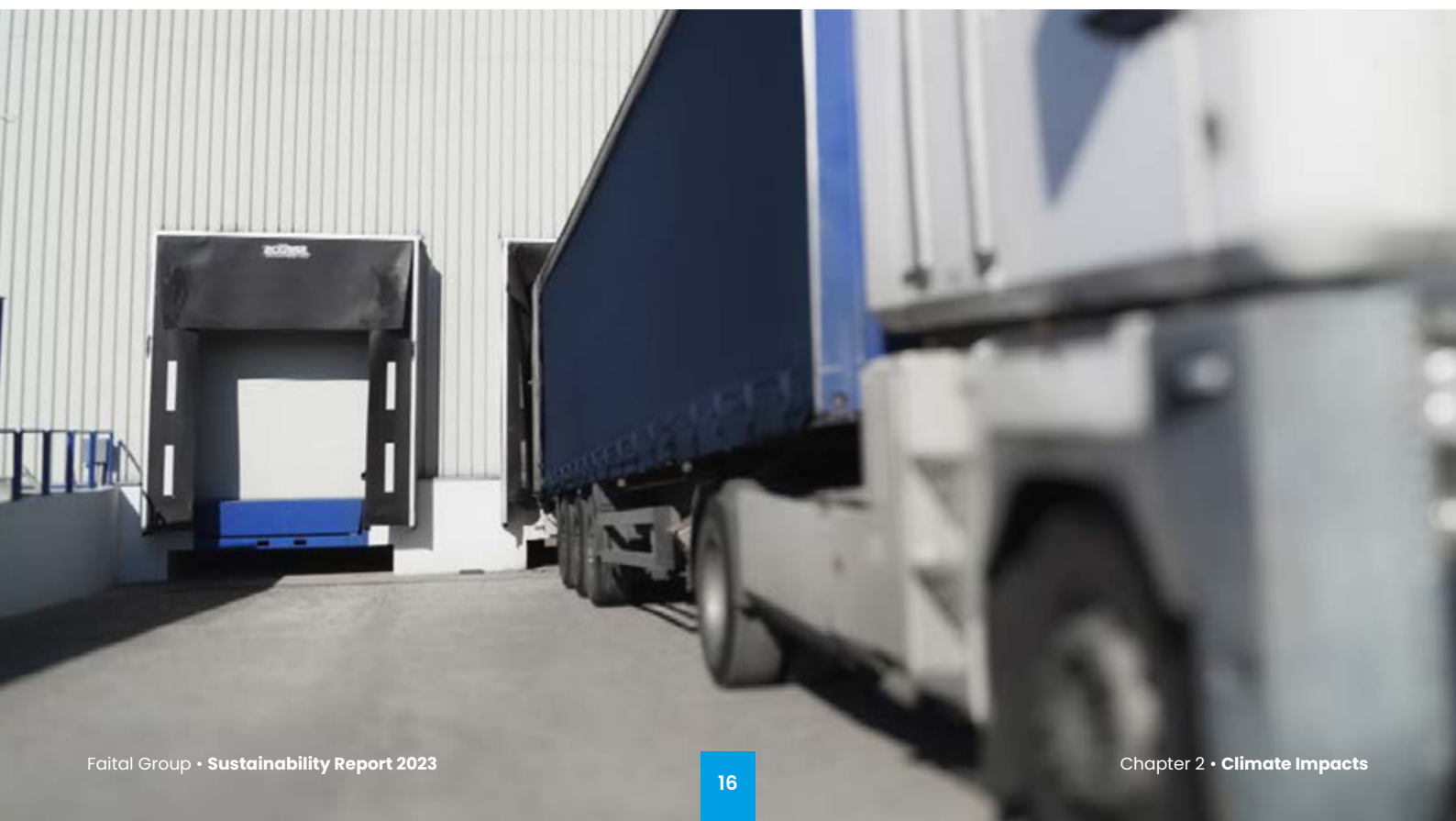
COMMITMENT

Annual reduction of total CO₂ (Scope 1&2) emissions

Within our system, we do not directly monitor harmful gases; instead, we collect consumption data from official invoices and utilize official national grid emission factors for multiplication and emission calculations. In cases where official national emission factors are

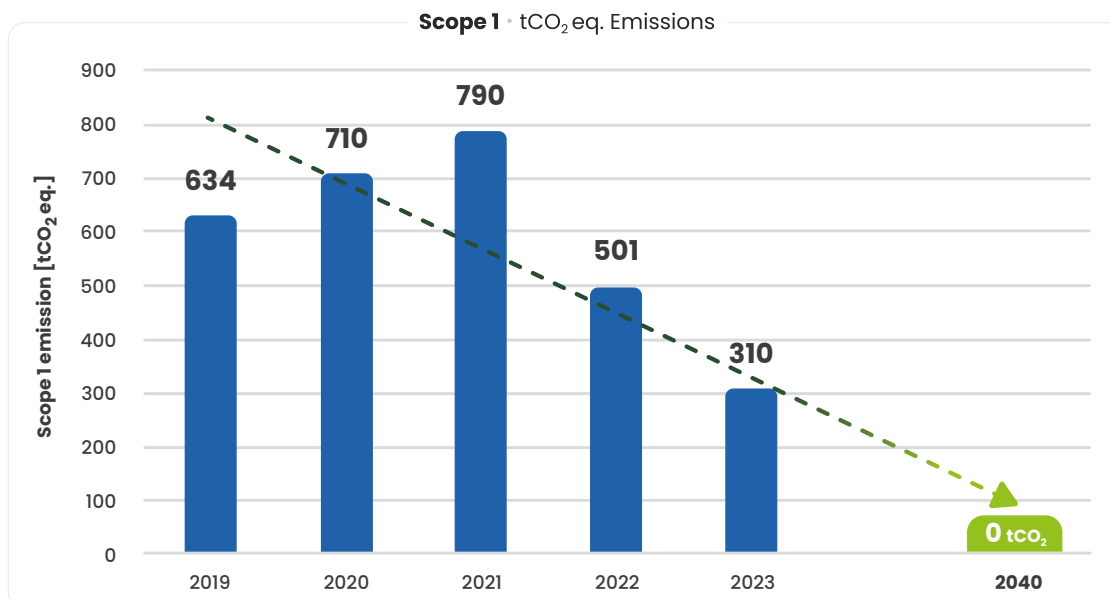
unavailable, we employ standard values such as DEFRA's or GHG Protocol's conversion factors for calculating Scope 1, 2, and 3 emissions. Our objective is to reduce emissions and achieve Net Zero direct emissions by 2030, followed by achieving Net Zero emissions for the entire value chain by 2050.

We have been diligently monitoring our GHG emissions since 2019 but not for the whole group. Scope 3 emissions were first monitored in 2023 for the entire group, and a system has been established to facilitate potential future registrations. While further enhancements are necessary, ongoing investigations are exploring potential avenues for improvement.



Direct GHG emissions

Our direct emissions (Scope 1) primarily stem from the combustion of natural gas and fuel within the building heating systems. Additionally, we account for fuel consumption by company vehicles as direct emissions, as they also utilize different kind of fossil fuels.

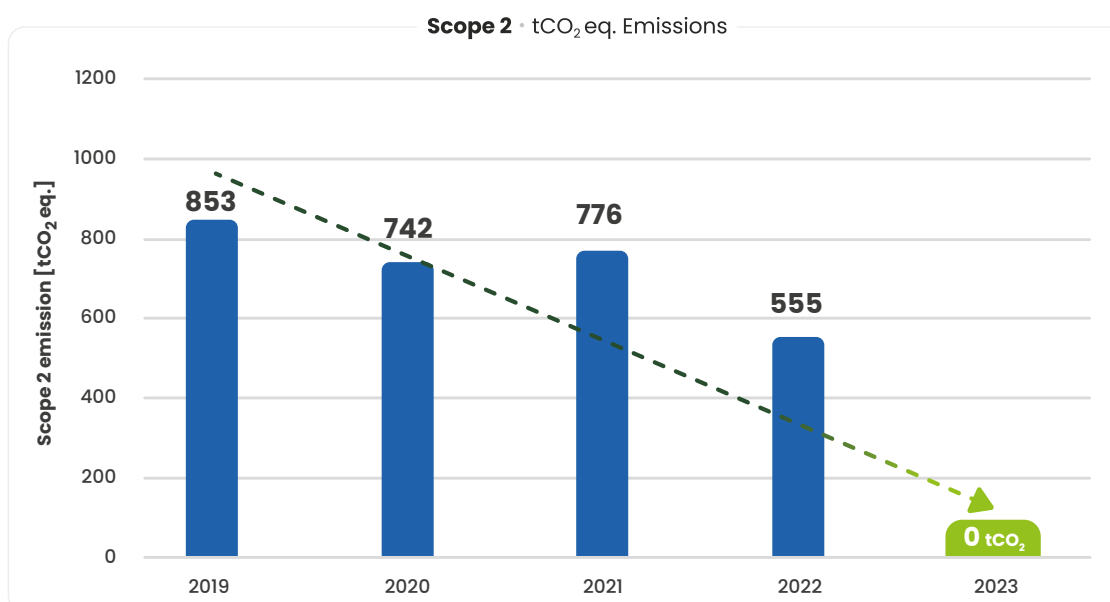


Following the pandemic (2021), our direct emissions have decreased due to the successful modernization of our heating system and the adoption of an energy-saving mindset, which has been effectively instilled in our employees. We are dedicated to maintaining this trend and are continually seeking new implementations that could further positively impact these emissions. Compared to the base year 2021, our Scope 1 emissions have been reduced by 61% in 2023.

As a pilot initiative, at our Hungarian plant, we are planning to replace the gas-based heating system with an electric system powered by 100% green electricity by the end of 2030. This transition will effectively eliminate the use of gas at the plant, marking a significant step towards reducing our carbon footprint. Such modernisations will be applied in San Donato offices by 2030 and Chieve plant by 2025.

Indirect GHG emissions

Indeed, our indirect emissions arise from the consumption of electricity. They are termed “indirect” because the GHGs



are emitted during the production of the electricity elsewhere, not at our plants where the energy is consumed. Thanks to our successful improvement plan, we are consistently reducing our electricity usage and the associated emissions. We can proudly emphasize that our plants are now powered by 100% green electricity sources.

At Faital, we hold deep respect for initiatives such as RE100, along with their standards and guidelines outlined in the GHG Protocol. We are proud to announce that the Faital Group operated on 100% renewable electricity in 2023, resulting in zero Scope 2 emissions for that year. This significant achievement has led to a drastic reduction in the carbon footprint of our products. Our unwavering commitment is to attain a carbon-neutral state by 2030 and beyond.

COMMITMENT
Carbon Neutrality
by 2050

Furthermore, we are dedicated to intensifying our efforts to reduce Scope 3 emissions to the fullest extent possible following our carbon neutrality milestone. Our ultimate aspiration is to achieve NetZero emissions across our entire supply chain by 2050.

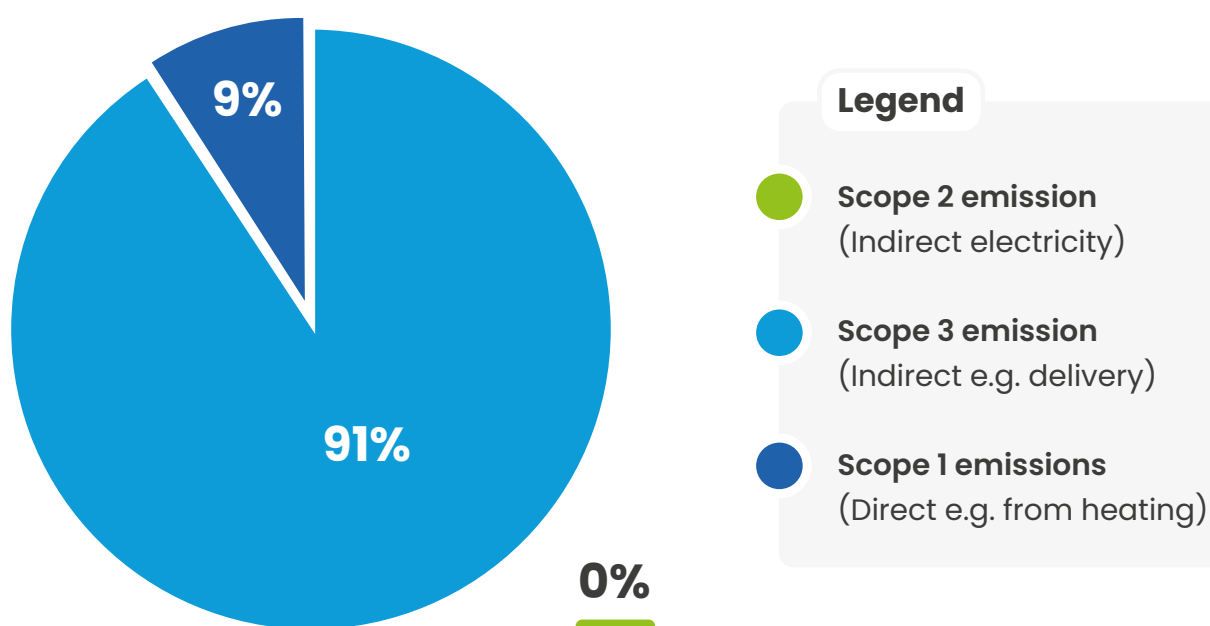
Scope 3 Emissions

It's evident that a significant portion of our GHG emissions stems from transport and distribution, comprising 91% of our total emissions in 2023. As we align with Alps Alpine's Decarbonization Policy, focusing on reducing Scope 3 emissions becomes paramount. To effectively address these emissions, we meticulously collect data on transportation activities, including distances, vehicle types, and utilization rates. Categorizing vehicles based on DEFRA's GHG conversion factor database that allows us to calculate such emissions.

Given the extensive nature of our supply chain, particularly the downstream segment, Scope 3 emissions exert a substantial influence on our carbon footprint. It's imperative that we take proactive measures to mitigate these emissions if we are to achieve significant reductions in our overall carbon footprint.

In 2023, our transport and distribution activities alone accounted for 2866 tonnes of CO₂ equivalent, representing a significant portion – 91% – of our total greenhouse gas emissions. This highlights the pressing need to not only address direct emissions but also focus on mitigating the indirect emissions throughout our value chain.

Composition of GHG Emissions



To reduce our Scope 3 emissions, we are planning to run a pilot project to assess the sustainability practices of our suppliers and customers – given that 88% of the Scope 3 emissions from transport originate from the downstream sector (see table below). We highly value the long-standing partnerships we have built with many of our suppliers and consumers, some spanning decades. Our aim is to collaborate with them towards achieving our shared sustainability objectives, as these are not merely our goals, but common goals for our collective future.

COMMITMENT
Expand Scope 3
monitoring system

	tCO ₂ eq.	Ratio [%]
Total Scope 3	2866	100
Downstream	2551	88
Upstream	315	12

In addition to our current efforts, we're looking ahead to address other Scope 3 emissions in the future. One avenue we are exploring involves collaborating with local waste management companies – as a first step – to gather detailed unique data on the greenhouse gas emissions associated with disposal and processing our wastes. We aim to establish a partnership where these companies can provide us with essential conversion factors, enabling us to accurately assess our indirect environmental impact. Meanwhile, we take care of

our emissions so a specific part of them was covered by carbon offset certificate (see 'Waste Management' chapter). Moreover, we're committed to monitoring the emissions stemming from the work-related activities of our employees, ensuring a comprehensive approach to emission reduction across our operations.

For detailed insights into the global group's GHG emission strategy and decarbonization policy, [visit Alps Alpine's website](#).

GHG Intensity

The Faital Group measures its greenhouse gas (GHG) intensity based on GHG emissions per product, expressed in grams of CO₂ equivalent (CO₂ eq). Focusing on Scope 1 and Scope 2 emissions, we have observed a consistent decrease in GHG intensity. This improvement is the result of our comprehensive energy and GHG policies and strategies implemented across the company.

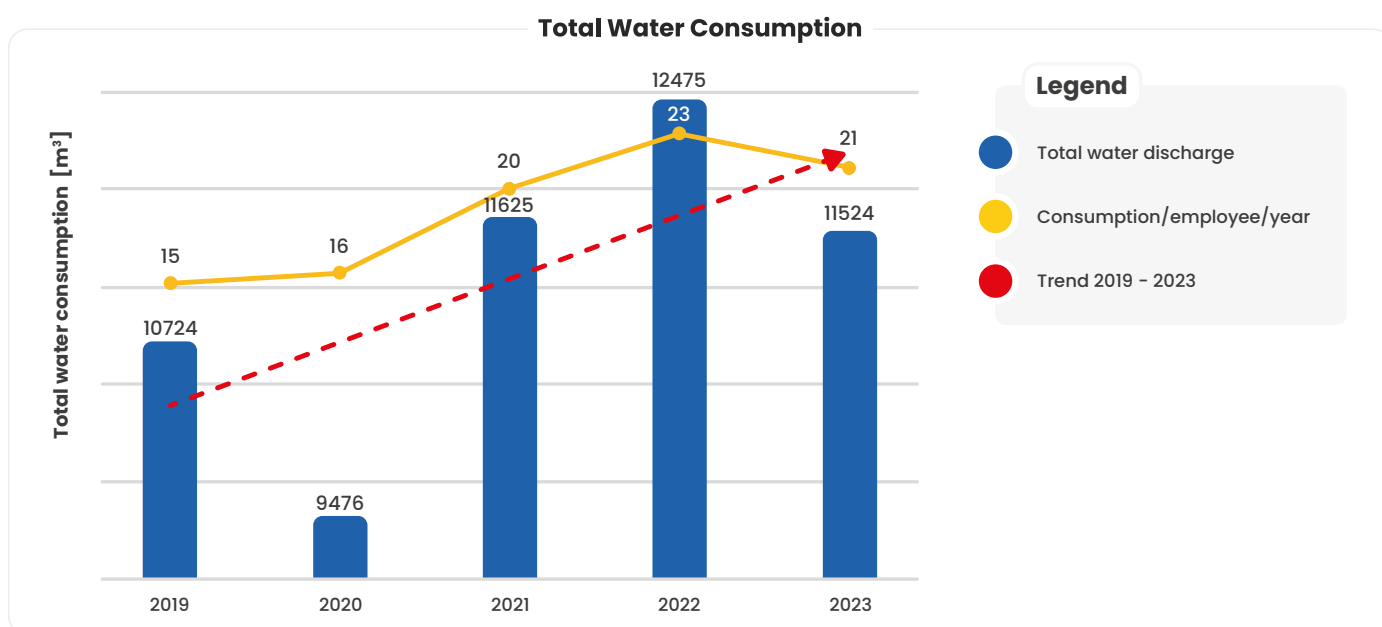
In 2023, our GHG emissions were reduced to 26 grams of CO₂ per product. This represents an 80% reduction in GHG intensity compared to 2021, where emissions were 125 grams per product. In 2022, the emissions stood at 88 grams per product. Our goal is to sustain this downward trend, continually reducing GHG intensity and achieving 100% emission-free production across the entire group by 2050.

To support this goal, we plan to conduct additional investigations to establish comprehensive monitoring systems for these metrics at each of our plants. This will ensure that we can track and manage our progress effectively as we work towards our ambitious target.

Water Management

At Faital, we adhere to stringent water conservation practices, ensuring that water usage strictly belongs to essential domestic needs. Our production processes operate with zero reliance on water, eliminating the necessity for water-intensive applications. Thus, the selection of domestic devices is conducted with meticulous attention to water efficiency parameters, reflecting our commitment to sustainable resource management. Rigorous monitoring protocols, including real-time in-situ measurements and comprehensive validation through water supplier invoices, ensure the accuracy and accountability of our water consumption data.

We prioritize empowering our workforce through comprehensive education initiatives aimed at promoting water-saving behaviors both within the plant and in employees' personal lives. As our water usage isn't integral to product manufacturing, our overarching goal is a progressive reduction in water consumption year on year. Furthermore, we are actively doing investigation processes focused on implementing cutting-edge methodologies for instance pioneering flushing technologies as integral components of our ongoing pursuit of operational excellence and environmental stewardship.



Our analysis of water consumption trend reveals a slight increase overall, although there's a notable decrease (~7%) when comparing 2022 to 2023. The uptick in consumption post-pandemic in 2022 can be attributed to the higher number of active workers, leading to increased demand. In comparison to the base year 2021, in 2023 we have reached 0.87% decrease. However, in 2023, this figure declined due to extensive modernization projects targeting our water systems – e.g. correction of leakages from the pipes. It could be also recognized that the tendency of the columns of water discharge is perfectly followed by the line of consumption/employee/year (m³).

The connection between the water supply pipe and the fire safety pipe has led to an increase in water consumption. To address this issue, we are actively working on separating the two systems. These initiatives included the implementation of percolates, modernized pipes, taps, and flushing systems, which enhanced efficiency and reduced overall consumption.

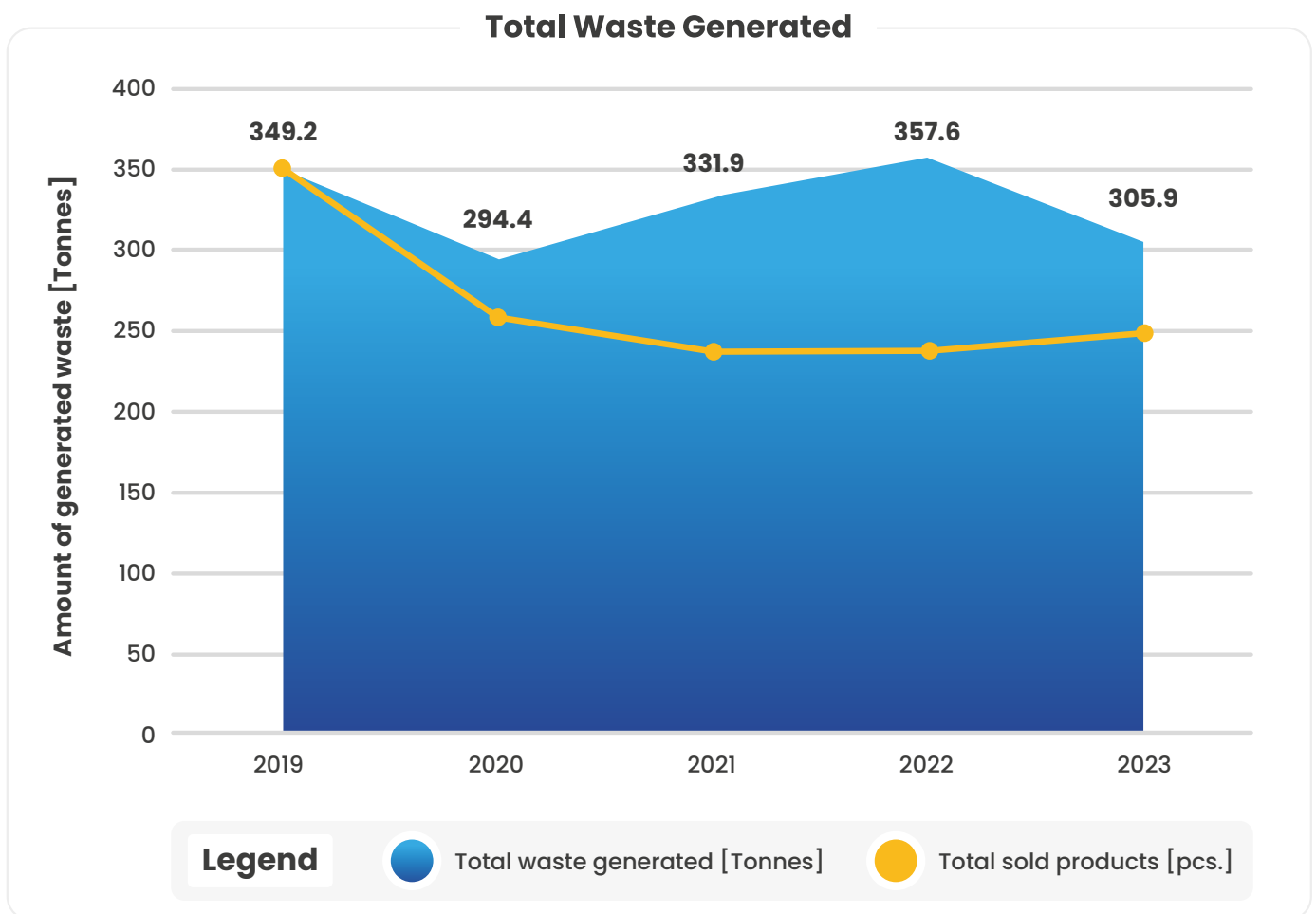
While our objective remains to continue decreasing water usage, we recognize the delicate balance between conservation efforts and maintaining satisfactory working conditions. The well-being and safety of our workforce are paramount, aligning closely with our organizational values. As such, we're committed to exploring further modernization projects aimed at optimizing water consumption while upholding exemplary working environments. This ongoing focus on research and innovation underscores our dedication to sustainability and employee welfare.

Waste Management

Waste management plays a pivotal role in the circular economy paradigm. Waste, often perceived as discarded material, holds the potential to become valuable resources for the future, encompassing energy sources, raw materials, and more. This ethos extends beyond factory settings to our very homes too.

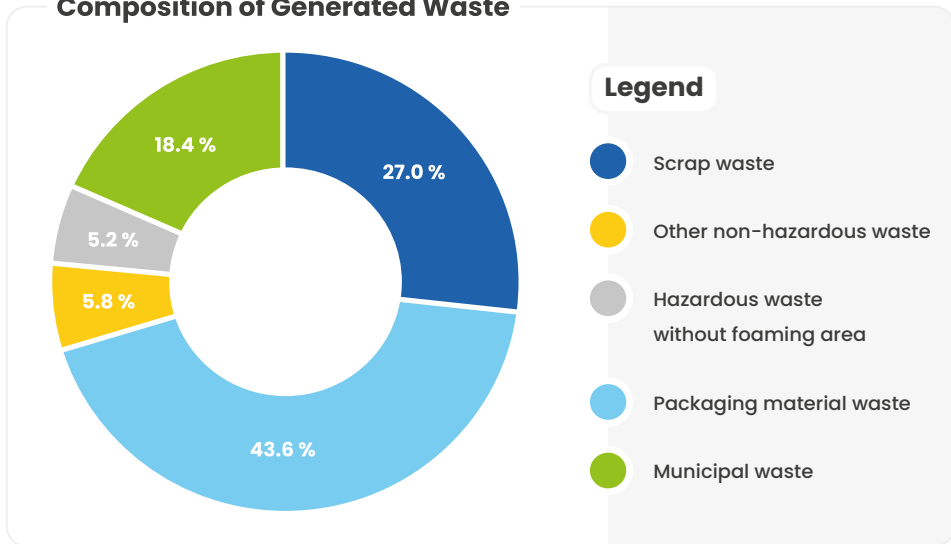
Embracing our commitment to corporate responsibility, Faital Group has established a progressive target aligned with the principles of the circular economy and customer expectations. Our aim is to systematically reduce the total volume of waste generated at our facilities by 4% annually, benchmarked against the base year of 2021. This ambitious goal reflects our dedication to minimizing our environmental footprint while aligning with evolving industry standards and stakeholder demands. Through rigorous monitoring, strategic planning, and continuous improvement efforts, we are steadfast in our pursuit of sustainable business practices and the realization of our waste reduction objectives.

COMMITMENT
Min. 4% reduction of
waste generated



Based on the findings from the base year 2021, a noticeable 7.8% decrease is evident in 2023 in the graph depicting the total waste generated. The uptick in 2022 can be attributed to the post-pandemic recovery period, during which there was also a slight increase in net income ratio. However, in 2023, our waste management strategy appears to be yielding positive results, as despite achieving an increasing product performance in comparison to 2022, but the total waste generated decreased significantly between these years. Nevertheless, our trend indicates a gradual reduction, and we are committed to maintaining or enhancing this trend further.

Composition of Generated Waste



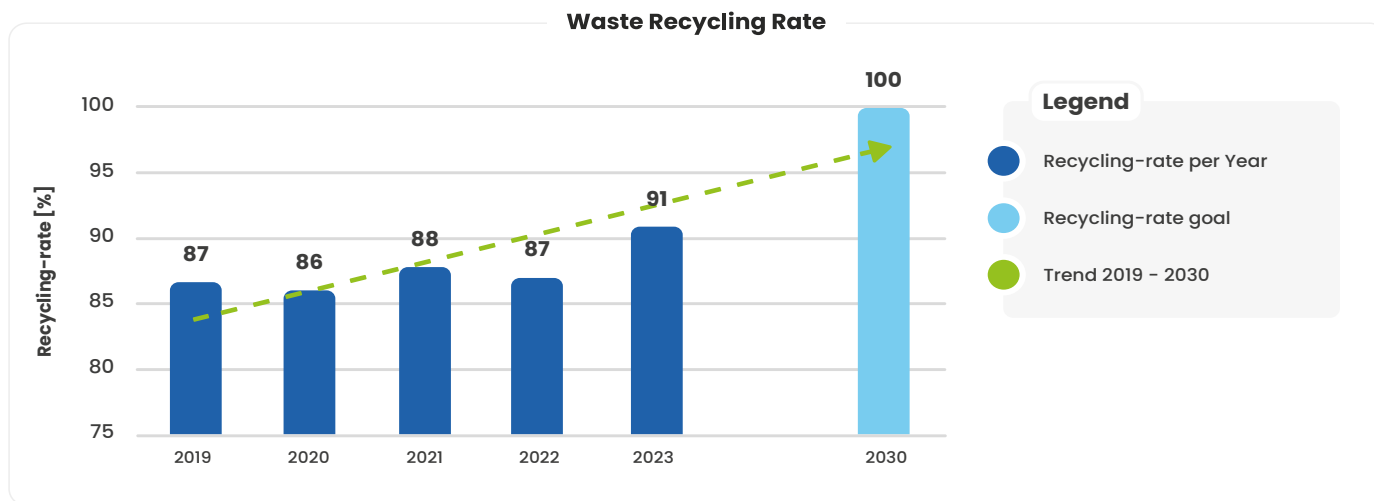
To effectively manage our waste streams, we adhere to the EU regulation EWC-Stat categories, which classify waste into distinct categories and fractions. These include packaging waste, scrap waste, municipal waste, and various other fractional wastes. The composition of these categorized wastes in 2023 is detailed below, providing valuable insights into our waste management practices and informing our strategies for continued improvement. The packaging waste comprises the

largest portion of our total waste at 43.6%. We are committed to continuously reducing this type of waste. However, controlling the types of packaging is challenging due to varying automotive and other standards and other customer requirements. These standards need modernization to effectively progress toward waste reduction targets on our side too. We are heading to a fact that we have to involve not just our stakeholders but the mostly the circle of customers. In this case we need partnership for the common goals (SDG no. 17). One approach what we are taking in this direction is to transition from carton packaging to infinitely reusable alternatives, such as plastic boxes (with longer life expectancy) used in closed-loop transportation systems. Following packaging waste, scrap waste accounts for the second-largest fraction at 27%. We plan to reduce this through the implementation of the R9 strategy. The third largest category is generated municipal waste, which can be mitigated through employee education on responsible waste management and packaging practices.

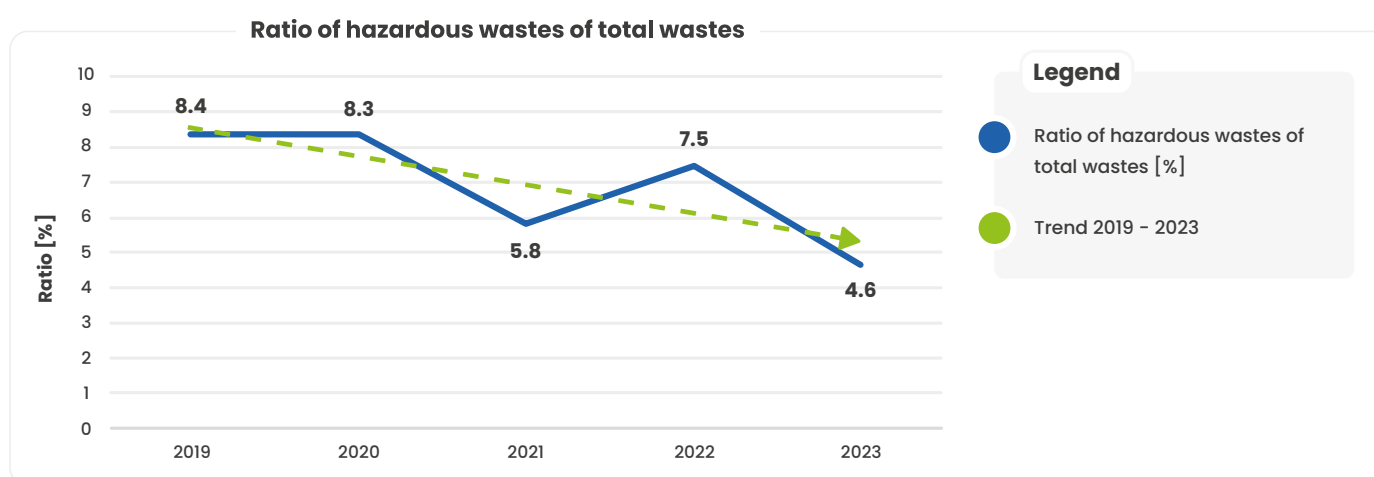


COMMITMENT
100% recycling rate by 2030

In addition to educational efforts, we actively support the circular economy (CE) through tangible actions. A significant stride in this direction involves partnering with local waste management companies to implement circular economy programs. For instance, in Chieve and San Donato, we've forged contracts ensuring high recycling rates for waste. Furthermore, at our Hungarian plant, we've integrated into the national circular economy plan, entailing meticulous monitoring and disposal of various low level waste fractions like PP, PET, PC, and more. All selectively collected waste at the plant now contributes to a circular economy system aimed at prolonging the life cycle of diverse materials. As a result of these initiatives, our group boasts a recycling rate of 91%. We are planning to improve in this field and reach 100% recycling-rate by the end of 2030.



Only a small fraction of the total waste generated is deemed hazardous, and this proportion is exhibiting a declining trend, as illustrated in the graph below. In 2023, the ratio of hazardous waste stood at 4.6%, translating to 14.2 tonnes out of the total 305.9 tonnes of total waste generated.



Our hazardous wastes undergo treatment and transportation in strict adherence to relevant standards and both national and international regulations, such as Waste Electrical and Electronic Equipment Directive (WEEE). Detailed procedures for handling these wastes are outlined in our environmental policy. The quantity of hazardous wastes

COMMITMENT

Decreasing the amount of hazardous wastes

generated is closely tied to our production processes, as only certain types of loudspeakers necessitate technologies that produce hazardous wastes. Finding alternatives to replace hazardous waste generating processes is under investigation. Our goal is to use as much green resources as we can.

Monitoring of these data falls under the purview of our external environmental specialist, which compiles reports for national authorities. These reports serve as the cornerstone for waste monitoring within our operations.

As part of our waste management strategy, we will prioritize offsetting carbon emissions associated with our industrial waste management activities after successful cooperations with the local waste management companies. Through a partnership with Valore ESG, we have obtained a Carbon Offset Certificate. This certificate signifies the compensation of 1.22067 tonnes of CO₂ emissions coming from our waste.

In the upcoming years, our focus will intensify on reducing the overall waste generated. We're actively exploring the development of more environmentally friendly products as part of this effort. Our commitment extends to achieving a 100% recycling rate by 2030. To accomplish this goal, we're motivated to introduce in-situ recycling tools and are dedicated to establishing a robust R9 strategy tailored to our specific needs.

Conscious waste management at Faital

At our company, we prioritize disseminating practical waste management strategies to our employees, both within the workplace and in their personal lives. We equip them with education and the necessary tools to implement sustainable practices effectively.

For instance, in 2023, we took a proactive stance by distributing aluminum flasks from sustainable sources to all employees, aimed at reducing plastic waste generated from single-use plastic cups. Building on this initiative in 2024, we will give stainless steel mugs to encourage more sustainable drinking habits among our workforce.

While domestic waste is diligently collected through selective processes, our overarching ambition is to completely eradicate plastic waste from domestic use by the close of 2024. Looking ahead, we are committed to conducting further research to devise innovative solutions for eliminating other forms of plastic waste, such as packaging materials.

In addition to our focus on plastic waste reduction, we have implemented comprehensive waste monitoring practices across the entire group for several years. At the conclusion of each year, we analyze our waste data and establish new strategies to propel us towards our objectives, as outlined in our ISO-based continuous improvement plan.

Since the onset of 2024, we have ceased the practice of planting plastic water balloons at our Italian office in San Donato. While these balloons served their purpose temporarily, they ultimately contribute to environmental waste. Although they are replaceable, the transportation and cleaning processes generate harmful effluents and gases, exacerbating our environmental footprint.

For additional insights and updates on our circular economy initiatives, [please visit Faital's website](#).

For more information about the circular economy within the Alps Alpine Group, please [visit Alps Alpine's website](#).



Environmental Impacts of the Supply Chain

The Faital Group's substantial greenhouse gas (GHG) emissions predominantly stem from indirect sources, particularly those associated with the supply chain. Recognizing the critical role of the supply chain in contributing to these emissions, the company is set to embark on a Product Carbon Footprint (PCF) project in 2024, with a strong emphasis on material usage and supply chain impacts.



To enhance transparency and tackle the challenges of Scope 3 emissions within the supply chain, the Faital Group launches a pilot project in 2024. This project introduced a self-assessment questionnaire for suppliers. The questionnaire is designed to encourage suppliers to disclose their actions and strategies concerning GHG emissions, fostering greater transparency and accountability.

COMMITMENT
Sustainability assessment
of the Supply Chain

The insights gained from this self-assessment will be instrumental in identifying and analyzing gaps in Scope 3 emissions. This data will not only inform the PCF pilot project but also support the Faital Group in developing more effective supply chain management tools and engagement strategies. By proactively addressing these gaps, the company aims to reduce its overall carbon footprint and advance its sustainability goals.

Overall, the Faital Group's initiative to implement a self-assessment questionnaire reflects a proactive approach to supply chain management and GHG emissions reduction, setting a foundation for more comprehensive carbon footprint analysis and mitigation efforts in the future.

Biodiversity

The enhancement and preservation of biodiversity represent one of the paramount challenges of our future. Safeguarding the quality of our living environment holds significant geopolitical implications in our region. We take pride in making biodiversity a focal point of our corporate strategy.

Situated amidst verdant landscapes, our plants reside in genuinely green environments. Consequently, the preservation of nature and biodiversity has become of utmost importance to us. None of our plants are located in areas designated for environmental protection or biodegradation. We are fully dedicated to supporting biodiversity through various initiatives. In 2023, we installed bird feeders at strategic locations within the plant's premises. These feeders have proven to be immensely popular among a variety of bird species. To further enhance our efforts, we intend to upgrade this tool by

COMMITMENT

Volunteer activities to support Biodiversity

installing water blocks for the whole year of supporting birds' lives. These water blocks will provide birds with a source of hydration and bathing.

In our ongoing commitment to environmental stewardship, we are proactively strategizing to expand our green initiatives. One integral aspect of our plan involves the strategic planting of trees and green fields close to our facilities and within our territories. This deliberate action not only enhances the local biodiversity but also serves as a tangible manifestation of our dedication to sustainability. Furthermore, we aim to inspire our employees to embrace this ethos beyond the workplace by encouraging them to plant trees at their own residences. By fostering a culture of environmental responsibility, we endeavor to make a lasting positive impact on our surroundings and communities.

Our commitment to protecting the green areas surrounding our plant is unwavering. Through regular waste collection activities organized for our employees, we actively safeguard these invaluable natural spaces. Not only do these efforts preserve the integrity of our environment, but they also serve as powerful team-building exercises within our community.

Moreover, our dedication extends beyond mere preservation; we strive to cultivate thriving habitats for local wildlife, particularly birds. By fostering healthy ecosystems, we contribute to the well-being of these avian residents, enriching our surroundings and promoting biodiversity. Together, we are not only stewards of the land but also guardians of its inhabitants, ensuring a sustainable future for generations to come.

In our ongoing commitment to environmental stewardship, we prioritize the preservation of our green spaces within our territories to safeguard biodiversity. One of our key performance indicators (KPIs) is to maintain the proportion of green fields within our jurisdiction as it is required by authorities. We actively work to safeguard the immediate green surroundings, ensuring the vitality of our local ecosystems.





SOCIAL

Impacts

Social Impacts

From a global sustainability perspective, technological advancements and investments are undoubtedly crucial. However, their significance pales in comparison to the importance of fostering a strong and motivated community. This holds true not only for larger societies but also for smaller communities, such as the employees within a company. A company can only truly achieve its goals when it garners support and innovative thinking from its employees.

As a responsible employer we have commitments towards the significant societal impacts of our operations. Social impacts in our ESG (Environmental, Social, and Governance) strategy play huge role and key indicator. Drawing from the results of our double-materiality assessment, we categorize the impacts of our company into four main areas.



In addition to complying with current regulations and standards (e.g. set forth by ILO), these fields are included in our internal human rights policy (the Code of Conduct established by Alps Alpine Group) and forming qualitative and quantitative values, Key Performance Indicators (KPIs). By addressing these aspects comprehensively, we aim to not only enhance the well-being and engagement of our employees but also spreading the sustainable culture contributing positively to society at larger scales.

Employees and Human Rights

Without a well-educated workforce in the topic of sustainability, a company's success in the crucial areas of ESG and sustainable development remains uncertain. Adaptability and resilience are key to navigating the ever-changing landscape of our world. While change may be challenging, fostering a culture centered around sustainability can facilitate the necessary shifts in our habits, enabling us to create responsible workplaces and support each other's efforts towards living more sustainable lifestyles.

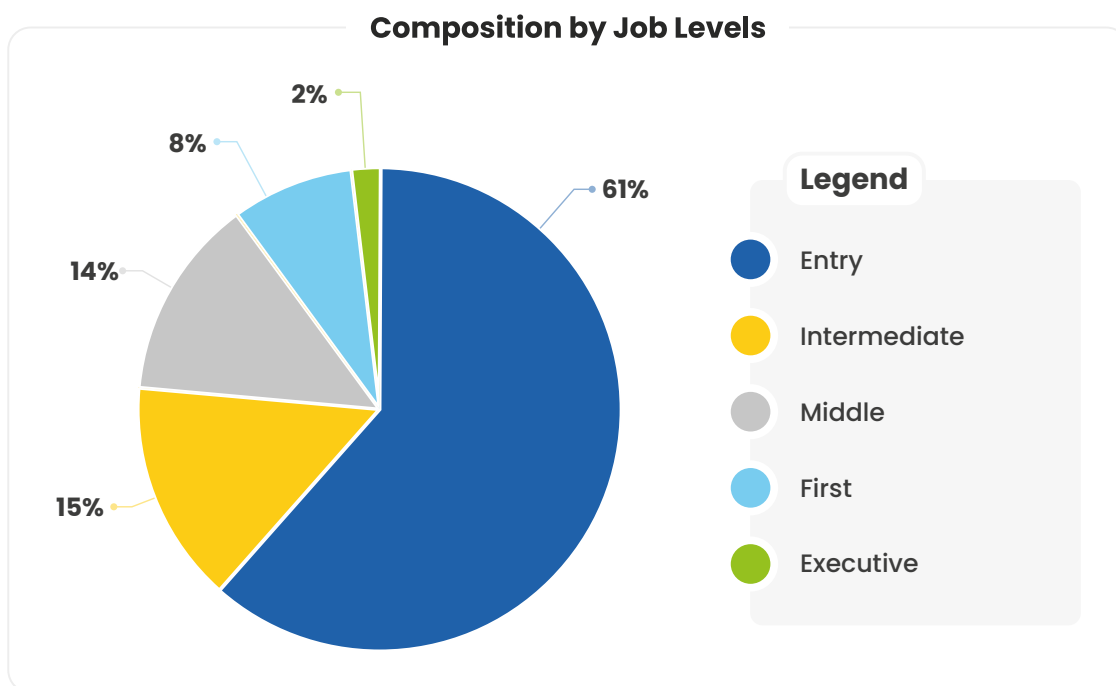
As of 2023, our company employs a total of 544 individuals, each of whom is provided with comprehensive life, health, and disability insurance coverage for their commute and work-related activities and we uphold the rights of our employees to take parental leave in accordance with both national and international standards, such as those set forth by the International Labour Organization (ILO). Additionally, a retirement plan is available to all employees, compliant with established national decrees and standards. We also apply individual plans for employees in key positions.

A remarkable 99% of our workforce comprises permanent employees, with 95% employed on a full-time basis. Furthermore, all employees in Italy benefit from coverage under collective bargaining agreements by complying with the international and national standards. It ensures fair and equitable treatment across the board.

Our company prides itself on fostering a diverse and inclusive environment, valuing each employee regardless of their position within the organization.

The composition of our workforce reveals a predominant presence of entry-level employees, a reflection of the pivotal role

they play in our semi-automatic production lines. These individuals are integral to our production efficiency, with the human capital serving as a cornerstone of our operations. The success of our production processes hinges upon their education,



skill management, and ongoing training initiatives. As such, we place significant emphasis on investing in the development and empowerment of our entry-level staff, recognizing their indispensable contributions to our organizational objectives.

Definitions of the levels:

- **Entry:** typically one you can perform without any prior education or experience
- **Intermediate:** a position that requires more experience than an entry-level job but doesn't require the seniority or leadership skills of a manager or director position
- **Middle:** a person responsible for the day-to-date supervision of non-management employees
- **First:** managers who are below the top level of management, and who are responsible for controlling and running an organization rather than making decisions about how it operates
- **Executive:** top employees that lead the company

Volunteering

Volunteering can be instrumental in building strong communities and significantly impacting the people around us. Supporting organizations that champion global goals is essential for ensuring a sustainable future.

The representatives of our Hungarian plant participated in a soccer event in 2023 for the first time that event is organised by our partners and by which we can financially support the Hungarian Premature and Newborn Rescue Foundation.

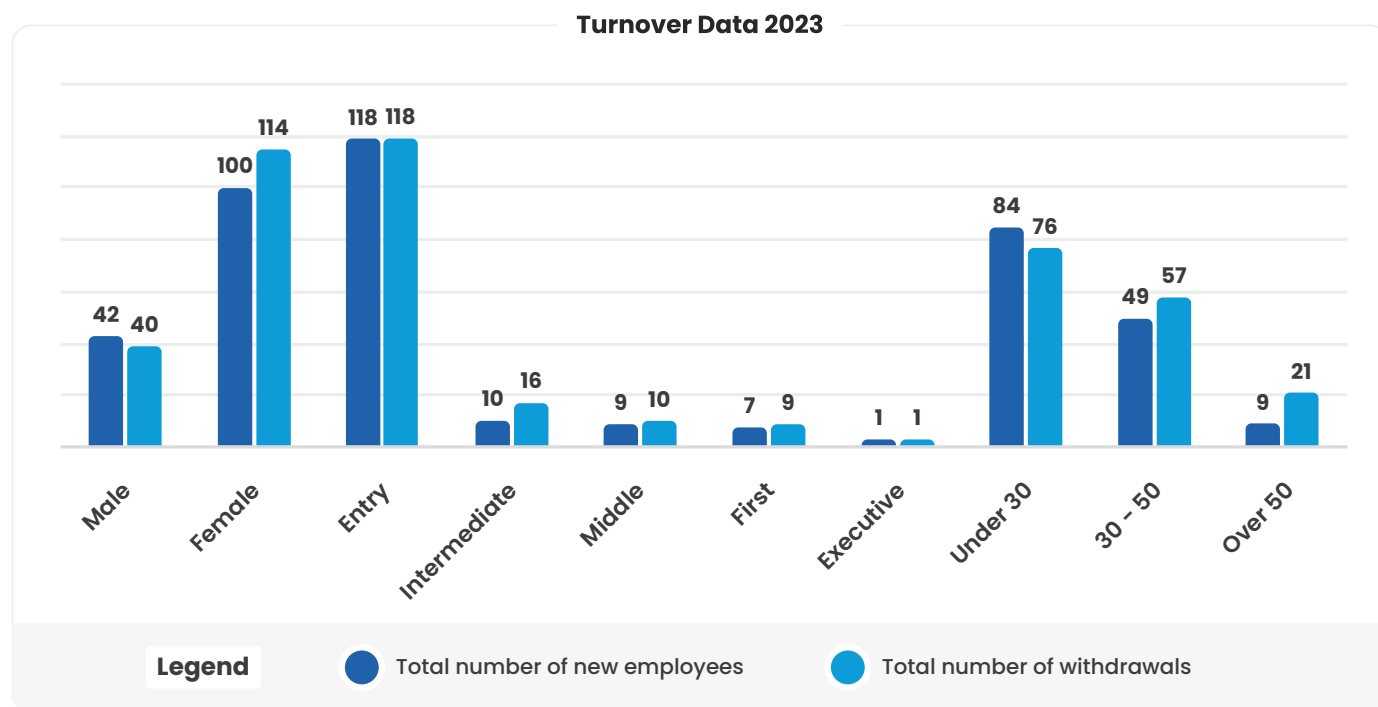
In Italy, Faital financially supports the Aioss association which deals with the Integration and Orientation of disadvantaged people, through recreational activities, shows, crafts, holidays and trips.

In the future, our group is poised to deepen its commitment to philanthropy by actively participating in charity events and providing financial support to local or regional associations that have a meaningful impact on local communities. We recognize the importance of giving back to the areas in which we operate, and we are dedicated to leveraging our resources to make a positive difference in the lives of those around us. By strengthening our involvement in charitable initiatives, we aim to foster greater social responsibility and contribute to the well-being of our communities for years to come.

Turnover data

Workplace turnover refers to the rate at which employees leave and join a company, commonly known as the employee turnover ratio. This metric is often an indicator of employee morale and is closely associated with the high costs of replacing departing employees.

In 2022, we experienced a significant turnover rate, with 39% by 187 new employees and 172 withdrawals. A departing started coming into the following year 2023, because this time, the turnover rate was 36%, means 142 new hired employees and 154 withdrawals. Given that our entry-level employees are crucial to maintaining productivity and operational stability, we made it mandatory to replace all of them (118 entry) with new hires. However, we observed a slight decline in employee numbers across other levels within the company.



One of the key initiatives undertaken by the company is its steadfast support for career beginners. In 2022, Faital provided opportunities to 27 individuals at entry and intermediate levels. Building upon this foundation, the company continued its investment in career beginners in 2023, welcoming 19 individuals across entry, intermediate, middle, and first levels of employment. Notably, all these career beginners were under the age of 30, highlighting the company's dedication to empowering young professionals.

Faital Group's overarching goal is to bolster its investment in career beginners, providing them with ample opportunities for growth and advancement within the company. By nurturing and supporting these individuals, Faital Group aims to cultivate a pipeline of skilled professionals who are equipped to contribute to the company's success, ultimately reducing the rate of employee turnover and fostering a culture of long-term commitment and excellence.

Fair employment & Remuneration

Since the foundation of the Faital Group we ensure fair employment based on national and international laws and standards and our goal is to keep it up. All of our contracts are made by these relevant laws including examples with discrete numbers. We also ensure everything, equal conditions for the individual special development to all our employees.

Contracts also explain the responsibilities of the given role. The contract contains a detailed role description in a language that employee can understand. Consist of safety regulations and recommendations in the given role.

We carry out annual benchmarking and analyse the salaries of our employees, in particular by looking at changes in inflation. Each location recognizes bonuses and remunerative supplements depending on current regulations and the work context. We do not take difference between genders or any other kind of discrepancies as it is forbidden by the Code of Conduct.

In Hungary, in addition to the basic salary, there is a complex system of bonuses and extra remuneration for each level. Faital provides extra pay in the form of a cafeteria system for all employees. There is support for employees' travel expenses, guarantee free basic working supplements specifically to their roles. Partnerships with several financial and insurance institutions are ensured to give the possibility of having facilitated services to our human capital.

In Italy, the regulations provide for the recognition of a portion of the total remuneration in the form of a Welfare Plan. Having cafeteria and mess services, and a second-level collective bargaining agreement is also adopted. For some levels and positions, bonuses are awarded based on objectives.

Training

Education serves as the cornerstone of our company’s ethos, permeating every facet of our operations. Recognizing its transformative power, we prioritize educational initiatives as fundamental drivers of progress. A testament to this belief lies in the Sustainable Development Goals (SDGs), where investment in SDG 4 – Education serves as a catalyst for advancement across all the 17 goals.

In 2023, our commitment to education was exemplified by the implementation of a wide range of internal training programs. We conducted an impressive 1788 training sessions throughout the reporting period. These sessions encompassed a broad spectrum of topics including Onboarding, Compliance, Product Training, Leadership Development, Technical Proficiency, Quality Assurance, and other various skill-based workshops. Notably, this year marked a significant milestone as we introduced our inaugural sustainability training program, tailored for both entry-level and executive staff members. This initiative underscores our dedication to fostering sustainability literacy and integrating environmentally conscious practices into our corporate culture.

COMMITMENT
100% participation in
Code of Conduct Education

Throughout 2022 and 2023, we achieved a remarkable 100% participation rate, which underscores our commitment to ethics and compliance. This achievement was bolstered by our annual recurring education initiatives and comprehensive onboarding trainings, ensuring that every employee remains well-versed in the principles outlined in the Code of Conduct.

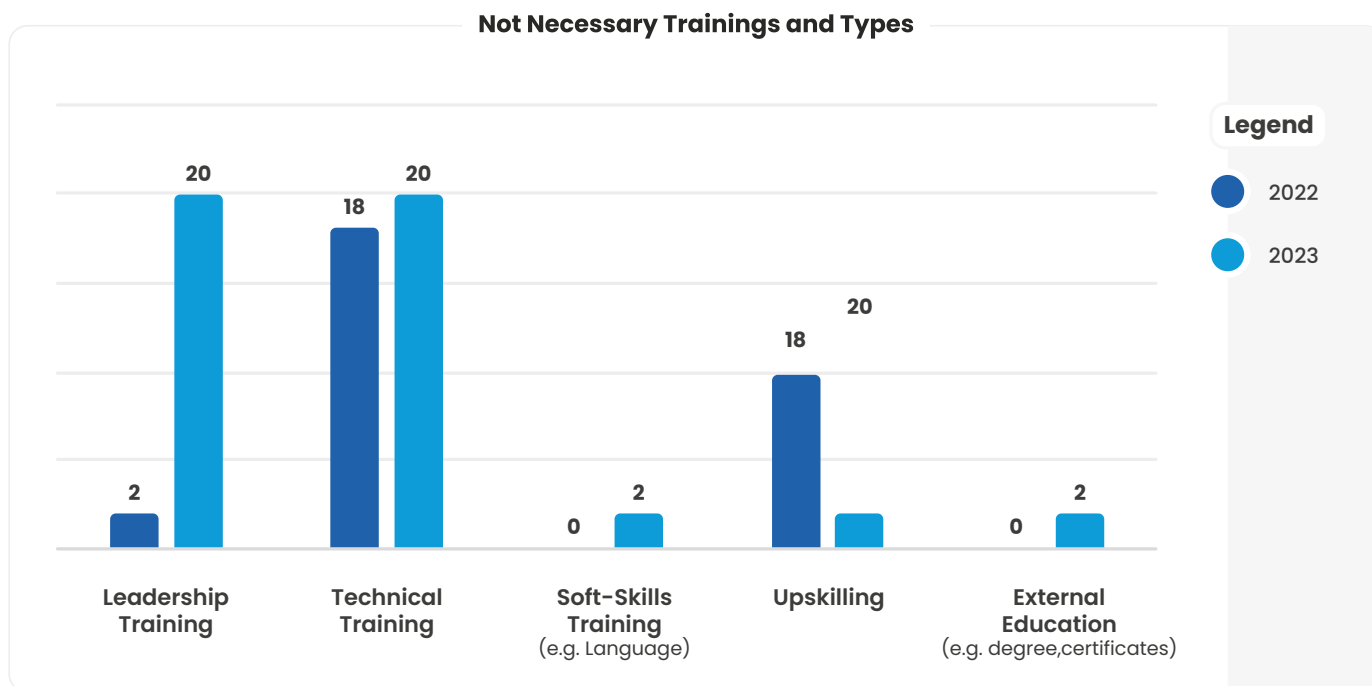
Furthermore, our commitment to continuous improvement extends beyond internal training initiatives. We prioritize the professional development of our employees by facilitating annual external training opportunities, including specialized programs for our internal auditors. By equipping our workforce with the knowledge and skills needed to excel in their roles, we not only enhance individual performance but also cultivate a culture of innovation and excellence that propels our company towards its strategic objectives.

The type of necessary training we had in 2023 with the rate of participation:

Compliance/CSR Training	Technical Training	Quality Assurance Training	HSE Training
100%	100%	100%	100%

During the onboarding training we educate our new employees in our health and safety regulations (HSE training with 100% participation rate) and the Code of Conduct established by Alps Alpine (that is the Human Resources and Compliance Policies at Faital Group) where the participation rate was also 100%.

The change in the ratio of participation in other not necessary educations:



At Faital, our dedication to employee development is evident in our commitment to training, with an average of 24.75 hours invested per employee. We also prioritize accessibility to education materials by providing additional resources online and on the screens located at community areas e.g. canteens and restrooms. These resources include recurring education on vital topics such as ISO standards and health, safety, and environment (HSE) protocols, ensuring that our employees remain informed and up-to-date on industry best practices.

COMMITMENT
100% HSE training participation rate

Regarding external education supports, our ESG Sustainability specialist has graduated on the Sustainable Development Specialist program (2 semesters) of University of Pannonia and successfully completed it with Excellent grade. His expertise will play a pivotal role in guiding the whole group towards our sustainability goals and maintaining our position as a responsible corporate citizen.

Another colleague has successfully completed the certification process to become a certified auditor in Quality Management. This achievement effectively supports us in reaching the KPIs defined in our Quality, Environmental, and Information Security Policy.

As we look towards the next year, Faital Group is dedicated to intensifying our focus on sustainability through increased internal and external engagements. Recognizing that a collective mindset is essential for steering towards a more sustainable future, we are committed to fostering alignment across all levels of our organization. To this end, we are planning to host a greater number of meetings, trainings and initiatives focused on sustainability, both within our company and in collaboration with external partners.

Internally, we will provide platforms for open dialogue and knowledge-sharing sessions to encourage all employees to contribute their perspectives and ideas on sustainability. By fostering a culture of awareness and engagement, we aim to ensure that every individual within our company is committed to advancing our sustainability goals.

Externally, we are dedicated to leveraging partnerships for common goals, particularly in alignment with Sustainable Development Goal 17 – Partnership for the Goals. By collaborating with like-minded organizations and stakeholders, we seek to amplify our impact and drive meaningful change on a broader scale. Through these partnerships, we will exchange best practices, share resources, and work together towards shared sustainability objectives. Continuous materiality (See chapter Step 4+1) can be a tool for this.

Human Rights

At Fital Group, we uphold the principles outlined in the Code of Conduct established by Alps Alpine, which serves as the foundation of our Compliance and Human Resources Policies. This code encompasses all relevant human rights standards that we are committed to respecting and upholding across our organization.

As part of our commitment to ensuring compliance with these standards, Alps Alpine conducts annual assessments of human rights due diligence for all group members. In the most recent evaluation, Fital Group achieved a commendable rank of 'B', indicating that over 70% of the responses provided

to the evaluation questions were valid and representative. While we are pleased with this achievement, we are continuously striving for improvement. Therefore, in 2023, we have outlined specific actions aimed at achieving a rank of 'A' (more than 90% valid statement) in the human rights due diligence evaluation across all our plants and offices.

COMMITMENT
Reach Rank 'A' on human rights due diligence

Through targeted initiatives and enhanced vigilance, we are dedicated to further strengthening our adherence to human rights principles and ensuring that our practices align with the highest ethical standards. By doing so, we reaffirm our commitment to fostering a workplace environment that respects and protects the rights of all individuals, both within our organization and beyond.

Communication with our employees

Transparent and two-way communications are paramount in gauging employee satisfaction and addressing their needs effectively.

Our communication wall at the entrance serves as a central hub for disseminating company plans, changes, and improvements, ensuring that all employees are informed and engaged. To encourage employee participation and input, idea boxes are available for staff to share their ideas and demands, which are then integrated into future plans with promised deadlines. Additionally, regular surveys solicit feedback on recent developments, while relevant public information is shared via email. In accordance with the two-way communication, Fital Italy has already applying internal communication system (intranet) and Fital Hungary has plans towards applying a similar system in 2024.

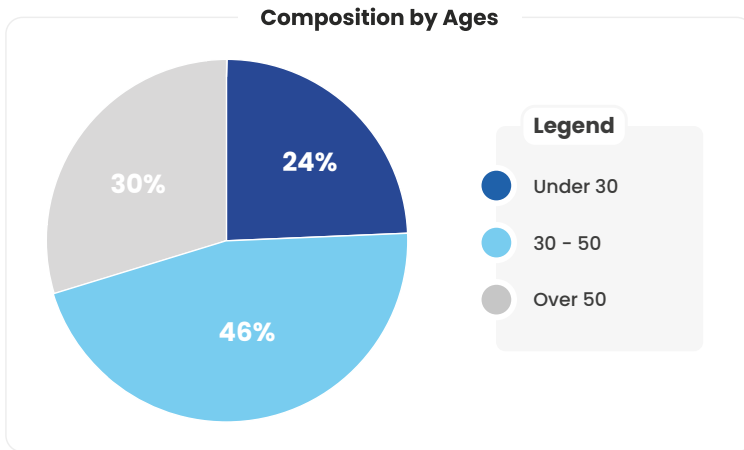
Recent enhancements in transparency are integral to our communication strategy, reflecting our commitment to being trustworthy and accountable. We solicit our employees' opinions about working conditions and organizational directions through satisfaction surveys. In the past year, the participation rate for this survey was 62.5% group wide. We would like to hear more voices, so our goal is to reach 75% participation rate. Addressing challenges identified in the surveys, such as air quality, building temperature, and work organization, remains a priority. In response, targeted countermeasures have been implemented.

COMMITMENT
Keep 0 reported human rights incidents

Our whistleblowing system serves as a vital avenue for facilitating communication among our employees and partners connected to the company, enabling them to report any non-conformities related to the human rights content of our Human Resources Policy (Code of Conduct). Over recent years, we're proud to note that we've had 0 (zero) reported incidents concerning human rights violations. Our steadfast commitment is to maintain this commendable record by upholding and respecting the rights of every member within our community

Diversity and Inclusion

Diversity and inclusion (D&I) are core values for the Faital Group. We are committed to fostering a culture of sustainability that inherently promotes D&I principles. Our goal is to continuously reassess and challenge traditional norms and perspectives, ensuring that we cultivate an environment where individuals feel safe to share their opinions and embrace their unique identities. We strive to create a workplace where everyone, regardless of race, religion, nationality, gender, age, sexual orientation, gender identity, disability, job title, or any other attribute, feels respected and valued. By recognizing and celebrating our differences, we aim to build a stronger, more innovative, and inclusive organization.



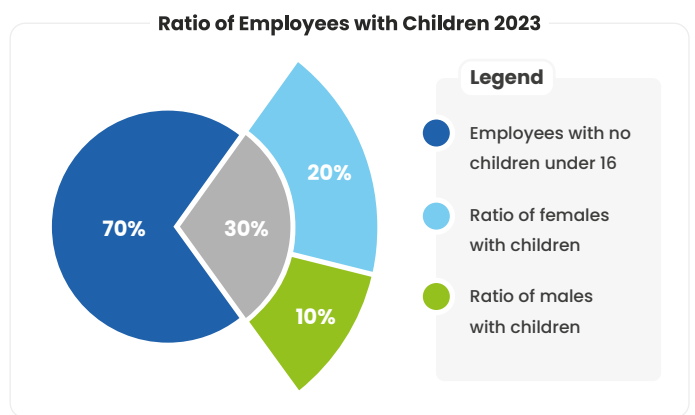
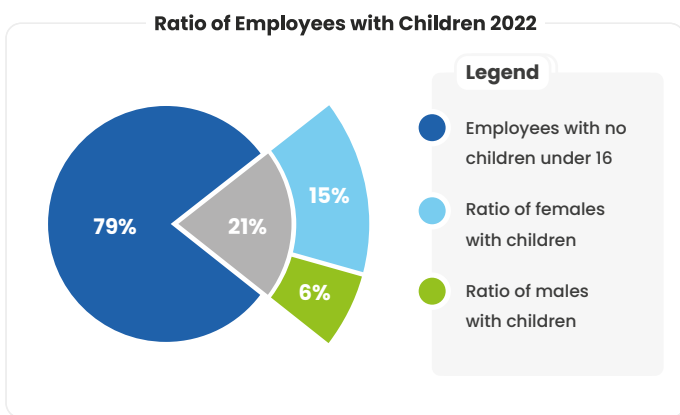
Our first goal is to make the company more charming for people under the age of 30 by giving the chance of taking external and internal courses to develop their skills etc. In 2023, we have employed 19 career beginner at the group.

This graph gives information about the composition of Faital Group we can say that we are mostly charming for people between the age 30 and 50.

Gender equality is also a core value within our company, and we remain steadfast in our commitment to keeping female representation within the company. In 2023, within the Faital Group, women constituted 62% of our workforce, consistent with the ratio observed in 2022. At Faital, we follow skill-based hiring practices, focusing solely on candidates' skills and experience. We follow non-discriminative hiring process as our Human Resources Policy (the Code of Conduct established by Alps Alpine) requires.

Our comprehensive parental program underscores our dedication to supporting employees during significant life events. As a family-friendly company, we prioritize flexibility to accommodate employees' family responsibilities. We believe in fostering a supportive work environment where individuals can balance their professional and personal commitments with ease.

COMMITMENT
Keep the 50% gender ratio



Faital is deeply committed to supporting women's rights, we prioritize the well-being of new mothers by providing them flexible and easy workplaces at the production lines. This initiative reflects our dedication to ensuring a supportive and inclusive environment for women in the workplace and we guarantee women's rights in every moment.

Diversity and inclusion are integral components of our corporate ethos, as outlined in the Human Resources Policy. This code, alongside other national and international codes, forms the basis of our commitment to values such as anti-corruption and non-discrimination etc. We at the Faital Group are committed to employing individuals with disabilities, as our policy emphasizes both the importance and the necessity of providing such opportunities. We are working on complying with the requirements on disability inclusion into our workforce.

For a detailed review of our Code of Ethics, please [click here](#).

Human Rights in the Supply Chain

As a responsible company, we prioritize the protection of human rights throughout our extensive supply chain. Committed to upholding international standards, such as those set forth by the International Labour Organization (ILO), we strictly adhere to the principles outlined in our Code of Conduct, which unequivocally prohibits forced labour and child labor, among other unethical practices even on our supply chain.

COMMITMENT
100% CMRT coverage
of our suppliers

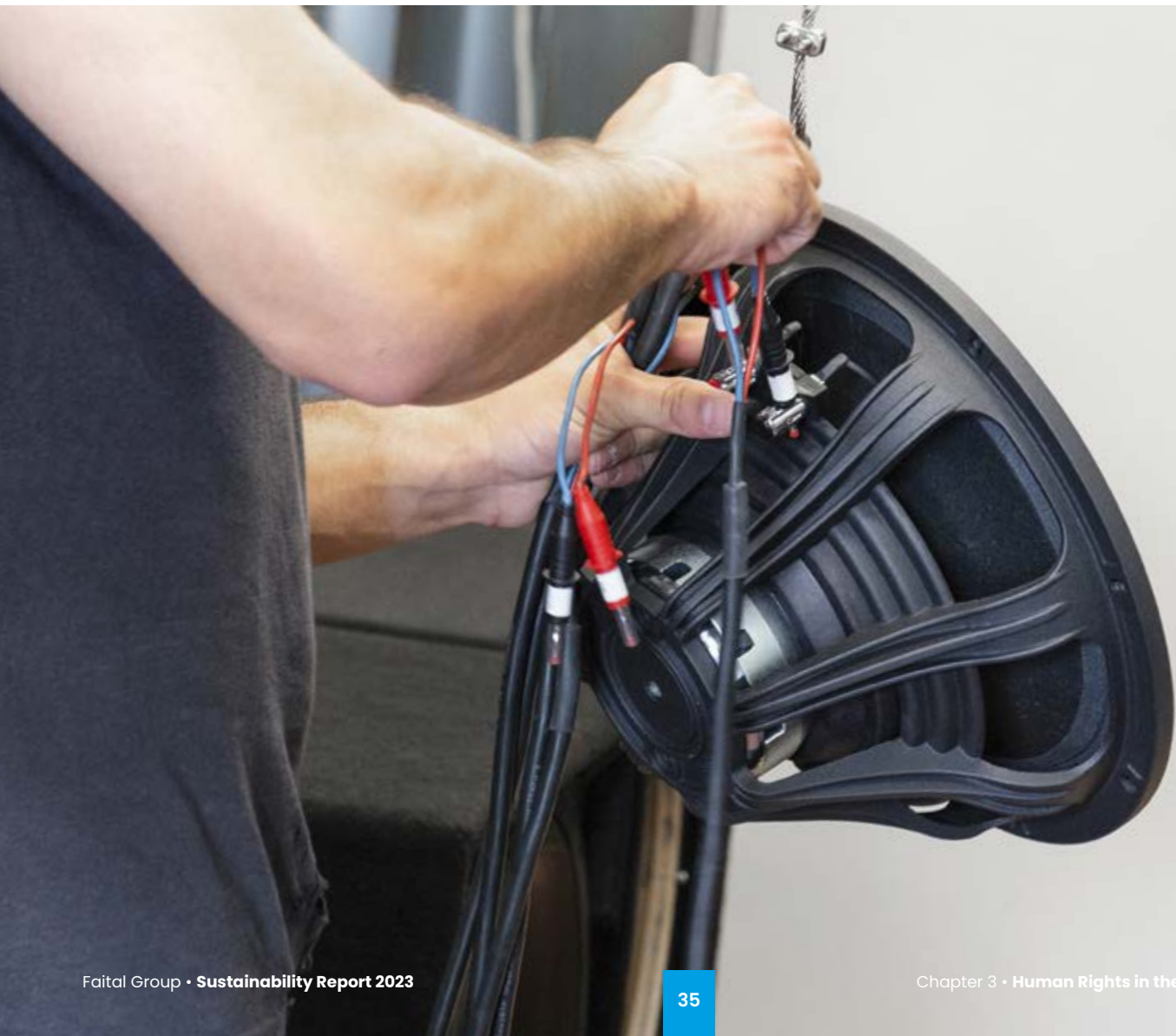
We hold our suppliers to the highest standards by requiring them to obtain CMRT certification from the Responsible Minerals Initiative (RMI), ensuring that they uphold human rights within their own operations. Additionally, we remain steadfast in our commitment to sourcing materials responsibly, avoiding conflict mineral sources for our products. To further reinforce our dedication to human rights, we

mandate that all suppliers participate in annual self-assessments.

Our partnerships are built on a foundation of mutual trust, fostering collaboration towards the realization of sustainable solutions. For instance, we are actively engaged in initiatives aimed at ensuring the protection of human rights within our partners' operations. By working together, we strive to create a more sustainable and ethical business ecosystem for the benefit of all stakeholders involved.

The stability of the connection with our partners is based on the mutual trust with our partners. This gives the possibility of the common work on the realization of sustainable solutions.

Based on this, we have a sustainable procurement policy that [can be downloaded here](#).

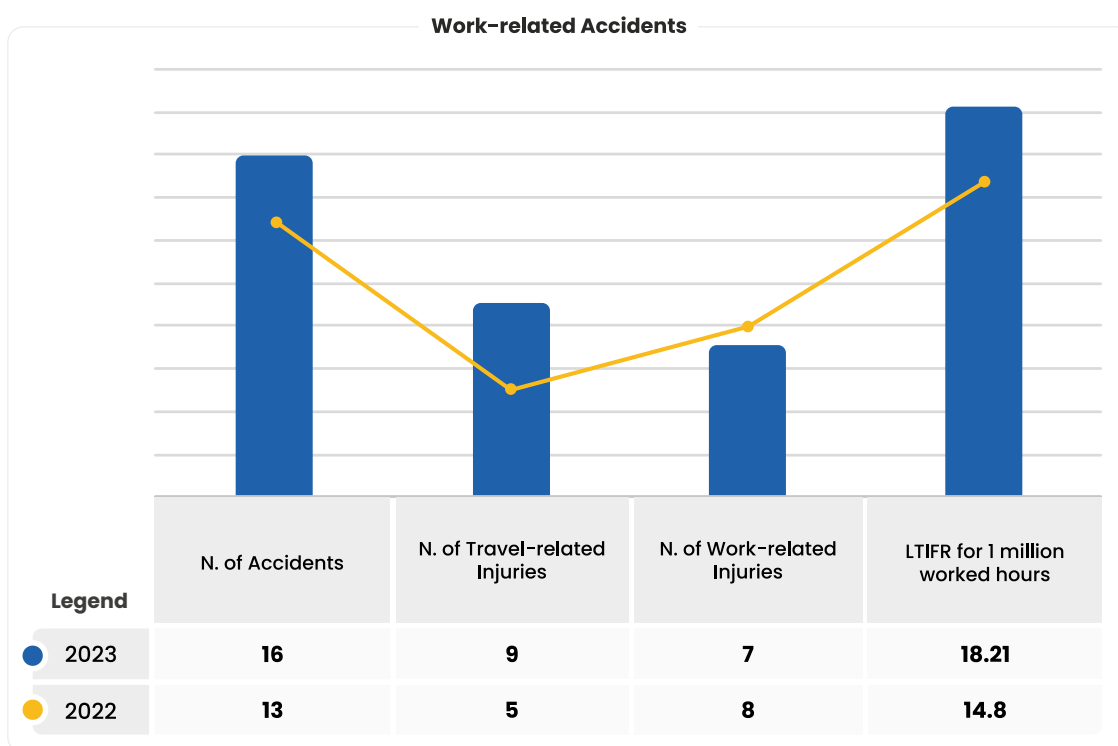


Health and Safety

Occupational Safety

Promoting a healthy and safety work environment is paramount to fostering the well-being of our employees. At Faital Group and within the Alps Alpine Group, we share a common objective: to achieve zero occupational accidents at our plants. While striving towards this goal, we recognize the significance of occupational health and safety not only to our stakeholders but also to the overall success of our company.

As evidenced by double-materiality assessments, occupational health and safety rank among the top priorities, underscoring their critical importance. In 2023, we experienced 16 accidents, with 7 of them categorized as work-related incidents. Although this represents a decrease from the previous year's total of 8 accidents, we remain committed to further reducing these numbers. In assessing our safety performance, we track metrics such as Lost Time Injury (LTI) and Lost Time Injury Frequency Rate (LTIFR). In the reporting period, we recorded 7 LTIs, resulting in an LTIFR of 18.2 per one million worker hours. This figure indicates that for every one million hours worked, there were 18.2 lost time injuries. These results were caused by 874 lost working hours in 2022 and 1073 hours in 2023. While we acknowledge these challenges, we are steadfast in our efforts to continually improve safety measures and mitigate risks, ensuring the well-being of our workforce remains our top priority.



At Faital Group as the member of Alps Alpine, our global objective is to achieve 0 (zero) work-related accidents, a particularly challenging feat given the semi-automatic nature of our production lines, which aren't entirely impervious to employee interactions and maintenance tasks. To address this challenge, we've prioritized the efficiency of occupational safety education. Following onboarding training, all employees undergo annual refresher courses and assessments to reinforce safety protocols. Our Health and Safety Policy, accessible in Italian and Hungarian, is publicly available on our website, ensuring clarity and compliance for all. Additionally, we've strategically placed signs at critical production line points to mitigate accident risks. Through these concerted efforts, we're committed to realizing our goal of zero work-related accidents and ensuring the safety of our workforce. Fire and safety regulations are meticulously documented and readily accessible to all employees, with annual refresher education sessions to reinforce their importance. At every corner and key location within our plant, fire evacuation plans are prominently displayed, available in employees' primary languages for clarity and comprehension. Under the guidance of our HSE specialist, we have developed a comprehensive emergency plan, meticulously reviewed and updated annually to align with relevant national and international standards. To gauge the effectiveness of this plan, we conduct annual plant-wide emergency drills, ensuring that all employees are well-prepared to respond promptly and effectively in case of an emergency (e.g. fire, environmental accidents, leakages of different materials etc.).

COMMITMENT
0 work-related accidents

Occupational Health

We prioritize the mental and physical well-being of our employees through various initiatives:

- **Rotation of Positions:** Colleagues on the production lines switch positions every hour to reduce monotony and foster a positive work attitude;
- **Ergonomic Support:** We provide comfortable ergonomic chairs and unlimited access to supportive tools to enhance physical stamina and minimize strain on the demand of employees;
- **Flexible Workspace:** Office employees enjoy ergonomically designed chairs and have the flexibility to work from any of our available rooms that satisfies their needs. Additionally, remote working options are available for a limited time;
- **Team-Building Activities:** We organize team-building events such as hiking, sports activities, and company parties to foster camaraderie and promote employee well-being;
- **Health Care Participation:** Through these activities, we encourage employees to engage in health care and prevention initiatives, emphasizing the importance of holistic well-being;
- **Inclusive Decision-Making:** Before implementing changes to our ecosystems and working environment, we seek input from all colleagues, ensuring their voices are heard and valued;

COMMITMENT
Opportunity for participating in health-care and prevention activities

Within our team, we're proud to have individuals who have undergone life-saving training and are certified occupational life savers, serving as heroes in our midst.

Additionally, we prioritize the well-being of our non-smoking colleagues by strictly adhering to regulations prohibiting smoking in our facilities, surpassing mere compliance by banning smoking across our premises, including designated smoking areas. This commitment to health and safety underscores our dedication to fostering a supportive and respectful workplace environment for all.





GOVERNANCE

GOVERNANCE

Ensuring sustainable development over the long term is not only a matter of economic considerations but also hinges on various other factors. Some factors like environmental and social ones were discussed previously but all of them should be controlled by a strong governance system to ensure sustainable development on corporate level. For the Faital Group, relentless development has been a core value in recent years, underpinned by specific parameters. The parameters are based on the product quality and safety compliance, knowledge of top management, risk management and the new top information security. Within the realm of sustainability, such governance parameters emerge as pivotal strategic focus, as it serves as the bedrock upon which effective implementation and execution of initiatives rely. A robust corporate governance system is indispensable, as it ensures that all endeavors are orchestrated and carried out efficiently.

Product Quality and Safety

The group places paramount importance on the safety and quality of its products, considering them as fundamental pillars. Adhering to the Code of Conduct which also delineates essential compliance standards at Faital for product safety, quality, and provision of product and service information, underscores our commitment to excellence.

Operating under rigorously vetted Quality Management Systems (QMS) such as ISO9001 and IATF16949, we ensure that our products consistently meet defined standards. Moreover, we meticulously adhere to both national and international laws and regulations, including but not limited to the Electrical Appliance and Material Safety Act and Consumer Product Safety Act. By upholding these standards, we fulfill our obligations as a responsible supplier, prioritizing the safety and satisfaction of our customers. Leveraging our ISO and IATF certifications, we implement robust mechanisms and management systems meticulously designed to align with their rigorous quality standards. Additionally, we proactively accommodate the specific requirements of our discerning clientele. **The certificates could be read [here](#).**

Our labeling strategy is characterized by comprehensive transparency and accuracy. Each label affixed to our products and services contains pertinent information presented clearly and unambiguously, ensuring no room for misunderstanding. We uphold the integrity of our labeling by strictly prohibiting the dissemination of false or tampered information, thereby fostering trust and confidence among consumers.

For further insight into our ethical standards read forward to the [chapter of Compliance Management](#).



Information Security

Our company is dedicated to upholding the rigorous information security standards. Safeguarding our information assets and ensuring information security aligns with the core principles of confidentiality, integrity, availability, control, authenticity, and privacy.

COMMITMENT Strengthen Information Security

At Faisal, our objective is to establish a robust Information Security Management System (ISMS) by the conclusion of 2024 while concurrently pursuing certification in accordance with TISAX standards. To facilitate this endeavor, we have assembled an Information Security Team comprised of experts from the top management, human resources, and IT. Their mandate is to assess the working of ISMS within our organization, enact corrective measures, and oversee educational initiatives.

We are committed to providing comprehensive information security training for all new hires, with periodic refresher courses offered annually to employees at all levels (executives, entry-level, intermediate, and other managerial) who have access to internal information assets or personal data.



As a socially responsible entity, we aspire to achieve TISAX certification as automotive and professional electronics industry suppliers across all our facilities by 2024. Upholding this standard necessitates ongoing monitoring and maintenance of information security practices. We pledge to conduct thorough third-party assessments to identify and rectify any vulnerabilities.

Furthermore, we pledge full compliance with relevant laws and regulations, including the GDPR, ensuring 100% coverage of personal data protection. Our commitment extends to continuous improvement, with the goal of obtaining ISO 27001 certification by 2030.

For detailed insights into our Environment, Quality and Information Security Policy, [click here](#)

Compliance Management

The commitment of our management towards upholding the Code of Conduct established by Alps Alpine is unwavering. This code encapsulates the core values that every employee is expected to uphold and adhere to. To ensure the effective implementation of these ethical principles across all facets of our operations, Faital has appointed a dedicated Compliance Manager for each of our group companies. These Compliance Managers are tasked with overseeing the application of the Code of Conduct within the group.

By appointing Compliance Manager, we demonstrate our proactive approach towards promoting a culture of ethical conduct and integrity throughout our organization. These individuals serve as guardians of our values, working diligently to foster a workplace environment where ethical behavior is not only encouraged but also actively enforced. Through their efforts, we strive to uphold the highest standards of corporate responsibility and ethical behavior, thus earning the trust and confidence of our stakeholders. The Compliance Manager is also responsible for overseeing the whistleblowing system across Faital's various companies within the group. This role involves analyzing the reports and forwarding them to the appropriate lower managerial levels for further action.

Since its implementation in 2021, the Group Code of Conduct has been integral to our company's operations. This code became Faital Group's Compliance Policy. It's mandatory for all new employees to familiarize themselves with its content before commencing work, followed by a test to ensure comprehension (details: Social Impacts – Training chapter)

The Code of Conduct embodies five core values, each delineating the standards for compliance. It encompasses guidelines for behavior, fostering inclusivity and equity, prohibiting forced or child labor, ensuring non-discrimination, promoting fair competition, upholding integrity, prioritizing information security, and much more (e.g. conflict of interests).

The company's communication strategy undergoes continual refinement. We value the input of our employees and actively seek their feedback, particularly regarding potential instances of non-compliance. To facilitate this, we have implemented a unified whistleblowing system in collaboration with the group, empowering our employees and partners to report any deviations from the Code of Conduct. Reports submitted through the whistleblowing system adhere to all pertinent international or national standards. As a result of these measures, Faital has recorded zero incidents in recent years.

COMMITMENT
Keep 0 compliance violations within the company (keep green external regulatory compliance category)

The Compliance Policy is [available here](#)

Company Management

Our company adheres to a linear-functional organizational model, wherein organizational dependencies are clearly delineated through the relationships between company management and various departments, including development, production, logistics, planning, finance, procurement, sales, and sustainability units. Professional relationships and other connections are functionally intertwined within this structure. In a functional-linear organization, power is centralized primarily in top management. Task coordination follows a vertical flow, with labor division predominantly based on organizational functions. One notable advantage of a functional organization is its facilitation of corporate strategy development.

As part of the Alps Alpine Group, our company respects their corporate governance strategy. Based on this policy, we are planning to create our own reduced but effective strategy that follows the main milestones.

For further details on this strategy, please visit the [Governance section of Alpsalpine's website](#).

Sustainable corporate governance

In the realm of sustainability, a multitude of interconnected topics exert influence on one another, forming a complex web of effects. To bolster our sustainability reporting, the ESG team was established in 2023, under the leadership of the ESG Sustainability Specialist. This team consists of specialists and experts from diverse fields, ensuring comprehensive coverage of the three main pillars of sustainability: economy, environment, and society. They develop the strategy of the Faital Group, organizing meetings, analyzing risks and gaps, and implementing corrective actions.

COMMITMENT Establish ESG Team

Concurrently, they engage in external assessments, such as with Ecovadis, while also supporting decision-makers in fostering an ESG culture throughout the entire company. ESG team members also oversee the coordination of sustainability-related projects as project coordinators.

We take pride in announcing that the Faital Group was awarded the Bronze medal by Ecovadis in March 2024. This recognition underscores our dedication to continuous improvement, as demonstrated by the strides and enhancements made compared to our performance in the preceding year. This accolade serves as official validation of the efficacy of the work carried out by the ESG Team.

Ethical business behaviour

Faital maintains exclusive partnerships with reputable collaborators, ensuring their reliability through thorough vetting processes before finalizing any contracts. It is imperative for us to verify that potential partners have no criminal records or ongoing legal proceedings prior to entering into agreements. Our company is unwavering in its dedication to anti-fraud measures, prioritizing fairness and ethical conduct in all business interactions. A strict adherence to relevant laws and ethical guidelines across all aspects of our business operations is operated by our company.

Notably, Faital has not faced any legal proceedings related to anti-competitive behavior, anti-trust violations, or anti-monopoly practices. Throughout our history, there have been no confirmed cases of corruption, thereby preventing any legal actions against us. Transparency is a cornerstone of our future governance principle, prompting our commitment to reporting ESG (Environmental, Social, and Governance) and Human Capital values. In addition to evaluating environmental considerations, the EcoVadis assessment (detailed earlier) encompasses adherence to ethical corporate practices and human rights principles too. This evaluation relies on various international sustainability benchmarks, including conventions from the International Labour Organisation (ILO), standards set by the Global Reporting Initiative, ISO 26000, the CERES Roadmap, and the UN Business and Human Rights Principles, commonly referred to as the Ruggie framework.

COMMITMENT Reporting of ESG and Human Capital values

Auditing

In alignment with ISO and IATF standards, internal audits are conducted periodically. These audits involve inviting and engaging all responsible individuals in the meetings and preparation processes. During these sessions, issues are assessed, prioritized, and corrective actions are defined within specified deadlines. Additionally, emergency plans, financial and non-financial reports, as well as investments and projects, are reviewed. Following the meetings, reports are generated. At Faital we think that the communication of these reports or their results should be mandatory to share with middle-level managers and employees.

Annually, our external independent auditing firms conduct audits focusing on financial matters. Based on these audits,

COMMITMENT

Keep 0 tax non-compliance within the company

Faital has consistently achieved a perfect qualification, as it has been outlined in the Key Performance Indicators (KPIs) of the Alps Alpine Group since 2019. Additionally, our tax transparency efforts have resulted in non-compliance-free outcomes. Regular financial and controlling audit is done by EY S.p.A. part of Group Ernst & Young Global Limited (EY) consultancy

company. Furthermore, Faital Group has been maintaining a clean record with zero (meaning not more than 5000 EUR punishment fee in the financial year) instances of negative outcomes in procedures conducted by authorities across all plants and offices. This underscores our commitment to regulatory compliance and ethical business practices.

Risk Management

At Faital Group, risk management is viewed as essential to our management and business strategy, as it underpins sustainable business expansion and enhances corporate value in the medium to long term. It serves as the foundation of growth-oriented management practices. Our primary objective is to mitigate or eliminate potential future risks and the resulting damages arising from the expanding array of risks associated with the globalization of our operations and the increasing complexity of our supply chain. Through risk management processes, we aim to safeguard our business interests and ensure continuity amidst a dynamic and challenging business landscape.

COMMITMENT
Climate change risk management

The organization has adopted a risk management scheme modelled after Alps Alpine's risk management system, aligning with the functions and responsibilities of each field regarding risk management. As part of these initiatives, thorough analyses are conducted to identify and depict the risks associated with our organization. These risks are assessed based on their probability, potential impact on operations, and the effectiveness of implemented risk mitigation strategies.

COMMITMENT

Respond to economic security risks

Active implementation of risk management strategies is a key role at our group, including the establishment of a crisis management system, to mitigate potential harm to our business environment, operations, or supply chain in the event of significant incidents. Our approach involves prioritizing actions based on the outcomes of risk assessments and formulating proactive risk management

strategies accordingly. To facilitate fast response during emergencies, we foster information exchange across relevant departments and are diligently preparing preventive actions and solutions.

For further insights into risk management and crisis management systems within the Alps Alpine Group, [click here](#).



ESG

Data Section

ENVIRONMENT

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Energy consumption									
Gasoline [MWh]	Decrease	Achieved	753.00	940.34	878.74	658.32	610.74	Measured	Invoice
Electricity [MWh]	100% Green	Achieved	640.34	620.44	745.13	846.58	659.27	Measured	Invoice
Fuel [MWh]	Eliminate	On-going	398	461	604	203	143	Measured	Invoice
Total	-1% yearly	Achieved	1791	2022	2227	1707	1413	Calculated	Invoice
Renewable energy									
Generated from solar [MWh]	-	11%	187	195	197	155	151	Measured	Measurement system
Green Credits (PPA, EAC, REC) [MWh]	100% cover by 2025	Achieved	-	-	-	691	539	REC	REC Certificate
GHG emissions									
Scope 1 [tCO2 eq.]			287	351	369	217	191	Calculated	DEFRA's database
From Heating	0 by 2025	Improvement	192	241	225	169	157	Calculated	DEFRA's database
From Fuel	-	-	95	110	144	48	34	Calculated	DEFRA's database
Scope 2 [tCO2 eq.]	0 by 2022	Achieved	129	170	150	0	0	Calculated	DEFRA's database
Scope 3 [tCO2 eq.]							762.9	Calculated	DEFRA's database
Transport Downstream [tCO2 eq.]							669.8	Calculated	DEFRA's database
Transport Upstream [tCO2 eq.]							93.1	Calculated	DEFRA's database
Waste management									
Total waste generated [tonnes]	-4% yearly	Achieved	115.1	107	115.5	156.92	139.98	Measured	Authority report
Hazardous waste [tonnes]			4.3	6.1	12.2	8.8	5.6	Measured	Authority report
Recycling rate [%]	100% by 2030	99.88%	96.2	94.3	89.4	94.37	99.88	Measured	Authority report
Water management									
Total water consumption [m³]	-1% yearly	Achieved	6641	5815	7867	8004	7448	Measured	Invoice

SOCIAL

	Scope	Standing	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Number of employees						134	147	Measured	Internal database
Men						63	77	Measured	Internal database
Women						71	70	Measured	Internal database
Female ratio [%]	>50%	Achieved				47	49	Calculated	Internal database
Ratio of females in decision-making positions [%]	>50%	Achieved				6	6	Measured	Internal database
No. full-time employees						124	140	Measured	Internal database
Men						62	77	Measured	Internal database
Women						62	63	Measured	Internal database
No. part-time employees						10	7	Measured	Internal database
Men						1	0	Measured	Internal database
Women						9	7	Measured	Internal database
Total number of new employees						35	15	Database	Internal database
Total number of withdrawals						36	23	Database	Internal database
Average training time per employee [hours]	Increase	Achieved				1.69	11.54	Calculated	Internal database
Diversity and Inclusion									
No. career beginners						4	2	Measured	Internal database
Ratio of women [%]						0%	0%	Calculated	Internal database
Composition of employees									
U30 [%]						18	22	Calculated	Internal database
30-50 [%]						50	48	Calculated	Internal database
O50 [%]						32	30	Calculated	Internal database
No. retired employees						0	2	Measured	Internal database
No. employees with children						38	57	Database	Internal database
Occupational Health and Safety									
Total no. injuries	0	Not Achieved				1	2	Measured	Authority report
Work-related [pc.]						1	1	Measured	Authority report
Travel [pc.]						0	1	Measured	Authority report
LTI						98	145	Calculated	Internal database
LTIFR						4.1	7.6	Calculated	Internal database
Human Rights									
Due diligence survey [category]	A	Achieved	N/A	N/A	B	B	B	Measured	Internal audit

GOVERNANCE

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Compliance management									
Participation in Code of Conduct education [%]	100%	Achieved	0	0	100	100	100	Measured	Internal database
Incident report via whistleblowing	0	Achieved	0	0	0	0	0	Measured	Internal database
Tax transparency	100%	Achieved	100	100	100	100	100	Measured	Authority report
No. authority procedures with negative results	0	Achieved	0	0	0	0	0	Measured	Authority report
Information Security									
No. information security incidents	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participation rate for training on information security	100%	Achieved	N/A	N/A	N/A	100	100	Measured	Internal database
Sustainable procurement									
CMRT	100%	Achieved	85	85	100	100	100	Measured	External report

ENVIRONMENT

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Energy consumption									
Natural Gas [MWh]	Decrease	Achieved	1166.43	1185.04	1422.72	917.24	425.10	Measured	Invoice
Electricity [MWh]	100% Green	Achieved	2199.01	1738.91	1903.18	1685.75	1407.36	Measured	Invoice
Fuel [MWh]	Eliminate	On-going	171	124	171	172	113	Measured	Invoice
Total	-1% yearly	Achieved	3536	3047	3497	2775	1945	Calculated	Invoice
Renewable energy									
Generated from solar [MWh]	-	11%	0	0	0	0	154.68	Measured	Measurement system
Green Credits (PPA, EAC, REC) [MWh]	100% cover by 2025	Achieved	0	0	0	0	1720	REC	REC certificate
GHG emissions									
Scope 1 [tCO2 eq.]			335	337	396	269	132	Calculated	DEFRA's database
From Heating	0 by 2025	On-going	294	298	358	231	107	Calculated	DEFRA's database
From Fuel	-	-	41	39	38	38	25	Calculated	DEFRA's database
Scope 2 [tCO2 eq.]	0 by 2022	Achieved	723	572	626	555	0	Calculated	National factor
Scope 3 [tCO2 eq.]	-	-	4836	1884	2343	1989	2152	Calculated	DEFRA's database
Transport Downstream [tCO2 eq.]	-	-	4 286	1578	2 001	1827	1881	Calculated	DEFRA's database
Transport Upstream [tCO2 eq.]	-	-	550	306	342	172	271	Calculated	DEFRA's database
Waste management									
Total waste generated [tonnes]	-4% yearly	Achieved	234.1	187.4	216.4	200.7	165.9	Measured	Authority report
Hazardous waste [tonnes]			24.9	18.4	7.2	18	8.6	Measured	Authority report
Recycling rate [%]	100% by 2030	82%	77	78	86	80	82	Measured	Authority report
Water management									
Total water consumption [m³]	-1% yearly	Not achieved	4083	3661	3758	4471	4076	Measured	Invoice
Material usage									
Total material used [tonnes]						5707.2	6172.4	Measured	Incoming system
Total CE content [%]						8	10	Estimated	Websites, certificates, PCFs

SOCIAL

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Number of employees			508	401	380	396	392	Measured	Internal database
Men			127	100	99	89	93	Measured	Internal database
Women			381	301	281	307	293	Measured	Internal database
Female ratio [%]	>50%	Achieved	75	71	74	77	76	Calculated	Internal database
Ratio of females in decision-making positions [%]	>50%	Achieved	50	50	50	50	50	Measured	Internal database
Gender pay-gap in similar roles [%]	0	Achieved	0	0	0	0	0	Calculated	Internal database
No. full-time employees						379	375	Measured	Measurement system
Men						86	90	Measured	Internal database
Women						293	285	Measured	Internal database
No. part-time employees						17	17	Measured	Internal database
Men						3	3	Measured	Internal database
Women						14	14	Measured	Internal database
Total number of new employees						152	127	Database	Internal database
Total number of withdrawals						136	131	Database	Internal database
Average training time per employee [hours]	Increase	Achieved				17.9	18.6	Calculated	Internal database
Diversity and Inclusion									
No. career beginners						23	17	Measured	Internal database
Ratio of women [%]						78	88	Calculated	Internal database
Composition of employees									
U30 [%]						24	26	Calculated	Internal database
30-50 [%]						50	45	Calculated	Internal database
O50 [%]						26	29	Calculated	Internal database
No. retired employees						12	12	Measured	Internal database
No. employees with children						109	107	Database	Internal database
Occupational Health and Safety									
Total no. injuries	0	Not Achieved				12	14	Measured	Authority report
Work-related [pc.]						5	8	Measured	Authority report
Travel [pc.]						7	6	Measured	Authority report
Lost time due to injuries [h]						784	928	Calculated	Internal database
LTIFR						19.9	23.3	Calculated	Internal database
Human Rights									
Due diligence survey [category]	A	Achieved	N/A	N/A	B	B	A	Calculated	External database

GOVERNANCE

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Compliance management									
Participation in Code of Conduct education [%]	100%	Achieved	0	0	100	100	100	Measured	Internal database
Incident report via whistleblowing	0	Achieved	0	0	0	0	0	Measured	Internal database
Tax transparency	100%	Achieved	100	100	100	100	100	Measured	Authority report
No. authority procedures with negative results	0	Achieved	0	0	0	0	0	Measured	Authority report
Information Security									
No. information security incidents	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participation rate for training on information security	100%	Achieved	N/A	N/A	N/A	100	100	Measured	Internal database
Sustainable procurement									
CMRT	100% coverage	Achieved	85	85	100	100	100	Measured	External report

Faital GROUP

ENVIRONMENT

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Energy consumption									
Heating fuel [MWh]	Decrease	Achieved	1919	2125	2301	1576	1036	Measured	Internal database
Electricity [MWh]	100% Green	Achieved	2839	2359	2648	2532	2067	Measured	Internal database
Fuel [MWh]	Eliminate	On-going	569	584	774	375	256	Measured	Internal database
Total	-1% yearly	Achieved	5327	5069	5724	4482	3358	Calculated	Internal database
Renewable energy									
Generated from solar [MWh]	-	15%	187	195	197	155	306	Measured	Internal database
Green Credits (PPA, EAC, REC) [MWh]	100% cover by 2025	Achieved	144	140	172	691	2259	RECs	Internal database
GHG emissions									
Scope 1 [tCO2 eq.]			622	688	765	486	323	Calculated	Internal database
From Heating	0 by 2025	Improvement	486	540	584	400	264	Calculated	Internal database
From Fuel	-	-	136	148	181	86	59	Calculated	Internal database
Scope 2 [tCO2 eq.]	0 by 2022	Achieved	853	742	776	555	0	Calculated	Internal database
Scope 3 [tCO2 eq.]	Reduction	Not Achieved					2866	Calculated	Internal database
GHG Intensity [kgCO2 eq. / kg of input materials] (All emission included)	Reduction	Achieved				0.53	0.52	Calculated	Internal database
GHG Intensity [kgCO2 eq. / kg of input materials] (Scope 1,2 included only)	Reduction	Achieved				0.18	0.045	Calculated	Internal database
Waste management									
Total waste generated [tonnes]	-4% yearly	Achieved	349.2	294.4	331.9	357.6	305.9	Measured	Authority report
Hazardous waste [tonnes]			29.2	24.5	19.4	26.8	14.2	Measured	Authority report
Recycling rate [%]	100% by 2030	91%	87	86	88	87	91	Measured	Authority report
Water management									
Total water consumption [m³]	-1% yearly	Not Achieved	10724	9476	11625	12475	11524	Measured	Invoice

SOCIAL

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Number of employees						544	544	Measured	Internal database
Men						165	173	Measured	Internal database
Women						379	371	Measured	Internal database
Female ratio [%]	>50%	Achieved				69	68	Calculated	Internal database
Ratio of females in decision-making positions [%]	>50%	Achieved				28	28	Measured	Internal database
No. full-time employees						517	520	Measured	Measurement system
Men						160	170	Measured	Internal database
Women						357	350	Measured	Internal database
No. part-time employees						27	24	Measured	Internal database
Men						4	3	Measured	Internal database
Women						23	21	Measured	Internal database
Total number of new employees						187	142	Database	Internal database
Total number of withdrawals						172	154	Database	Internal database
Average training time per employee [hours]	Increase	Achieved				10.25	24.75	Calculated	Internal database
Diversity and Inclusion									
No. career beginners						27	19	Measured	Internal database
Ratio of women [%]						66	78	Calculated	Internal database
Composition of employees									
U30 [%]						22	24	Calculated	Internal database
30-50 [%]						48	46	Calculated	Internal database
O50 [%]						30	30	Calculated	Internal database
No. retired employees						12	14	Measured	Internal database
No. employees with children						147	164	Database	Internal database
Occupational Health and Safety									
Total no. injuries	0	Not Achieved				13	16	Measured	Authority report
Work-related [pc.]						8	7	Measured	Authority report
Travel [pc.]						5	9	Measured	Authority report
LTI						874	1073	Calculated	Internal database
LTIFR						14.8	18.2	Calculated	Internal database
Human Rights									
Due diligence survey [category]	A	Achieved	N/A	N/A	B	B	B	Measured	Internal audit

GOVERNANCE

	Scope	Status	Result					Measurement type	Source
			2019	2020	2021	2022	2023		
Compliance management									
Participation in Code of Conduct education [%]	100%	Achieved	0	0	100	100	100	Measured	Internal database
Incident report via whistleblowing	0	Achieved	0	0	0	0	0	Measured	Internal database
Tax transparency	100%	Achieved	100	100	100	100	100	Measured	Authority report
No. authority procedures with negative results	0	Achieved	0	0	0	0	0	Measured	Authority report
Information Security									
No. information security incidents	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participation rate for training on information security	100%	Achieved	N/A	N/A	N/A	100	100	Measured	Internal database
Sustainable procurement									
CMRT	100%	Achieved	85	85	100	100	100	Measured	External report

GRI Content Index

Declaration of use
GRI 1: Foundation 2021

Hereby the Faital Group declares that the information given in the content table below was disclosed by GRI standards for the calendar year 2023.

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About the Report

The Faital Group disclosed the information cited in the table of contents for the period of the calendar year 2023. The period of calendar year was chosen as reporting period because all the data collection system was established according to calendar years, and it takes time to reorganise the data collection system to financial year. The data were reported by respect with the GRI standards.

The report was prepared based on the latest standards of the Global Reporting Initiatives (GRI). To find the most specific material topics, the double-materiality process defined by GRI 3 were used for the entire process of report making. As a dominant automotive and professional audio electronic world-wide company, we consider it as our important mission to report on our sustainability activities annually. This is how we want to help the visitors in getting to know our company's sustainability goals, and we trust that with this we support our customers, local communities, our employees and suppliers with placing our company on an imaginary scale of sustainability. To help them in decision-making about partnering with us by showing transparency.

Our sustainability reports will be published annually from now on.

This report was made by Faital Group's ESG Team. The project was led and coordinated by Faital Group's ESG Sustainability Specialist.

IMPRESS

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