



ALPS ALPINE
ALPS ALPINE GROUP

GREENHOUSE GAS EMISSIONS REPORT

FISCAL YEAR **2023**

Introduction

Objectives and principles

The voluntary Greenhouse Gas (GHG) emission report plays a key role in promoting transparency by providing detailed information on emissions and offering a comprehensive inventory of these gases for Faital Group (referred to here as Faital, the Group, or the Company). Each year, the Company publicly discloses this report on its website, making it accessible to stakeholders. This commitment to transparency and environmental accountability is outlined in the Environmental Aspects chapter of the Company's 2023 Sustainability Report.

The Company has aligned its reporting with a fiscal year that begins on April 1st and ends on March 31st of the following year. Prior to this shift, the fiscal year followed the calendar year. The report includes data from all facilities involved in production, control, and management, providing a holistic view of the Company's GHG emissions.

The GHG Emission report adheres to the standards outlined in ISO 14064-1:2018, titled "Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals." In addition, it follows the core principles of GHG Accounting and Reporting, as specified in the GHG Protocol's "Accounting and Reporting Standards".

The report will present the targets across six categories defined in ISO 14064-1:2018 and the three categories of GHG Protocol, reflecting the Company's focus on reducing its environmental impact.

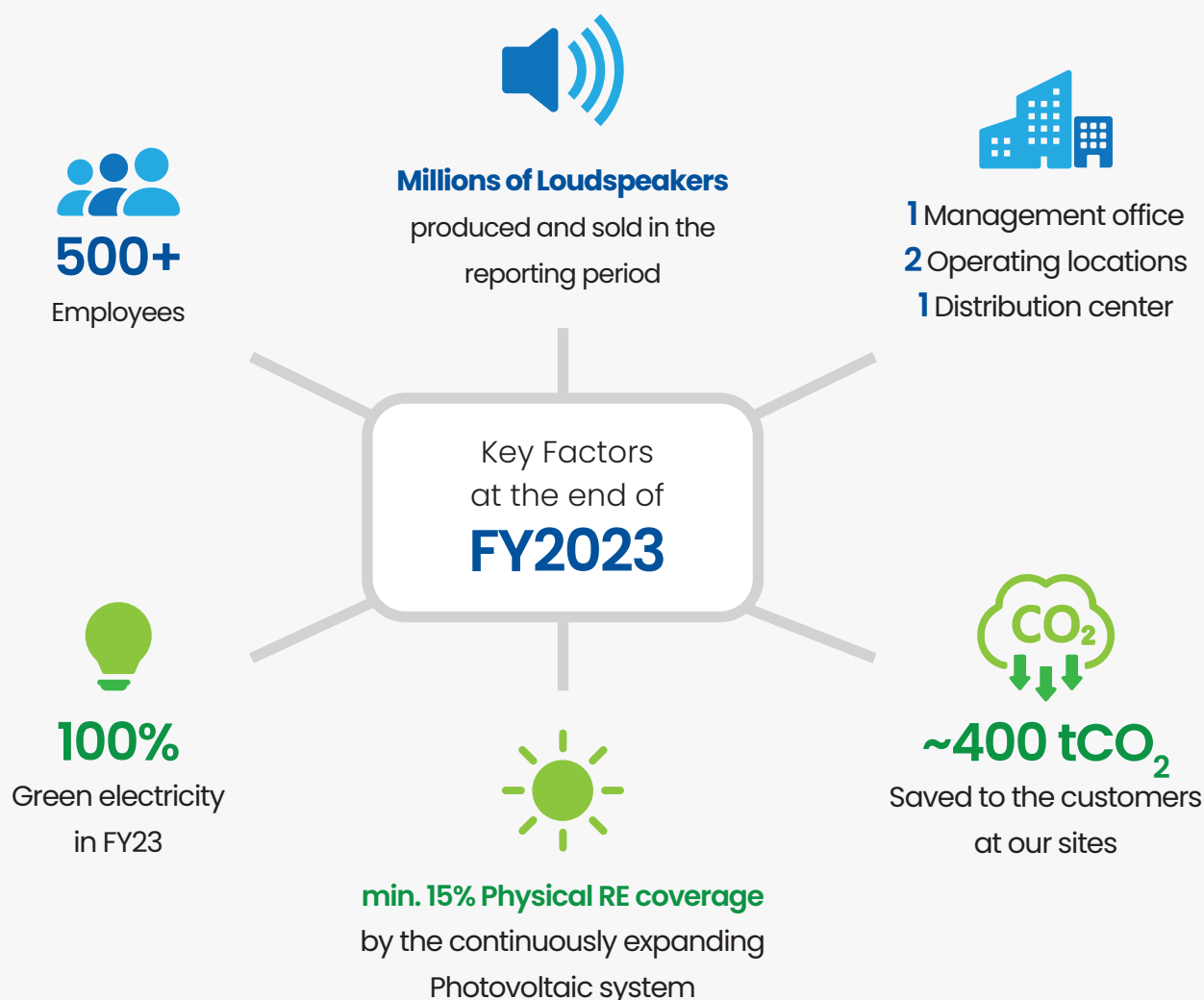
The year 2021 has been selected as the base year due to significant changes in the company's structure during that period, which have impacted overall performance. These ambitious objectives highlight Faital's unwavering commitment to a sustainable future and reflect the company's proactive approach to addressing its environmental responsibilities.

The report for Fiscal Year 2023 is ratified by the company's management and is a faithful and accurate representation of GHG emissions. The boundary of this report is largely defined by the company's Environmental, Social, and Governance (ESG) Team, ensuring the integrity and accuracy of the data.

Company Overview

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.

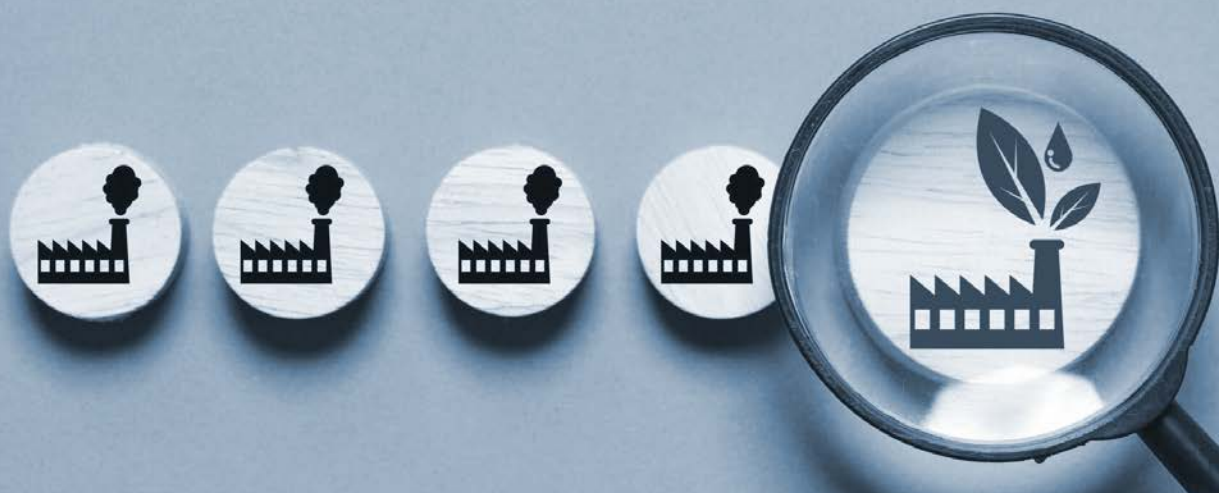


Faital Group designs and manufactures loudspeakers for the automotive and professional sounding industries worldwide. Founded in 1958, the company has a long history of creating custom loudspeakers tailored to the specific needs of its clients. Over the decades, Faital has built expertise in producing various models using diverse materials. In the 2020s, Faital began a new chapter by joining the Japanese Alps Alpine Group, further expanding its global presence.

Approach & Strategy

Faital Group is dedicated to maximizing value for its customers, whose interests are closely aligned with those of the company. Committed to transparency and accuracy, the company ensures that its shareholders and the financial community receive clear and comprehensive information that accurately reflects its status in values which matter the most with respect to sustainability. Transparent reports are key communication forms of the group.

The Company's sustainability performance is continuously monitored and has received external validation from leading sustainability indexes and ratings such as Ecovadis (reached bronze medal last year). Based on feedbacks like these, the company is designed to demonstrate stronger and stronger Environmental, Social, and Governance (ESG) practices in the future.



Environmental Policy & Strategy

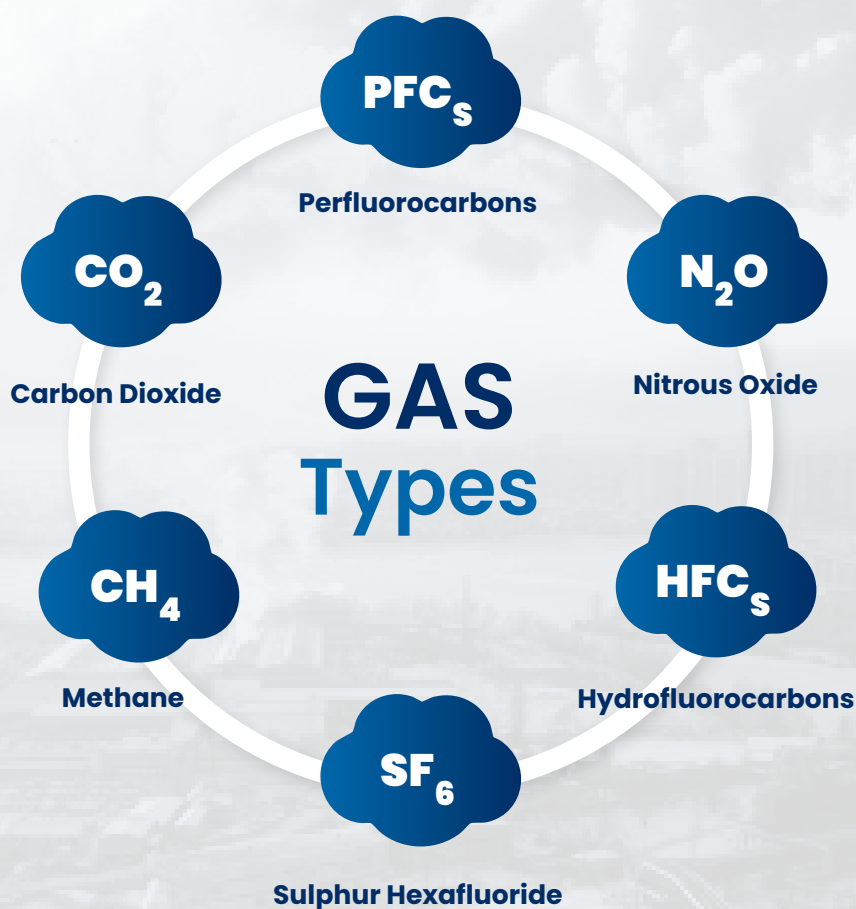
Environmental stewardship is fundamental to sustainability, necessitating a well-structured governance system. We are dedicated to decreasing our environmental impact by elimination of Scope 1 emissions by 2050 and addressing climate change by reducing energy consumption by 2 % yearly, reducing wastes by 4% yearly, prioritizing decarbonization and carbon neutrality by 2050. In accordance with these sustainability requirements, below are our commitments/goals related to the company's GHG emissions.

MAIN GOALS	Scope 1	Scope 2	Scope 3
2030	-50% CO₂ emission	100% Carbon Neutral	Continuos Monitoring
2050	100% CO₂ emission	Solar Panels Expansion	-40% CO₂ emission

Innovation in material management and initiatives that support biodiversity are also central to our strategy. These principles form the core of our environmental policy, which emphasizes continuous improvement and strict compliance with current laws and regulations, all with the goal of fostering a more sustainable future. To achieve these objectives, all our production plants operate under an ISO 14001 certified Environmental Management System (EMS). Alps Alpine Group is CDP Climate certified, so we are following its commitments and apply those activities at our sites too. Faital is committed to get SBTi certified mid- and long-term climate targets.

Report Boundaries

This report will account and report the **six greenhouse gases described by the Kyoto Protocol** based on the six categories **covered by the ISO 14064-1:2018** and the three scopes defined by GHG Protocol.



ISO Categories

Inclusion

Category 1: **Direct GHG emissions and removals**



Category 2: **Indirect GHG emissions from purchased energy**



Category 3: **Indirect GHG emissions from transportation**



Category 4: **Indirect GHG emissions from products used by an organization**



Category 5: **Indirect GHG emissions associated with the use of products from the organization**



Category 6: **Indirect GHG emissions from other sources**



GHG Protocol categories

Inclusion

Scope 1: **Direct GHG emissions of the company**



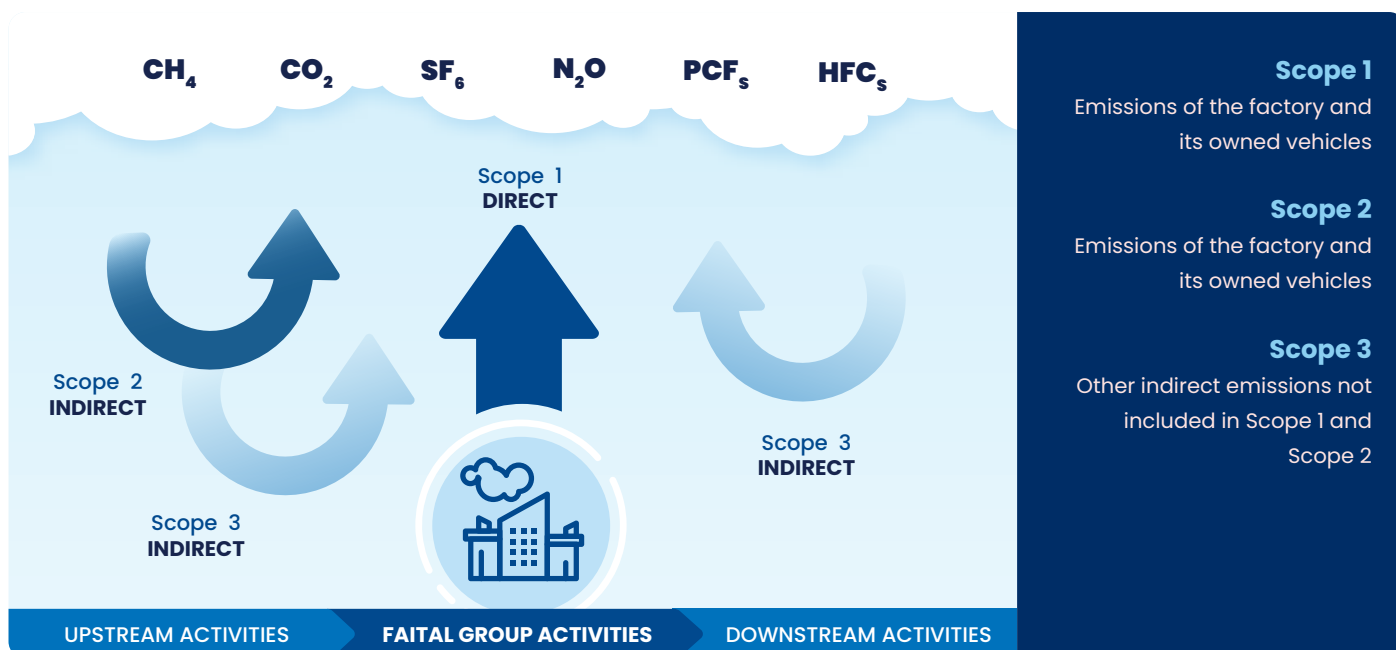
Scope 2: **Indirect GHG emissions from purchased energy**



Scope 3: **Other indirect GHG emissions from the value chain**



What are the GHG Scopes defined by GHG Protocol?



Reportable categories defined by GHG Protocol:

SCOPE EMISSION	SUB-CATEGORIES	
Scope 1	-	✓
Scope 2	-	✓
Scope 3	Extraction and production of purchased materials and fuels	✗
	Transport related activities	
	• Transportation of purchased materials or goods	✓
	• Transportation of purchased fuels	✓
	• Employee business travel	✓
	• Employees commuting to and from work	✓
	• Transportation of sold products	✓
	• Transportation of waste	✓
	Electricity related activities not included in Scope 2	✗
	Leased assets, franchises and outsourced activities	✗
	Use of sold products and services	✗
	Waste disposal	
	• Disposal of waste generated in operations	✓
	• Disposal of waste generated in the production of purchased materials and fuels	✗
	• Disposal of sold products at the end of their life	N.A.
	Investments	N.A.

Emissions excluded from Scope 3 categories or from the value chain are not accounted for in this report due to issues of incompleteness, high uncertainty, or adherence to accuracy principles. Certain categories, such as investments, are excluded as they are more relevant to sectors like banking and do not have significant relevance for the Faital Group. These exclusions are based on the practicality and materiality of emissions in relation to the company's operations.

Sources of Reported Emissions

Location	Activity	Generated GHG	Source
Direct emissions (Scope 1)			
IT • Headquarters HU • Plant USA • Warehouse	Gas combustion	CO ₂ • CH ₄ • N ₂ O	Gas Boilers
IT • Headquarters IT • Plant HU • Plant	Combustion of diesel and gasoline	CO ₂ • CH ₄ • N ₂ O	Vehicles Company car, forklifts etc.
IT • Plant	Gasoline combustion	CO ₂ • CH ₄ • N ₂ O	Boilers Heating
Indirect emissions (Scope 2)			
All Facilities	Electricity consumption	CO ₂ • CH ₄ • N ₂ O	Production, lighting and cooling
Indirect emissions (Scope 3)			
All Facilities	Upstream transport and distribution	CO ₂ • CH ₄ • N ₂ O	Diesel, gasoline, marine and jet fuel
	Downstream transport and distribution	CO ₂ • CH ₄ • N ₂ O	Diesel, gasoline fuels
	Transport of waste generated in operations	CO ₂ • CH ₄ • N ₂ O	Combustion of diesel and gasoline
	Disposal of waste generated in operations	CO ₂ • CH ₄	Incineration, Landfill
	Employee commuting	CO ₂ • CH ₄ • N ₂ O	Emission of public transport and private cars
	Business travels	CO ₂ • CH ₄ • N ₂ O	Combustion of jet fuels
	Use of sold products	No specific GHG generation	No specific GHG emission

Methodology

A full project was built on quantifying emission sources that included data collection processes involved all members of the company's ESG Team and some external specialists. These processes followed different approaches, but the starting point is the same.

Emissions that resulted in gas emitting used the following formula (e.g. combustion, burning fuel, heating etc.):

$$\text{Emission (tCO}_2\text{ eq.)} = \text{Activity} \times \text{Emission Factor}$$

Equation 1

Emission Type	Base Data	Emission Factors	Unit	Methodology details
Direct emissions (Scope 1)	Energy consumption and Fuel volume	GHG Protocol DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Equation 1 Purchased commercial fuels for heating, natural gas and diesel and fuel (diesel, gasoline) × emission factor by GHG Protocol and DEFRA for Diesel
Indirect emissions (Scope 2)	Electricity	DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Equation 1 Purchased electricity × emission factor by DEFRA
Other indirect emissions (Scope 3)				
Transportation (upstream and downstream)	Distance travelled	DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Equation 1 Distance travelled × emission factor by transport vehicle types and/or utilisation by DEFRA
Transport of waste generated in operations	Amount of waste generated	DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Equation 1 Distance travelled × emission factor by transport vehicle types and/or utilisation by DEFRA
Waste generated in operations	Amount of waste generated	Own measurement DEFRA	kgCO ₂ · CH ₄	Equation 1 Weight of waste × gas emitted from waste disposal and emissions through incineration as gas components
Business travels	Distance travelled per person	DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Km travelled per employee by type of transport × emission factors by travel types and classes if flight by DEFRA
Employee commuting	Average distance travelled by employees	DEFRA	kgCO ₂ · CH ₄ · N ₂ O	Avg. no. employees × ratio of employees commuting by public transport (%) × 2 × avg. distance of homes × no. workdays × emission

GHG Emissions Inventory by Years and Types

The following table provides a quantification of GHG emissions related to Scope 1, Scope 2, and Scope 3, including all categories where data has been found available:

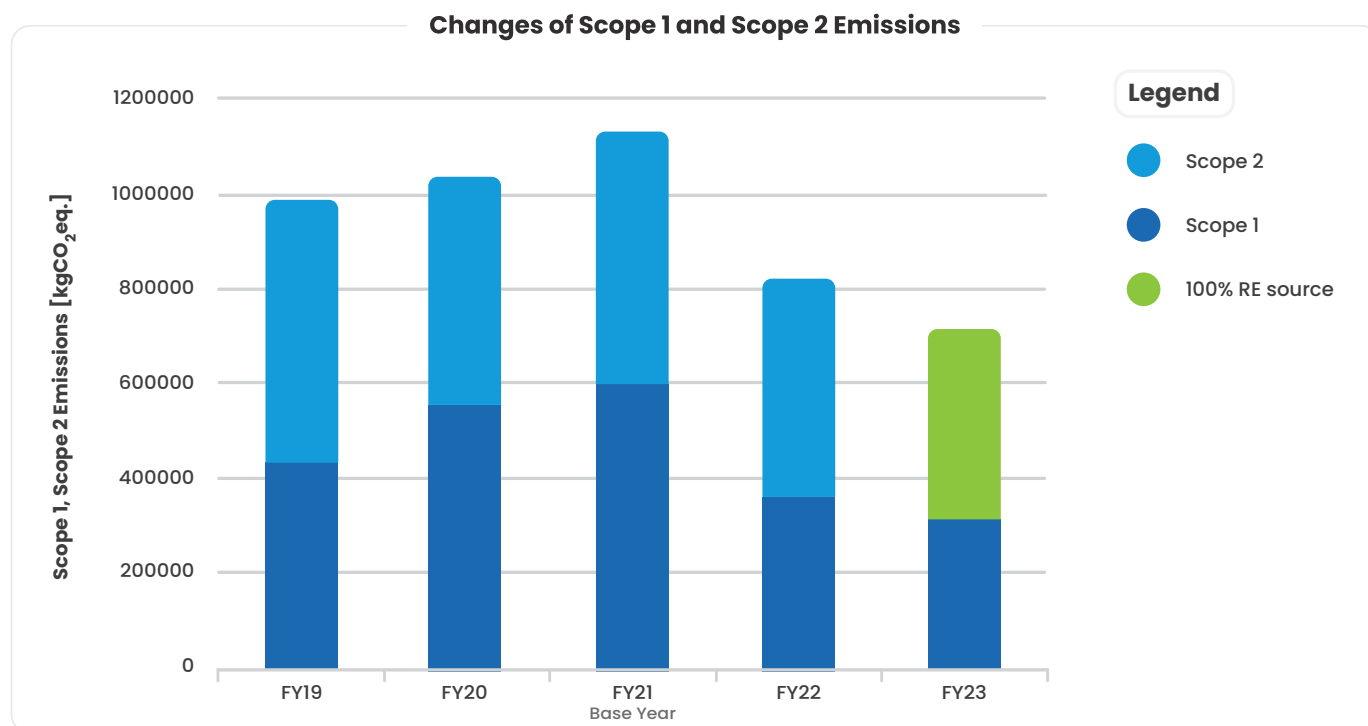
Indicator	FY19	FY20	FY21 (Base year)	FY22	FY23
Total Direct GHG emissions (Scope 1)	432.3	549.3	590.6	351.4	313.7
Carbon dioxide (tCO ₂)	429.5	545.8	587.1	348.8	311.3
Methane (tCH ₄)	0.4	0.5	0.7	0.3	0.3
Nitrous Oxide (tN ₂ O)	2.4	2.9	2.8	2.3	2.2
Total Indirect GHG emissions (Scope 2)	557.2	486.4	545.1	471.9	398.6 (0) ¹
Carbon dioxide (tCO ₂)	551.6	481.5	539.6	467.1	394.5
Methane (tCH ₄)	2.4	2.1	2.4	2.0	1.7
Nitrous Oxide (tN ₂ O)	3.3	2.9	3.2	2.8	2.3
Other indirect emissions (Scope 3) (tCO ₂ eq.)	4048.8 ²	3988.1 ²	2699.2 ²	2829.2 ²	3414.16
TOTAL GHG emissions (tCO ₂ eq.)	5038.4	5023.8	3834.9	3652.6	4126.5

¹: Scope 2 emission in FY2023 is 0 (ZERO) tonnes of GHG because of the RE100 accepted Energy Attribute Certificate (EAC) and the expanded solar panel systems.

²: Estimated values due to lack of wide-range detailed documentation of Scope 3 emissions

Performance

After the COVID-19 crisis Faital started sticking to its energy management policy. As its results in FY22 and FY23 compared to the base year (FY21) significant decreases which appear in the company's GHG emissions too.



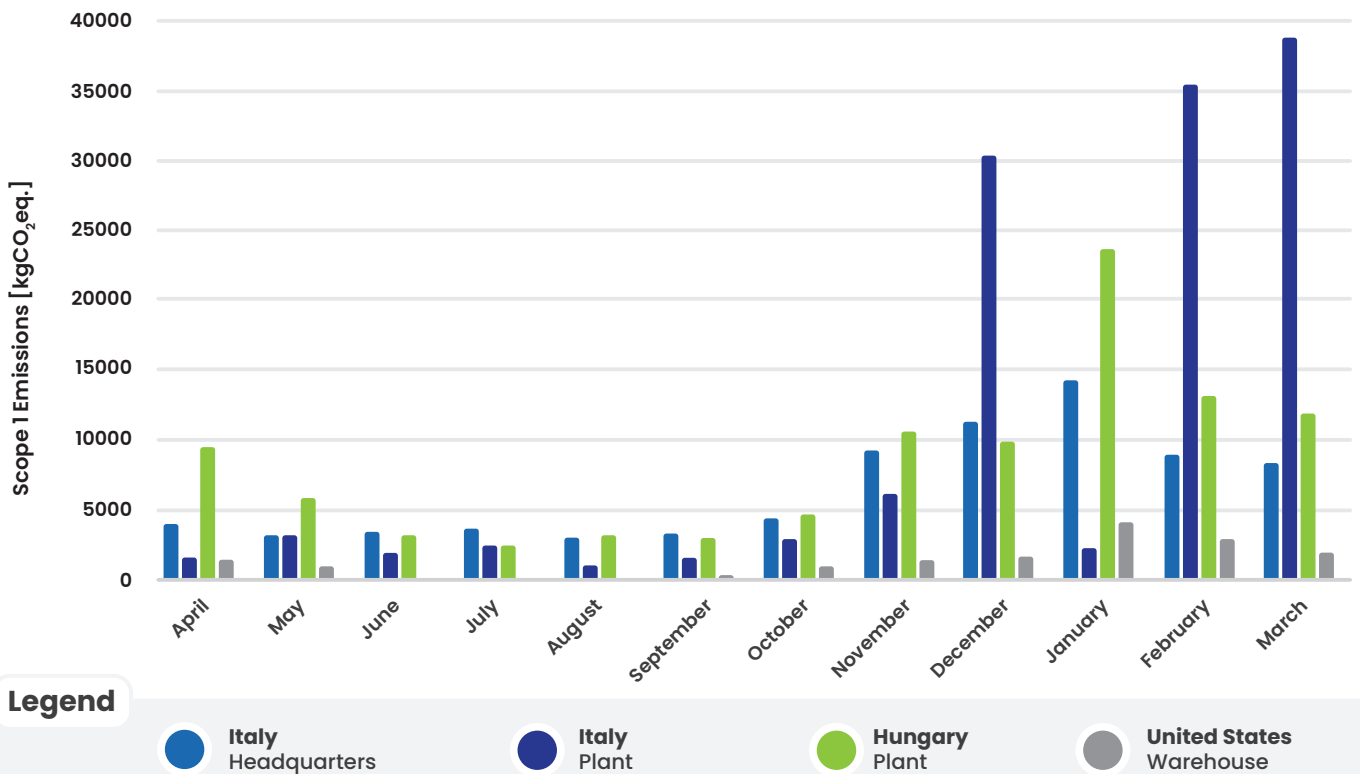
Performance in FY23:

- Faital Group emitted nearly 51% less direct GHG during the FY22, however 57% less during the reported period compared to the base year.
- Faital consumed 14% less electricity in FY22 and 27% less in FY23 compared to FY21 thus effectively reduced the GHG emissions from this category.
- In FY23 all Scope 2 emissions were compensated by physical solar panel systems and Green Energy Certificates.
- The GHG intensity in FY23 (Scope 3 included):
 - 0.3 kgCO₂eq./product (pc. of loudspeaker)
 - 7 tCO₂eq./employee/year

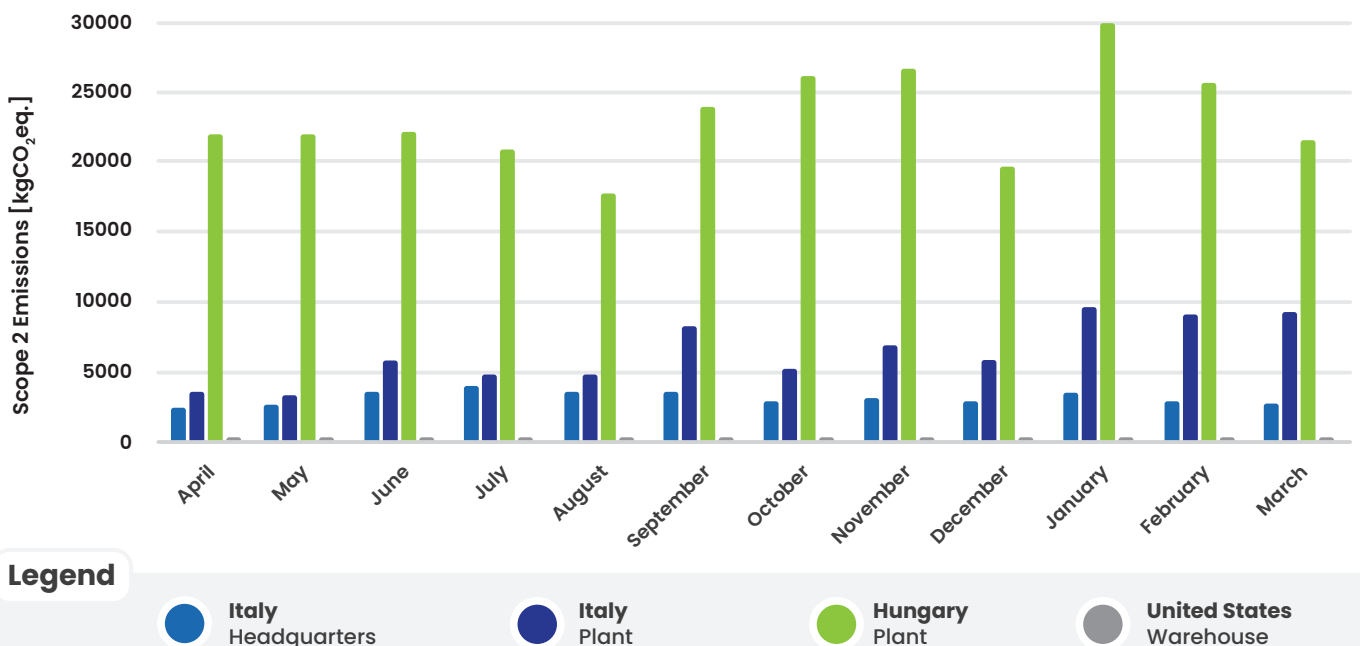
Other performance indicators could be read in the Fital Group's Sustainability reports on [our website](#)

FY23 Scope 1 and Scope 2 Emissions

Faital Group Scope 1 Emissions



Faital Group Scope 2 Emissions



Our Worldwide Emissions

Our GHG emission highly depends on the weather and the climate characteristics of the continents. The lower the temperature the higher the demand for heating that results higher direct (Scope 1) emissions due to fossil fuel heating. The production only depends on electricity causes Indirect (Scope 2) emissions. Our Scope 2 emissions are 100% covered by RECs and physical solar panel systems.

Thanks to our conscious energy management policy and culture with creative thinking and complete production shutdowns, the Company is able to continuously decrease its energy consumptions year by year thus decreasing emissions continuously. Faital group is committed to maintain this trend. The following figure displays the Faital Group global emissions.

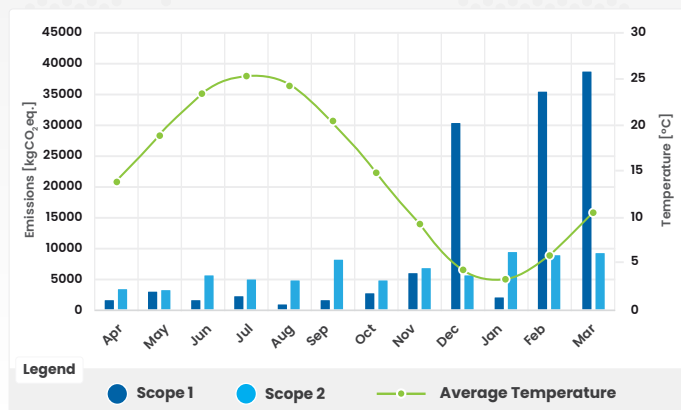
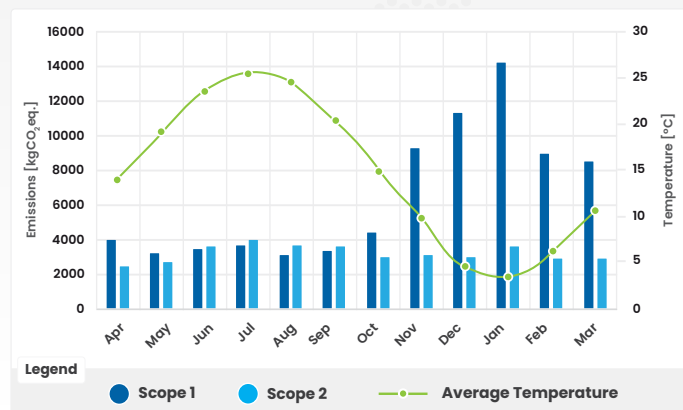


1 Faital | Headquarters

Italy

2 Faital | Plant

Italy

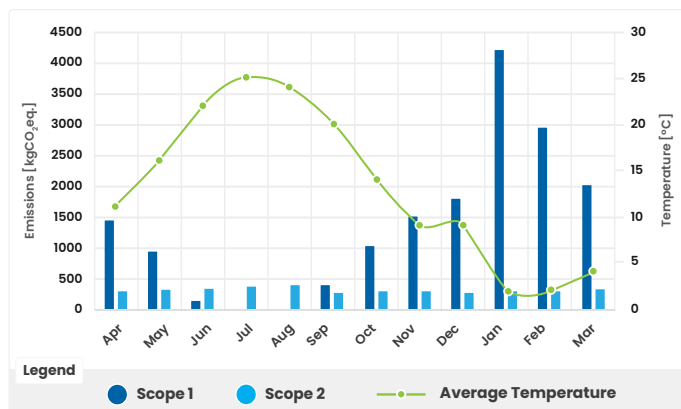
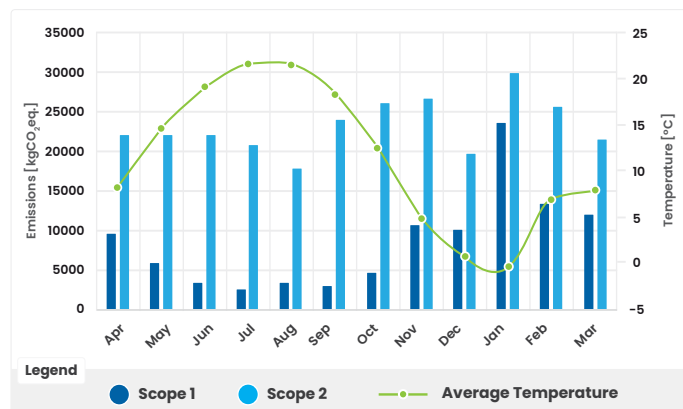


3 Faital Hungary | Plant

Hungary

4 Faital USA | Warehouse

New Jersey, US



Scope 2 values consider the consumption of total electricity, solar and green energy also involved

Uncertainty

Due to lack of equipment in GHG emission measurements it is a must to use assumptions to get appropriate result. There can be several different types of applied simplifications so in this topic the combination of them will be detailed.

Emission Type		Description of uncertainty
Scope 1		Calculated by the consumed amount of natural gas/diesel/petrol etc. Scope 1 emissions couldn't be measured directly at the emitting points
Scope 2		Average emission factors were used to calculate the emissions for consumed electricity. Interviewing the suppliers about local emission factor could increase the certainty.
Scope 3	Transport and distribution	There is no database for mechanical descriptions of different types of transportation vehicles (for example emission cards of trucks, container ships etc.) so they were categorized according to DEFRA categories as HGV, Refrigerant, Class I, Average etc. There were sometimes estimations because only recording of the incoming and outgoing goods were possible on the transportation manner, but the labour has no capacity for collecting and requesting mechanical datasheets of all transportation vehicles. This was a new requirement for the logistics in FY23 that also increases the uncertainty.
	Business travels	The emissions from business travels are categorized by DEFRA manually. The company do not use any travel agencies or booking tools for such purposes. Thus, these data contain uncertainty. The exact emission data are not recorded also due to lack of labour capacity. The distance used for the calculation are determined by online softwares from airport to airport.
	Employee commuting	This category contains high uncertainties because the calculation used average distance values. The lack of data from employees regarding distance commuted also decreases the certainty.

How will Faital reduce the uncertainty in the future?

Transportation and Distribution: build the recording of transportation vehicle types into the daily practices through the whole transportation chain. Collecting datasheets of these vehicles and use external recording system.

Business travels: recording of official emission data based on the data provided by the air company.

Employee commuting: applying internal surveys for each employee about the distance they travel and about their types.

Conclusion

Faital Group's comprehensive approach to reducing greenhouse gas emissions highlights its strong commitment to sustainability and environmental responsibility. The company's efforts are grounded in globally recognized standards such as ISO 14064-1:2018, and its greenhouse gas accounting is in accordance with the GHG Protocol. Faital's emission reduction strategy covers all significant sources of greenhouse gases, including direct emissions from fuel combustion (Scope 1), indirect emissions from purchased electricity (Scope 2), and various categories of other indirect emissions (Scope 3).

Total Scope 1 and Scope 2 emissions of the Company in FY23:

313.7 tCO₂ equivalent (0 tCO₂ equivalent Scope 2)

Total Scope 3 emission of the Company in FY23:

3413.3 tCO₂ equivalent

Total ratio of REC and produced green electricity of the company in FY23:

100% = 1907 MWh

Total saved GHG of the Company in FY23 compared to FY21:

420 tCO₂ equivalent

Future Goals

Faital's commitment to long-term environmental goals is reflected in its participation in the Science-Based Target Initiative (SBTi), it is about working towards achieving net-zero emissions by 2050. This ambitious target is aligned with global climate efforts and UN Sustainable Development Goals, reinforcing the company's determination to foster a sustainable business model.

The corporate culture drives the group to continuously reduce its direct emissions, with the goal of achieving climate neutral state. In doing so, the Company aims to only manage indirect emissions, which will also be subject to rigorous control. This commitment reflects the dedication to sustainability and environmental stewardship, ensuring that the operational practices align with global efforts to combat climate change.

Additionally, the report highlights the challenges associated with accurately measuring and managing Scope 3 emissions, but Faital is actively seeking ways to improve data collection and transparency in this area, with plans to engage more closely with its supply chain to reduce emissions across the entire value chain.

As a company with a rich heritage in loudspeaker manufacturing, Faital's environmental stewardship is deeply intertwined with its corporate values of transparency, innovation, and customer focus. Moving forward, Faital is committed to further integrating sustainability into its core business operations. The group's initiatives not only support global climate goals but also enhance its operational efficiency and market competitiveness.

Looking ahead, Faital plans to continue enhancing its energy management systems, leveraging green technologies, and refining its emissions reporting methodologies to reduce uncertainty. The company will also continue to engage its stakeholders and supply chain partners to encourage sustainable practices throughout its business ecosystem. By doing so, Faital Group aims to lead by example in its industry and contribute meaningfully to global efforts to combat climate change.

With the successful reduction of its greenhouse gas emissions in FY23, Faital Group has set a solid foundation for future progress. The company's ongoing efforts to mitigate its environmental impact, while adhering to high standards of transparency and accountability, position it well to meet its 2030 and 2050 climate targets. Through its commitment to innovation and sustainability, Faital will continue to drive positive change and make strides toward a more sustainable and climate-resilient future.

IMPRESS

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