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Integrated Sustainability Report



2024

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FOREWORD

When we think of sustainability, our minds often go to renewable energy, carbon emissions, and recycling initiatives. Yet sustainability goes beyond these visible elements. It also encompasses responsible social conduct, ethical business practices, and forward-thinking investments. At Faital Group, we believe that people are the true foundation of a sustainable future.

That's why we are committed to prioritizing the safety of our employees, promoting a sustainable, secure, and well-balanced work environment. Today, our people are at the heart of our values. Working together is essential – by cultivating robust safety practices, we strengthen the foundation of our sustainability efforts.

We believe in building resilient communities where individuals can work together in safe environments and collectively pursue adaptive strategies to address climate change. Through open, two-way communication with our employees, we empower them to identify critical issues and engage in meaningful discussions on topics such as disrespectful behavior, inequality, diversity, and the creation of sustainable workplaces and lifestyles.

Since the ESG (Environmental, Social, and Governance) framework entered the public spotlight within the European Union, the value of our already-established ESG system has grown significantly within our global value chain. What was once a voluntary commitment to sustainability is now also a matter of regulatory compliance with EU directives. We share our progress and initiatives through multiple channels – most notably by publishing updates on our group's website – while actively encouraging dialogue with stakeholders and integrating their feedback into our strategic planning.

Sustainability Ratings

The company actively participates in globally recognized, independent sustainability and ESG rating systems, which significantly strengthens our market positioning. These assessments not only validate our commitment to sustainability but also serve as strategic tools to identify performance gaps and uncover opportunities for improvement. By participating, we gain valuable insights that inform our environmental stewardship, social responsibility, and long-term economic viability, while aligning us with international best practices. It supports our continuous improvement process and guides us in shaping future-ready strategies. Furthermore, this participation enhances our credibility among stakeholders, showcases our proactive stance on sustainability, and underlines our commitment to responsible, green operations.

Sustainability Assessment Questionnaire (SAQ) 5.0

As part of our ongoing commitment to responsible business conduct and alignment with the European Sustainability Reporting Standards (ESRS), the Faital Group continuously participates in credible external ESG assessments. In FY2024, we completed the upgraded SAQ 5.0 (Sustainability Assessment Questionnaire) – a widely recognized supplier sustainability evaluation tool.

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Our Group achieved a score of 87, resulting in a Category B rating within the industry classification 27.90 – Manufacture of other electrical equipment – Production. This rating reflects our consistent compliance with sectoral ESG expectations and highlights areas of strong performance, particularly in quality management, supply chain responsibility, and environmental compliance.

Ecovadis

As part of our long-standing engagement with credible ESG rating platforms, the Faital Group again participated in the Ecovadis sustainability assessment in FY2024, continuing a multi-year commitment to transparency and improvement. Based on our 2023 performance data, we are proud to report that Faital Group earned its first Silver Medal, achieving a score of 70 points in the “Manufacturer of Consumer Electronics” category.

This result positions Faital 11% above the industry average, demonstrating our consistent progress in environmental performance, ethics, sustainable procurement, and labor & human rights. The Silver Medal reflects the maturity of our sustainability management systems and validates the efforts undertaken through our internal ESG programs and policies.

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GENERAL DISCLOSURES

BP-1 GENERALLY ABOUT FAITAL'S SUSTAINABILITY REPORTING

The Integrated Sustainability Report of Faital Group for FY2024 provides a holistic and comprehensive overview of the Group's sustainability-related activities, strategic goals, and performance across environmental, social, and governance dimensions.

Compared to previous years, this is the first fully integrated report, consolidating both non-financial and financial disclosures in a single framework. It includes structured information on sustainable financial activities, in accordance with EU Taxonomy requirements, as well as an enhanced and detailed Greenhouse Gas (GHG) emissions inventory – covering Scope 1, 2, and Scope 3 categories – verified against ISO 14064-1 and GHG Protocol standards.

Furthermore, this report includes robust disclosures on human resources, such as workforce structure, health and safety performance, equal opportunities, and training, directly reflecting the Group's material topics and its obligations under ESRS S1. These disclosures were prepared using both quantitative data and qualitative descriptions of internal policies and targets, ensuring consistency with the outcomes of the Group's Double Materiality Assessment.

The FY2024 Integrated Report adheres to the single reporting structure prescribed under CSRD and reflects our commitment to transparent and comparable sustainability disclosure. The data and narrative presented have been compiled in accordance with the European Sustainability Reporting Standards (ESRS) and represent a clear, verifiable, and balanced account of Faital Group's impacts, risks, opportunities, and sustainability performance across the value chain.

Our locations included in the report:

The locations as boundaries with descriptions included in the report on geographical basis can be found [here](#).

No. on map	Company name	Territory [m ²]	Location
1	Faital S.p.A.	5208	San Donato Milanese (MI), Italy
2		22902	Chieve (CR), Italy
3	MHG Kft.	11458	Salgótarján, Hungary
4	Faital USA, Inc.	1198	Pompton Plains (NJ), USA

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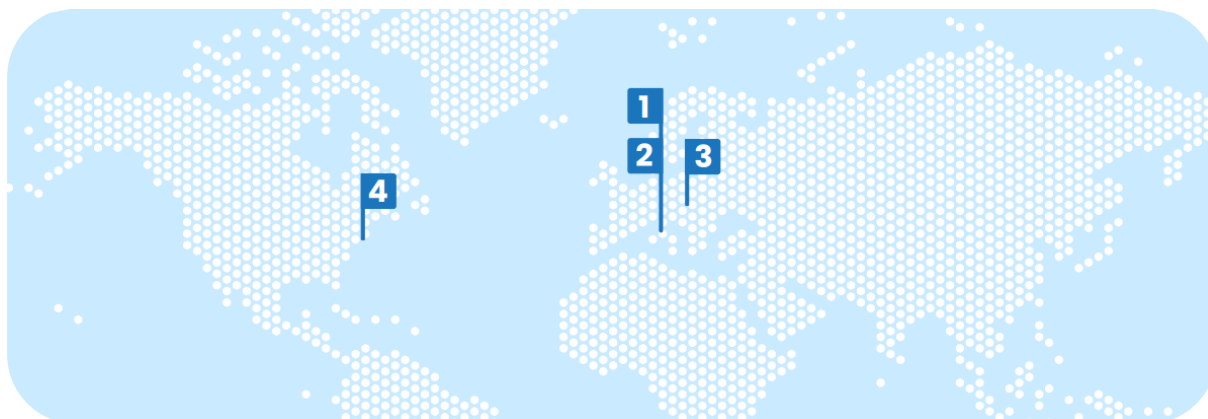
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**Reporting period:**

Following the trend started last year, this report is in the period of the Fiscal year of 2024, which is accounted between 01/04/2024 and 31/03/2025.

BP-2 DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES**Reporting according to international standards:**

For Fiscal year 2024, the report was made according to the Corporate Social Responsibility Directive by the European Union and its standards the European Sustainability Reporting Standards (ESRS). The report will continue the trend what was started in 2023 and there will be a comprehensive summary according to the GRI standards too.

Changes in the reporting:

Compared to previous year, this report follows financial year instead of calendar year. As a result, we revised the structure, duration, timing, and deadlines of our data collection and validation processes upon the new reporting period. To support this transition, a streamlined data collection system was designed and implemented in advance, led by the ESG Team across all reporting entities. The system integrates automated processes to improve efficiency, reduce manual input, and minimize the risk of data inconsistencies.

Where applicable, some historical data – previously reported on a calendar year basis – has been converted to the fiscal year framework – for instance, data previously labeled as "2023" now appears as FY23 to maintain consistency and comparability throughout the report. This ensures that year-over-year performance tracking remains coherent despite the shift in reporting structure.

New key performance indicators (KPIs) and measurement values have been established to reflect the most recent technological advancements and updated standards. In addition, several methodologies – including the approach to conducting the Double Materiality Assessment (DMA) – have been revised to ensure full compliance with the ESRS requirements.

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Reporting errors in preceding year:

During this reporting, we made slight modifications on the ESG system that contains unification of emission factors, reporting methods of social impacts. We implemented higher transparency in sustainable finance to give better references to the reader.

Omissions

We have decided to not disclosing information on certain ESRS topical standards or datapoints based on the outcomes of the double materiality assessment. The topics assessed as non-material include:

- Subtopics under S3 (Affected Communities) and S4 (Consumers and End-users)
- Subtopic of E2 Pollutions
- Subtopic about Substances of concern in E2
- Substances of very high concern in E2

Some disclosures were omitted due to current data unavailability or limitations in data systems:

- Scope 3 GHG emissions: Not fully available due to insufficient data from the value chain and methodological limitations. The full Scope 3 inventory is still under development.
- Circular economy metrics (e.g. material inflows/outflows): Quantitative data on secondary materials and material recovery is partially missing. Planned improvements include enhanced data collection processes and system development.

Some metrics and targets regarding payment terms and certain compliance data have been omitted due to the potential risk of disclosing commercially sensitive or legally protected information. Future disclosures will include aggregated or anonymized indicators to preserve confidentiality.

External assurances and compliance with standards

For this reporting period our sustainability data and processes have not undergone comprehensive external assurance. However certain aspects of the information provided are subject to external verification bodies through specific frameworks including SBTi, CDP, Ecovadis. We follow other standard regarding the GHG emissions like ISO16064 and GHG Protocol. For Social aspects we follow the ILO values adopted by countries of operations, UNGP and some other relevant OECD rules as part of Minimum Social Safeguards survey of EU Taxonomy.

As a member of the Alps Alpine Group, which is a signatory of the RE100 global initiative – committed to sourcing 100% renewable electricity – we are strongly aligned with the Group's decarbonization ambitions. In this context, Faital Group is motivated to mirror and support these commitments by integrating renewable energy targets into our own sustainability strategy.

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We actively follow the Group's roadmap and continuously assess our readiness to formally join initiatives such as RE100 or other equivalent global climate action platforms that align with our operational profile and energy strategy.

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

The Faital Group operates under Alps Alpine Group as its affiliate but as an economically independent member. 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 ESG 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.

In Fiscal Year 2024, the Executive Leadership of Faital Group was composed with Mr. Marco Sebastiano Romeo serving as Managing Director (MD). As MD holds responsibility for the overall management of the Group, including strategic leadership on business and sustainability matters.

Mr. Romeo's remit encompasses the supervision of the Group's operations and the integration of ESG principles across business functions. He represents the Faital Group as a member of the EU Sustainability Committee (EUSC) within Alps Alpine Europe, a strategic body that oversees sustainability-related activities across the European organizations.

Corporate Sustainability

The President and Representative Director of the Alps Alpine Group holds the highest responsibility and authority for sustainability matters, including climate change. A Director appointed by the President and Representative Director oversees all sustainability initiatives as the Chair of the Sustainability Promotion Committee. The Alps Alpine Global Headquarters maintains the ultimate responsibility and authority for sustainability issues across the organization.

For supervision of European sustainability and ESG activities the EU Sustainability Committee (EUSC) has been created, that is comprised of the directors of all European subsidiaries just like our MD.

As part of the global Alps Alpine Group, we actively participate in the EU Sustainability Work Group (EUSWG), a virtual organization designed to coordinate and align sustainability practices across all European affiliates. Each site, including FTL (Faital), appoints a designated representative to the EUSWG. This group is responsible for interpreting and implementing sustainability activities.

Additionally, EUSWG has key importance in reporting to both the EU Sustainability Committee (EUSC) and also the corporate headquarters in Japan.

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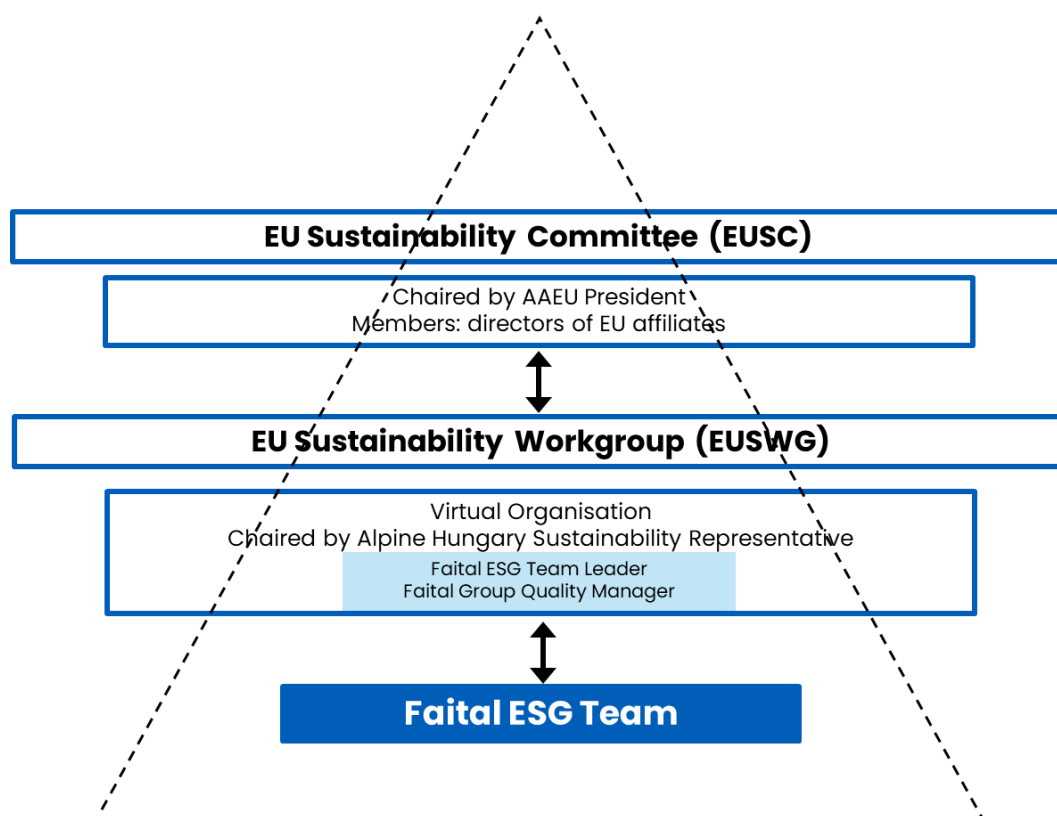
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To ensure effective functioning of the EUSWG, each affiliate is required to maintain an internal sustainability organization, responsible for operationalizing group-wide strategies and contributing to consistent ESG performance monitoring and improvement at the local level.



In our case, the local sustainability organization is represented by the ESG Team, which was formally established in 2023. This team is responsible for coordinating the implementation of sustainability policies, collecting and validating data, and supporting the fulfillment of Faital's reporting obligations under the EU regulatory framework.



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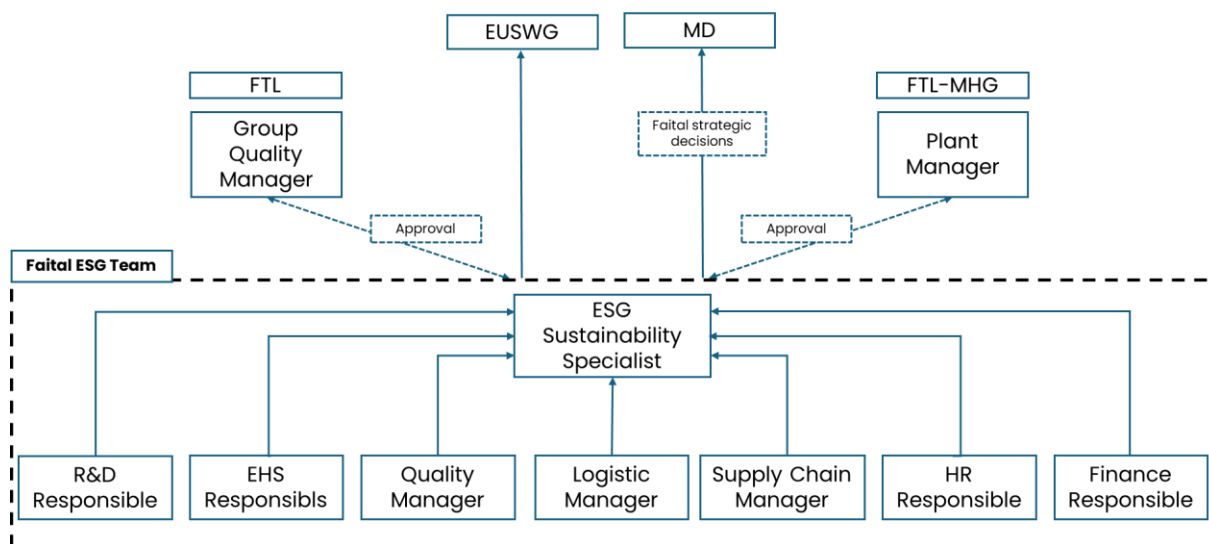
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To ensure oversight and alignment with broader organizational goals, the ESG Team’s outputs and activities are subject to approval by the Group Quality Manager and the Plant Manager of the Hungarian production facility. This dual-approval structure reflects the plant’s occasional engagement in individual assessments and ensures that site-specific ESG performance is both robust and auditable. Once validated, the ESG Team’s work is deemed reportable to the EU Sustainability Work Group (EUSWG).

Only Fital-specific public disclosures of ESG topics – such as this Integrated Report – and only Fital Group related strategic decisions are subject to the Managing Director’s approval.

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

The ESG Team was established in 2023 under the leadership of the ESG Sustainability Specialist. The team is responsible for coordinating sustainability initiatives, monitoring performance indicators, and ensuring alignment with the Group’s ESG strategy and regulatory requirements.

The ESG Team’s outputs – particularly those related to site-specific assessments – are subject to internal validation. This process involves approval by both the Group Quality Manager and the Plant Manager (MHG). For matters involving strategic direction, capital investments, or external disclosures of ESG activities the approval of the Managing Director is also required. This multi-tiered governance ensures that all ESG-related information is thoroughly vetted prior to being reported to EUSWG or EUSC or to the public.

Tasks of Fital’s ESG team:

- Engage with internal and external stakeholders, advocate on their behalf to ensure their priorities are addressed and integrated into our company’s sustainability strategy
- Integrate the sustainability aspects into the strategy
- Annually review the company’s ESG double-materiality assessment (DMA)

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- Steer the company's mid-term sustainability objectives and supporting targets – based on the DMA, stakeholder dialogue and the ESG risk matrix.
- Act as a steering committee for certain sustainability initiatives, to ensure they are followed thoroughly and adequate resources are allocated
- Deliver recommendations on adequate training and incentives

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

The company agrees with the importance of incentive schemes towards external credibility of its sustainability targets, and their role in driving performance. This is why our ESG Team, which includes management representation, evaluates how to introduce sustainability-related incentive schemes. It is important that before we set incentives, we understand and integrate our material sustainability issues as well as how they can be translated into KPI's and targets for every business function as part of our 2030 sustainability target process. Only after completing that step are we able to start designing effective incentive schemes.

GOV-4 Statement on due diligence

Below there is a list which contains information about how our group handles the key aspects of due diligence for people and environment, and where they are addressed in this integrated sustainability report:

Due diligence process basic elements of CSRD	ESRS disclosure
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, ESRS 2 GOV3, ESRS 2 SBM-3
Engaging with stakeholders in all key steps	ESRS 2 GOV-2, ESRS 2 SBM-2, ESRS 2 IRO-1
Identifying and assessing adverse impacts	ESRS 2 IRO-1, ESRS 2 SBM-3
Actions taken on these impacts	General ESRS: Every chapter contains information on actions and metrics
Monitoring of the effectiveness off efforts and communication	General ESRS: Every chapter contains information on actions and metrics

GOV-5 Risk management and internal controls over sustainability reporting

At Faital, risk management and internal control processes related to sustainability reporting are based on the group's broader operational and compliance frameworks e.g. IATF 16949, ISO 9001 etc. These processes

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are designed to ensure the accuracy, completeness, and reliability of sustainability data disclosed in alignment with the European Sustainability Reporting Standards (ESRS) too.

Governance Structure and Accountability

The ESG Team, established in 2023 and led by the ESG Sustainability Specialist, is the central body responsible for coordinating sustainability reporting. The team collects and consolidates data across ESG topics, and ensures methodological consistency, traceability, and documentation throughout the reporting cycle.

Reporting Controls and Processes

To ensure reporting reliability, the ESG Team follows a documented internal control protocol, including:

- Clearly defined roles for data owners and reviewers
- Scope, scale and target
- The definition of key performance indicators
- Standardized templates and checklists
- Version control and audit trails
- Validation steps prior to disclosure

Once the ESG database is finalized, the ESG specialist drafts the report. This draft is reviewed and approved by all ESG Team members. The final version must then be approved by the Managing Director before publication.

Risk Identification and Escalation

Risks related to sustainability reporting – including risks of data inaccuracy, non-compliance, or material omissions – are identified through regular internal reviews and during preparation cycles for questionnaires, stakeholder assessments, and policy updates. Any issues identified are escalated within the ESG governance structure, ultimately to the Managing Director if significant.

SBM-1 Strategy, business model and value chain**Strategy and sustainability-related topics**

Transition from GRI to ESRS played important milestone for the company. We were committed to stay transparent towards our stakeholders and stay comparable.



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ESRS	Target (base year 2021)	Due	Status in FY24 (Base FY21)	SDG relation
ESRS 2 ESG Strategy	Establish ESG Team	2023	Established	
	Reach EcoVadis Silver	2024	Silver	All SDG 2030 Goals
	Reach EcoVadis Gold	2030	Silver	All SDG 2030 Goals
	All EcoVadis topic should be above 70 points	2025	4/5	
	Solid ESG policies and processes	2026	In progress	
El Climate Change	Reduce annual energy consumption by 10%	2030	-36%	 
	100% Renewable electricity	2030	100%	
	Carbon neutrality	2050	In progress	
	Reduce CO ₂ (Scope 1 & 2) emissions by 90%	2030	-77%	
	Expanding Scope 3 monitoring system to all relevant categories	2025	7/10	



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	Reduction of total GHG (incl. Scope 3) emissions by 25%	2030	+4%	
	ISO50001 for all factories	2030	1/2	
	ISO14001 for all factories	2025	2/2	
	Prepare for SBTi framework	2027	On going	
E2 Pollution	Reduction of VOC emissions	2030	-8%	
E3 Water	Conscious water management	2030	In progress	
E4 Biodiversity	Volunteer activities to support Biodiversity	2024	On going	



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E5 Circular Economy	Reduce the amount of waste generated by 10%	2030	+14%	
	Use at least 25% recycled material (30% for plastics, 40% for metals)	2030	RRMR 10%	
	Implement PCF for every product	2024	10%	
	Achieve a 10% recycled resin usage	2030	0%	
	Develop the use of plant-derived resins and biomass-based materials	2030	Under planning	
	Waste recycling ratio 100%	2030	91%	
	Reach rank 'A' on human rights due diligence by Alps Alpine	2023	100%	
S1 Own Workforce	Keep 0 incidents related to Human Rights	2024	0	
	Work-related LTIFR = 0	2024	5.5	



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	ISO45001 certification for production plants	2030	1/2	
	Keep 50% female ratio	2050	62%	
	Hold at least 2 healthcare and prevention activity	2030	2/2	
	Sustainability assessment of the Supply Chain	2030	10%	
S2 Workers on the supply chain	100% CMRT coverage	2023	100%	
	70+ EcoVadis Sustainable procurement score	2024	70	
	100% CSR self-assessment participation rate	2024	100%	
	Response to geopolitical risks and reinforcement of supply chain resilience	2030	In progress	
S4 Consumers and End-users	TISAX certification for production plants	2024	2/2	



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G1 Governance	100% GDPR coverage	2024	100%	
	100% participation in Code of Conduct education	2023	100%	
	100% participation in IT Security training	2024	100%	
	100% of new employees trained in sustainability	2023	100%	
	Annual internal education of Sustainability	2023	1/1	
	Development of Whistleblowing system	2024	Work in progress	
	100% compliance in EU Taxonomy ph.18. Minimum Social Safeguards	2025	86%	

Products

Faital designs and offer audio systems that meet every need. From basic to premium solutions, each one ensures optimal performance, reliability, and perfect integration into any vehicle, meeting the specific requirements of manufacturers.

All loudspeakers manufactured by the Faital Group are fully checked at the end of the assembly line. Loudspeakers are tested individually using proprietary computerized equipment, which verifies in real time six electro-acoustic parameters relating to nominal use conditions specific to each product. Check for more [here](#).

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Core Faital competencies:**Quality management**

The group places paramount importance on the safety and quality of its products, considering them as fundamental pillars. Adhering to the *Alps Alpine 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 found [here](#).

Economic performance

After the COVID-19 pandemic and amidst the ongoing Russian-Ukrainian conflict, recovery and adaptation processes have progressed slowly. During the reporting period, Faital Group continued to face persistent supply chain disruptions, including shortages of critical raw materials. These challenges are expected to persist due to emerging tax-related tensions surrounding rare earth elements (REE) and other strategic materials.

The global transformation of the automotive industry, particularly the shift toward electrification has intensified pressure on production capacity. Concurrently, macroeconomic instability – marked by a sustained increase in inflation rates – has compounded operational challenges across our value chain.

In Fiscal Year 2024, Faital Group's profitability declined in line with expectations, primarily due to increased input costs and declining production orders. The ongoing climate crisis has also impacted financial performance, particularly through rising energy costs associated with heating and cooling demands across production sites. Additionally, volatility in raw material pricing, combined with weaker demand and customer order adjustments, has further constrained margins.

These converging factors highlight the growing interdependence between environmental, geopolitical, and economic dynamics, all of which pose material risks to the company's resilience and long-term value creation. Faital Group continues to monitor these developments closely and adapt its operational and strategic planning accordingly.

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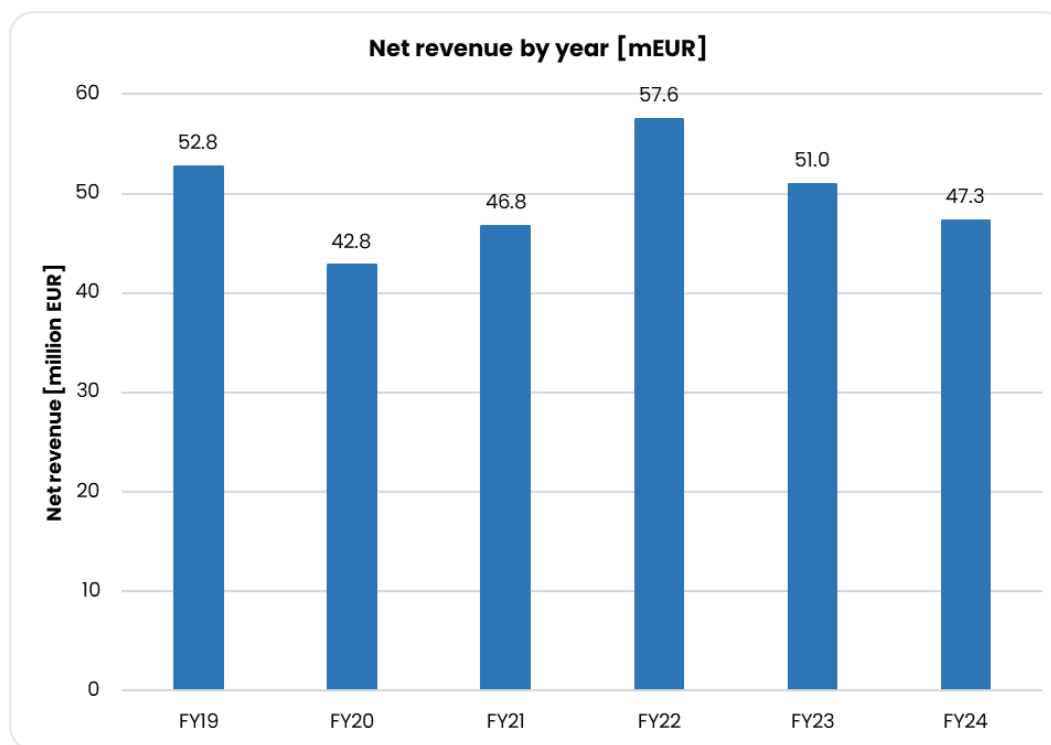
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Data source: Consolidated financial statements

Due to the impacts of climate change, including an exceptionally hot summer, the Group faced climate challenges that contributed to increased expenditure. These extreme weather conditions led to higher energy consumption for heating and cooling, directly impacting operating expenditures (OPEX). Simultaneously, the continued rise in global energy prices further amplified cost pressures on OPEX.

In addition, the Hungarian production facility underwent a capacity expansion during the reporting period, which significantly increased the capital-expenditures (CAPEX). This investment was part of the Group's broader strategy to improve production efficiency and meet evolving customer demands, despite prevailing external challenges.

Further details regarding the classification and alignment of these expenditures can be found in our EU Taxonomy Report, located at the end of the Environment chapter.

SBM-2 Interests and views of stakeholders

To support the successful execution of its assessment and sustainability processes, Faital conducted a comprehensive stakeholder analysis as the third step of the Double Materiality Assessment (DMA) approach. This followed by the initial context analysis and impact identification phases, ensuring that stakeholder perspectives were integrated into the determination of material sustainability topics. Communication methods of stakeholder engagements and their topics are described below in the table:



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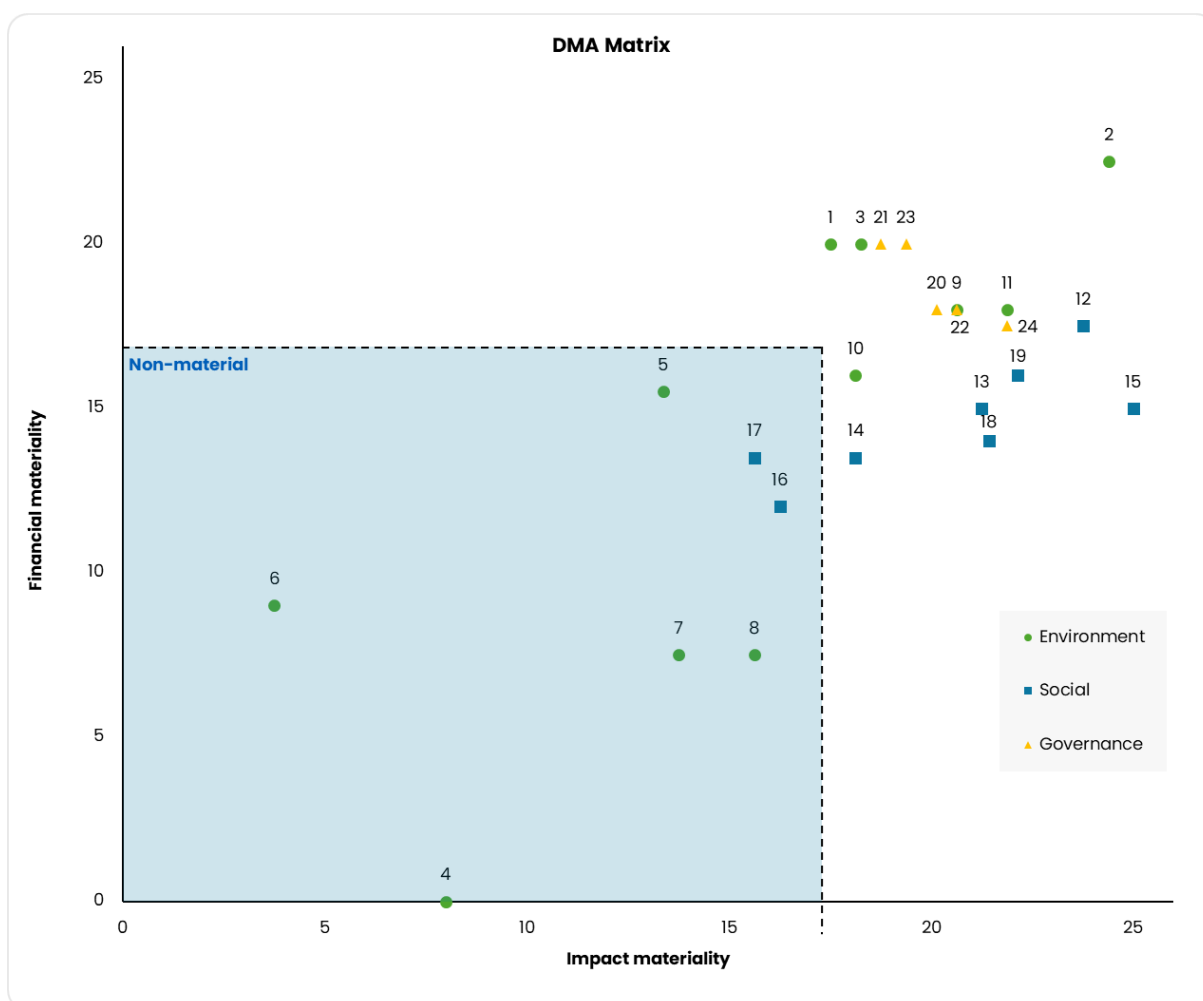
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Key Stakeholders	Communication channels and methods	Engagement topics
Customers	Face-to-face meetings, video and phone calls, audits, workshops, industry events, reports, sustainability report, customer awards, social media, whistleblowing	Adapting to their needs and requirements. The direction of our future cooperation.
Employees	E-mails, shop floor meetings, company events, website, intranet, employee satisfaction and opinion surveys, trainings, company social media, whistleblowing, bulletin board	To meet employees needs, feedbacks on changes, opinion on directions, establishing clear rules of cooperation
Alps Alpine Headquarter	Reporting, meetings, personal visits, newsletters	Meet their needs, understand the direction we are going, compliance with internal rules, share their culture
Suppliers and business partners	Conversations, seminars, face-to-face visits, audits, website, sustainability report, whistleblowing channel	Building relationship with suppliers for long-term cooperation, business ethics on supply chain, innovative products, knowledge and experience change, establish in rules
Governmental organisations	Congresses, meetings, workshops, website, e-mail, press conferences, magazines, social media, whistleblowing channel	Employment possibilities, legal compliance, official permits, data services, tax payment, required environmental elements, understand their needs
Nature	Emission reports (water, air, waste) operation allowances, audits	Meeting expected requirements on emissions, recycling

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

Double-Materiality Matrix:

In this section, we present our double materiality matrix, developed in 2023, updated by with the ESRS methodology in 2024. This matrix takes place as the foundation of our current sustainability strategy, built through structured stakeholder engagement and expert input. The material issues identified through this process not only inform the prioritization of our sustainability efforts but also define the content of this report and guide the setting of our short-, medium- and long-term sustainability targets. These topics reflect both the impact of our operations on society and the environment, and the financial risks and opportunities arising from sustainability-related factors that affect our business.




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List of material topics:

ENVIRONMENT	No	Topic
	1	Climate change adaptation
	2	Climate change mitigation
	3	Energy
	9	Circular Economy – Resources inflows, including resource use
	10	Circular Economy – Resource outflows related to products and services
	11	Waste
SOCIAL	12	Working conditions of own workforce
	13	Equal treatment and opportunities for all related to own workforce
	14	Other labor-related rights concerning own workforce
	15	Working conditions of workers in the supplier chain (value chain)
	18	Information-related impacts for consumers and/or end-users
	19	Personal safety of consumers and/or end-users
GOVERNANCE	20	Corporate culture
	21	Protection of whistle-blowers
	22	Management of relationships with suppliers including payment practices
	23	Corruption and bribery

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IRO-1 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

In 2023, for the previous report we initiated our first Double Materiality Assessment (DMA), aligned with GRI. For this report we considered those results and upgraded for a new version aligned with ESRS, to gain deeper understanding of the matters most significant to our business, people, environment. We are presenting its results in this report.

Our Double-Materiality Assessment approach

Step 1 – Identify Impacts, Risks and Opportunities (IROs)

Data collection from internal and external sources (e.g. stakeholders' sustainable requirements, value chain actors, regulatory bodies etc.). They are more or less publicly available documents or if not then stakeholders were asked via interviews or questionnaires. Their requirements and goals, directions were harmonized with ESRS topics. Internally every department leader had to participate and decide with analysis.

Step 2 – Impact materiality assessment

The impacts identified in Step 1 of the Double Materiality Assessment were systematically analyzed by the ESG Team in collaboration with departmental leaders across the organization. Each identified impact was assessed for its severity, likelihood, and overall effect. For positive impacts, additional criteria such as scale and scope were considered to capture their full potential.

As part of the evaluation process, assessors were required to determine whether each impact was actual or potential, based on insights gathered during structured interviews with internal subject-matter experts. Both qualitative and quantitative assessment methods were applied to determine the significance of each impact, ensuring methodological consistency and robustness.

Each concern was assigned a weight based on its relevance and influence, which was factored into the impact score calculation. Special emphasis was placed on the materiality of impacts related to customers and suppliers, which were analyzed using tailored weighting factors to reflect their critical role in the value chain.

Final impact scores were determined using a scoring model based on the multiplication of severity and likelihood. According to the methodology applied, impacts with scores falling within the top 70 percentile were classified as material. These results served as the foundation for defining material sustainability topics to be addressed in the report and integrated into the Group's strategic planning.

Step 3 – Financial Materiality

The identification of sustainability-related financial impacts was led by our internal ESG specialist, who collaborated with relevant functions to assess risks and opportunities that may affect the company's financial position, performance, or cash flows. As part of this process, identified Impacts, Risks, and Opportunities (IROs) were systematically linked to business strategy, financial planning, and enterprise risk

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management processes, ensuring full alignment with Alps Alpine Group's integrated sustainability framework.

The financial assessment of each impact was conducted by the Finance Manager, who evaluated the magnitude, likelihood of occurrence, scope, and the nature of the impact (risk or opportunity). The thresholds for financial magnitude were defined in accordance with the Group's financial audit directives. Specifically, a five-tier scale was applied, based on percentages of total revenue:

Significance	Threshold (of total net revenue)
Very significant	$\geq 0.7\%$
Significant	$0.07\% - 0.7\%$
Moderate	$0.007\% - 0.07\%$
Low	$0.0007\% - 0.007\%$
Insignificant	$< 0.0007\%$

These categories formed the basis for assigning a magnitude score, which was then multiplied by a likelihood score to calculate the financial materiality score for each IRO. An impact was classified as financially material if its combined score exceeded a 70% threshold, following the materiality scoring methodology defined under the ESRS framework.

This quantifiable approach enabled the prioritization of financial sustainability issues and informed strategic decision-making at both site and group levels.

Step 4 – Determine Double Materiality Matrix

The materiality assessment culminated in a matrix derived from stakeholder requirements, interviews, and questionnaire responses. The analysis applied a dual-axis approach: financial materiality scores determined the vertical axis, while impact materiality scores defined the horizontal axis. A topic was classified as material if it met the threshold from either perspective – or from both – reflecting the double materiality principle set out in the ESRS.

DMA History

Our first materiality was developed in 2023 based on GRI standards. Now in 2024 it was transported into the new ESRS standards, and this will be the final version thus the CSRD regulations. There are slight differences between the 2023 DMA and this one. For this report, we continue to report on topics included in the past. Following the new materiality assessment, we expect some previous material issues to be dropped and new material issues to be added to our future reporting. Upcoming double materiality assessment. It is evident to continuously develop the DMA methods. According to the ESG Team's plan, it will be automatized as much as possible.

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

The current list of material topics identified through our double materiality assessment is reflected in the Materiality Matrix presented under SBM-3. These topics are aligned with the applicable ESRS standards and form the basis for the disclosures included in this sustainability statement. Each material topic is assessed for its relevance to both impact and financial materiality, ensuring that the report addresses all required ESRS disclosures where materiality thresholds have been met.

ENVIRONMENTAL DISCLOSURES

ESRS E1: CLIMATE CHANGE

GOV-3 Climate change governance – Integration of sustainability related performance in incentive schemes

At Faital Group we realize the significant need for climate actions within the automotive industry. We are committed to acting on climate change and limiting global warming to 1.5 °C. Our short- and mid-term emission reduction targets support the European Green Deal.

This chapter outlines the activities designed to establish Faital Group's transition plan, including our commitments and targets, along with the steps we have already taken to reduce CO₂ emissions.

E1-1 Transition plan for climate change mitigation

Strategic objective:

Faital Group, as part of the Alps Alpine Group, is committed to achieving carbon neutrality by 2050. Near-term targets include a 90% reduction in Scope 1 and 2 emissions by 2030, in comparison to 2021 as base year, and a structured reduction of Scope 3 emissions. This is supported by a comprehensive, site-level decarbonisation pathway.

Roadmap for Scope 1&2 transitions:

- Each production and office facility has developed a local business case, based on a group-wide decarbonisation pathway, to reduce emissions by 90%. Actions include:
- Electrification of operations: Replacement of gas-fired boilers and fossil fuel equipment with electric alternatives.
- Procurement of renewable electricity: Ensuring compliance with the Renewable Energy Directive, prioritizing additionality.

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- Fleet transition: Gradual shift to electric or hydrogen fuel cell vehicles for company cars and vehicles.
- ISO 50001 implementation: All sites required to adopt this standard to drive continuous energy efficiency improvement.
- Operational efficiency: Site-specific energy audits to reduce baseline consumption and eliminate avoidable emissions

Roadmap for Scope 3 transition

Scope 3 emissions are being addressed by reducing these emissions by 25% by 2030 through a targeted, structured plan with focus areas including:

- Employee commuting and downstream transport: Initiatives such as electrified commuting options, logistics optimization, and modal shifts.
- Capital goods and raw materials: Evaluation of materials used in production with the aim of replacing high-emission inputs with recycled or low-carbon alternatives.
- Supplier engagement: Pilot project launched for supplier self-assessment questionnaires on GHG reduction strategies.
- Fuel efficiency improvements: Measures to reduce fossil fuel dependence in third-party logistics (e.g., eco-driving programs, alternative fuels).

Governance and Responsibility

EU-level: The EUSC and the EUSWG coordinates regional execution, regional management of sustainability issues, creating policies and best practice sharing.

Group-level: The Managing Director and the ESG Specialist oversee strategic directions with the ESG Team. They do the annual reporting.

Monitoring and Reporting

Monitoring and reporting of climate-related performance are conducted through regular and annual submissions from each site to the Alps Alpine headquarters' sustainability teams. These reports provide consistent tracking of emissions and progress toward decarbonisation targets. Climate metrics are fully integrated into the company's Sustainability Statement to ensure transparent communication of environmental performance. Greenhouse gas (GHG) emissions are disclosed in alignment with internationally recognized standards, specifically ISO 14064 and the GHG Protocol, and the organization is actively preparing for validation under the Science Based Targets initiative (SBTi) and join the RE100 initiative. To enhance credibility and transparency, a phased implementation of third-party assurance for climate-related data is underway.

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Timeline and Milestones

Year	Milestone
2025	Scope 3 baseline finalisation in progress; site-level GHG intensity metrics in place
2026	Implementing product specific targets, RE100 initiative
2027	Higher level electrification and all electricity sourced from renewable sources
2030	-90% Scope 1 & 2 emissions achieved; -25% Scope 3 reduction tracking initiated
2040	Net zero operations (Scopes 1 & 2); significant Scope 3 mitigation demonstrated
2050	Full net-zero including value chain

Status of these milestones can be seen in the General Disclosures ESRS 2 SBM-1 chapter, where the integration of climate-related targets into the business model is further detailed. This chapter outlines how the transition plan aligns with the broader strategic direction of Faital and how climate-related impacts, risks, and opportunities are embedded into operational planning. It also provides insight into the degree to which the decarbonisation roadmap has been implemented across the organization, highlighting current progress on energy efficiency, renewable energy sourcing, and Scope 3 engagement. The milestones serve as key performance indicators not only for tracking mitigation efforts but also for assessing strategic resilience and adaptability in a transitioning regulatory and market environment.

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

As the impacts of climate change become more evident, companies like ours are expected to take greater responsibility in reducing environmental footprints. From customers and suppliers to employees, local authorities, media, and NGOs – we understand that we share in this responsibility and are committed to actively contributing to the dialogue, even amid uncertainty. Sustainability has been firmly embedded as a key success factor in our renewed corporate strategy and forward path. Developing our climate roadmap required broad internal engagement, and we continue to monitor evolving legal requirements under the EU Green Deal. The total list of material topics can be found in chapter ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

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

The step-by-step process for assessing climate-related material impacts, risks, and opportunities (IROs) is detailed in the chapter 'SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.' Our previous double materiality assessment and ISO-based EMS (all operations are ISO 14001 certified) focused primarily on operational energy use and related emissions, making climate

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change mitigation a material topic for our company. Energy also emerged as a material issue due to the growing demand for energy-efficient, low-carbon products and evolving customer expectations.

E1-2 Policies related to climate change mitigation and adaptation

As part of Alps Alpine Group, Faital has common Climate-change policy with all EU affiliates, and we are also striving for the values defined in the *Alps Alpine Code of Conduct*. Faital also individual Quality, Environment and Information Security Policy for the entire Group.

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

In response to global expectations and the growing demand from our customers to reduce environmental impact across the entire automotive value chain, Faital Group is committed to taking a leadership role in sustainable practices. Lowering CO₂ emissions is not only essential to becoming the supplier of choice – it is also a core element of our contribution to the industry's transition toward a greener future. This commitment informs our short-, medium-, and long-term strategies for enabling a low-carbon business model. Our approach is fully aligned with internationally recognised standards, including ISO 14001 for Environmental Management and ISO 50001 for Energy Management. Furthermore, we are preparing to meet stringent upcoming requirements in the field of ESG.

E1-4 Targets related to climate change mitigation and adaptation

All of our climate change mitigation targets are outlined in the General Disclosures ESRS 2 SBM-1 chapter. While climate change adaptation has not been identified as a material topic for the company, we nonetheless recognise the importance of aligning with global best practices for Climate-change mitigation. As part of our ongoing efforts, we are preparing to set science-based targets in line with the SBTi framework.

E1-5 Energy consumption and mix

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. Our electricity system is partially powered by an advanced solar panel array, which generates approximately 20% of our total electricity consumption.


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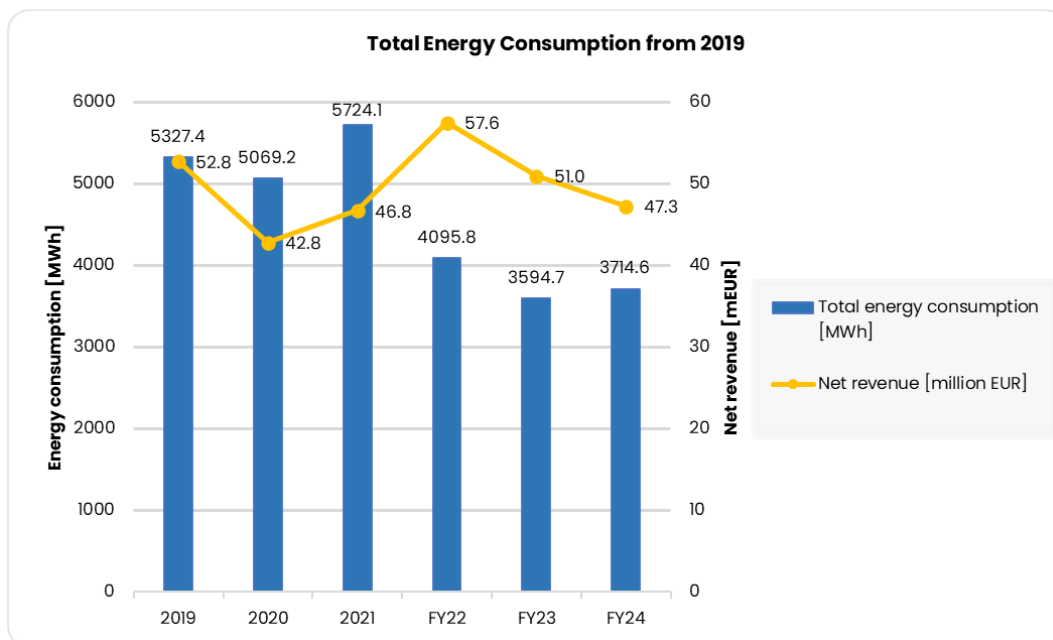
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ESRS E1-5 paragraph 35		
(a) Total energy consumption from non-renewable sources for high climate impact sectors disaggregated by:		MWh
I.	Fuel consumption from coal and coal products	0
II.	Fuel consumption from crude oil and petroleum products	949
III.	Fuel consumption from natural gas	798
IV.	Fuel consumption from other non-renewable sources	0
V.	Consumption from nuclear products	0
VI.	Consumption from purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	0
(b) Total energy consumption from renewable sources disaggregated by:		MWh
I.	Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, hydrogen from renewable sources, etc.)	0
II.	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1545
III.	Consumption of self-generated non-fuel renewable energy	423
Total Energy consumption		3715

Energy efficiency means using less energy to achieve better results – for example, earning more revenue while consuming less electricity. We use 2021 as our starting point for comparison. As shown in the figure below, 2022 was a turning point: our revenue went up while our energy use started to go down.

However, in FY24, energy consumption experienced an uptick compared to FY23. This deviation was primarily driven by unexpected climatic anomalies, which led to increased cooling and heating demands also got some technical issues when the solar panel system couldn't support the energy system as much as it was expected, thereby temporarily interrupting the downward trajectory. Despite this anomaly, the overall multi-year trend reflects a net improvement in energy efficiency and a growing resilience in aligning performance with sustainability targets.



Data source: Supplier invoices and consolidated financial statements

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.

Our investments are directed towards green capital expenditure, such as modernizing heating systems, expanding photovoltaic systems etc. See chapter 'Reporting according to EU Taxonomy'. 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 the others are ISO14001 certified, see certifications [here](#).

Our system is structured to identify issues, implement corrective actions, and assign responsibilities with clear deadlines, ensuring transparency and accessibility for all stakeholders.



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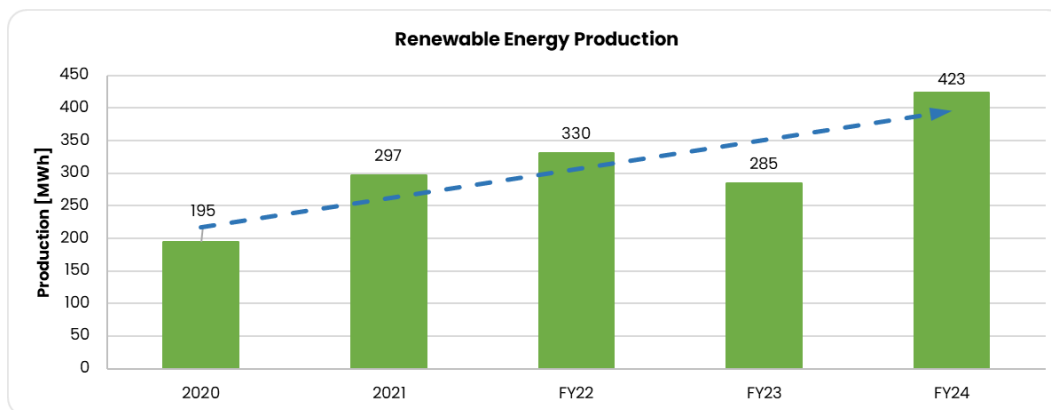
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Data source: Internal PV system

In FY24, the solar panel system was significantly expanded, enabling us to generate nearly one-third of our total electricity demand through on-site solar energy. The remaining electricity needs across the Faital Group were met through sustainable sourcing. Specifically, a long-term Power Purchase Agreement (PPA) secured 100% green electricity from an Italian grid supplier. Concurrently, the energy requirements of our Hungarian plant were fulfilled entirely through renewable sources, verified by a Green Energy Certificate issued by the national grid provider.

As a result of these efforts, the entire Faital Group now operates exclusively on electricity derived from renewable sources. Since our manufacturing processes are fully electrified – relying solely on electricity rather than fossil fuels – we can proudly declare that our products are manufactured using 100% Renewable Electricity.

This 100% green electricity now constitutes 53% of our total energy mix, underscoring our commitment to decarbonizing operations and reducing our environmental footprint through verified and traceable renewable energy sourcing.



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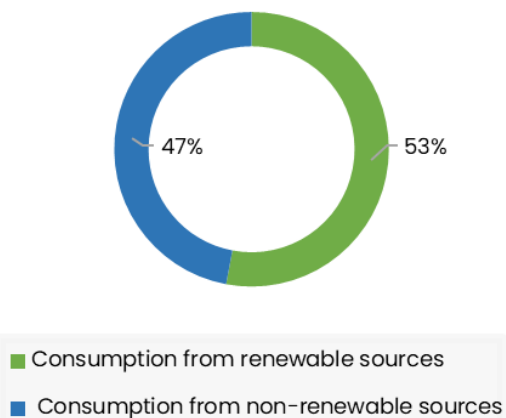
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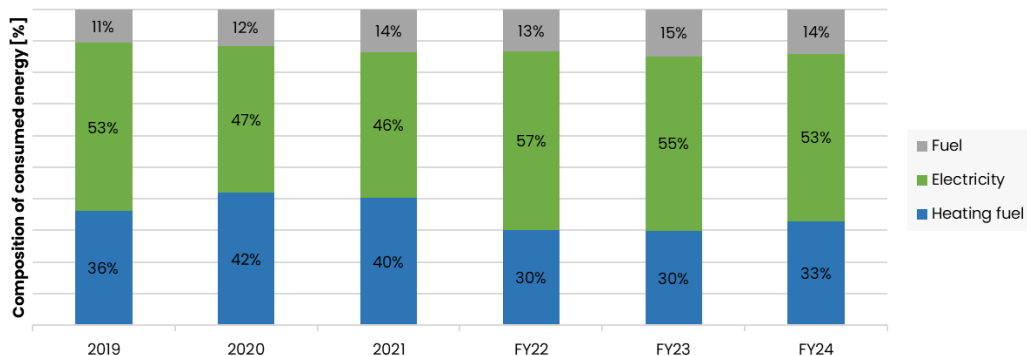
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Consumed Energy Sources



Energy Mix



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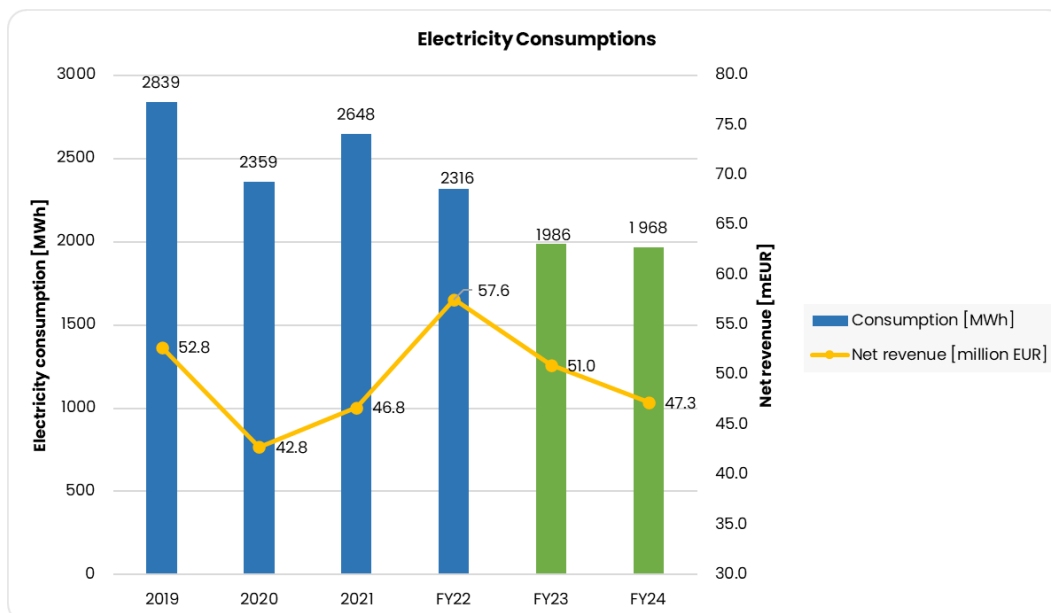
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Data source: Supplier invoices, PV system and PPA contracts (green reflects to the 100% RE source)

ESRS E1-5 paragraph 36:	MWh
Non-renewable energy production	0
Renewable energy production	423
ESRS E1-5 paragraph 37:	Value (MWh/Million €)
Energy intensity per net revenue	76.91

Data presented in this section is from the validated internal ESG database that works with the ISO14001 certified EMS system. This system uses invoices, and validated data from external service providers to calculate the values.

EI-6 Integrated GHG Report

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 GHG Report as part of its Integrated Sustainability Report every year on its website. By this we are making it accessible to stakeholders and interested parties.

This part 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



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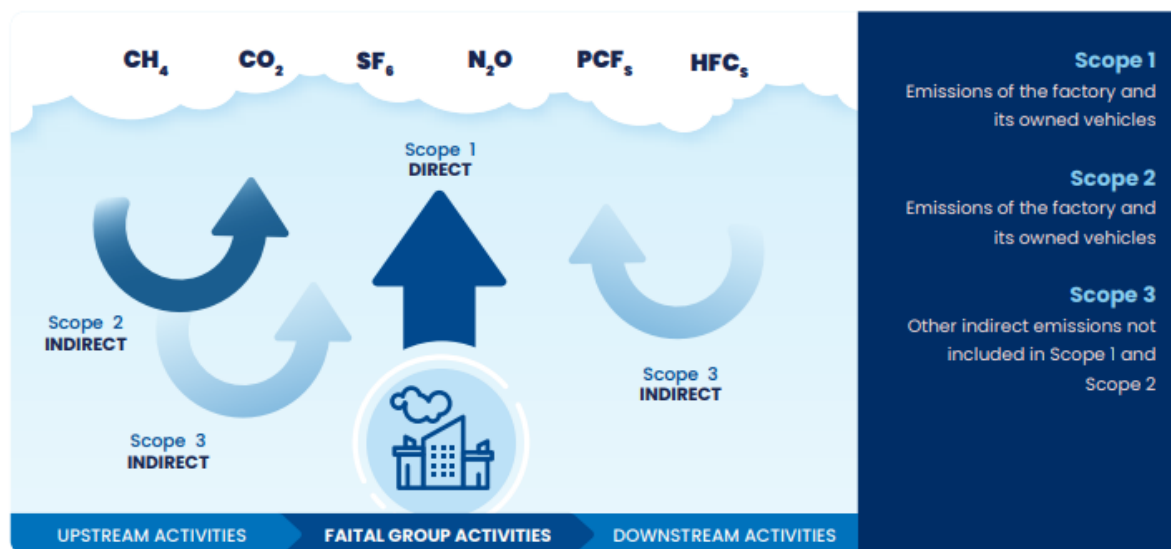
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in ISO 14064-1:2018, titled “Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.” In addition, it follows the core principles of GHG Accounting and Reporting, as specified in the GHG Protocol’s “Accounting and Reporting Standards” and finally the ESRS EI-6 requirements.

The GHG 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 ESG Team, ensuring the integrity and accuracy of the data.

GHG 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: Scope 1, Scope 2 and Scope 3. Also GHG gases by the Kyoto protocol. Perfluorocarbons, Carbon Dioxide, Nitrous Oxide, Methane, Sulphur Hexafluoride, Hydrofluorocarbons.



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.


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Included categories and sources

GHG type	Category	Description OR reason for exclusion (if any)	Sources of emissions
Scope 1	-	Direct emissions	Boilers/heating system and mobile consumption
Scope 2	-	Indirect emissions	Electricity consumption
Scope 3	-	Other indirect emissions	-
	Cat 1 – Purchased Goods & Services	N/A – Pilot project is running	N/A
	Cat 2 – Capital Goods	Emissions from capital goods such as new building	New building construction
	Cat 3 – Fuel and Energy-related activities	Emissions from use of electricity and fuels used by in operations	Wheel-to-tank (WTT) emissions from electricity and fuels
	Cat 4 – Upstream Transportation and Distribution	Incoming and outgoing transports paid by the company	Trucks, flights, vans, ships etc.
	Cat 5 – Waste Generated in Operations	Waste generated in operations, transport by third-party is included	Municipal, industrial, packaging and other wastes
	Cat 6 – Business Travel	All travels for business purposes by the company	Flight, cars, trains and hotel nights
	Cat 7 – Employee commuting	Commuting to workplaces by the employees	Cars, public transport
	Cat 8 – Upstream Leased Assets	N/A – No upstream leased assets	N/A
	Cat 9 – Downstream Transportation and Distribution	Downstream transport	Trucks, ships, flights
	Cat 10 – Processing of Sold Products	N/A – no effect on processing of sold products	N/A



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Cat 11 – Use of Sold Products	N/A – Use phase cannot be calculated in case of Faital's products	N/A
Cat 12 – End-of-life Treatment of Sold Products	N/A – Not monitorable	N/A
Cat 13 – Downstream Leased Assets	N/A – No leased assets from downstream value chain	N/A
Cat 14 – Franchises	N/A – No franchising as we work with direct partners	N/A
Cat 15 – Investments	N/A – No investments	N/A

Data disclosed in this section is based on the company's validated financial system, where invoices serve as the basis for recording consumptions, assets, and investments. Some emission data have been calculated using information from the internal logistics system, and also the certified ISO14001 system was used.

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.):

$$\text{Emission (tCO}_2\text{ eq./CO}_2\text{/CH}_4\text{/N}_2\text{O)} = \text{Activity value [MWh/km/tonnes etc.]} \times \text{Emission Factor [kg CO}_2\text{ eq./unit of denominator]}$$

Emissions

Scope	Emissions			
	tCO ₂ eq.	tCO ₂	tCH ₄	N ₂ O
Scope 1	259	258	0.39	0.12
Scope 2	0	0	0	0
Scope 3 total	2625	2119	0.28	19
Category 2	770.5	677.0	0.1	1.7



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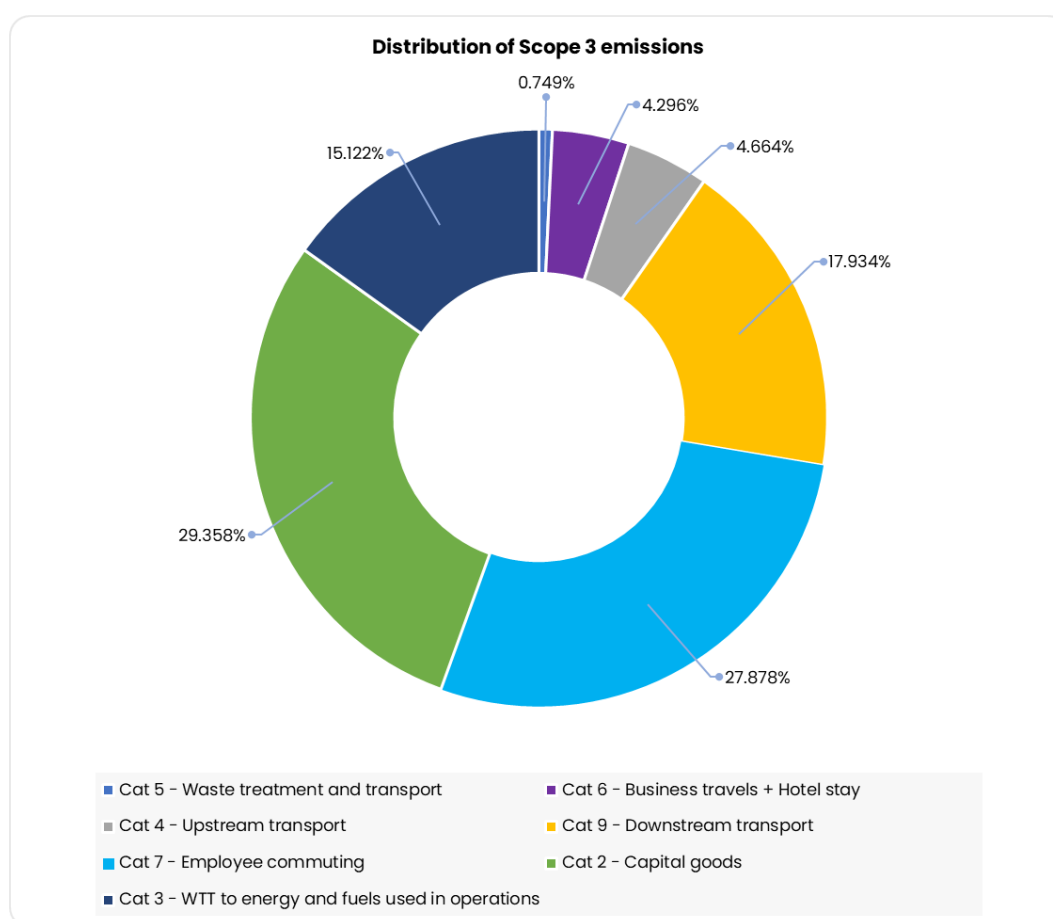
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Category 3	396.88	–	–	–
Category 4	122.4	120.7	0.07	1.4
Category 5	19.65	17.25	0.01	2.34
Category 6	112.8	110.9	0.01	1.8
Category 7	770.53	677.03	0.06	1.72
Category 9	470.7	468	0.08	4.9

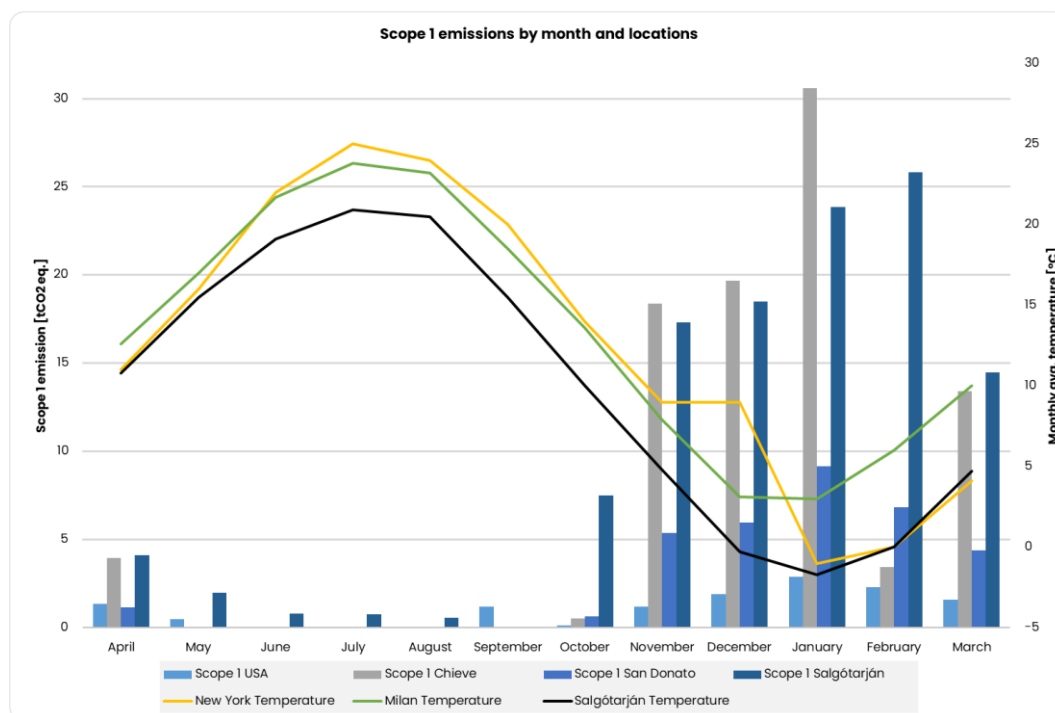


Data source: Emission factors from DEFRA2024 and USEEIO database

GHG Performance

From FY23 onwards, the entire group has been operating on 100% renewable electricity, resulting in zero Scope 2 emissions. Scope 1 emissions are primarily linked to the heating of buildings and offices, which varies

based on regional and local climatic conditions. Notably, weather anomalies during the last financial year influenced these emissions.



Data source: weather data from Weather Spark, emission factors from DEFRA2024

Our climate change mitigation strategy and the deliberate planning of green investments appear to be effective, as evidenced by the consistent, gradual decline in direct (Scope 1 and Scope 2) emissions over the years, as illustrated in the figure above.

Performance in numbers:

Category	Performance
Scope 1	Compared to FY23, Scope 1 emissions increased slightly by 7.8% in FY24. The increase reflects the impact of unseasonably cold periods and prolonged heating requirements.
Scope 2	Faital Group has emitted 0 Scope 2 emissions in FY24
Scope 3	Faital recorded a 63.5% increase in Scope 3 GHG emissions, driven by the expanded reporting boundaries of the GHG inventory and higher emissions in Category 2 (Capital Goods) and Category 9 (Downstream Transportation).
	62.7 tCO ₂ eq./million EUR (+60% to FY23, -22% to FY21)

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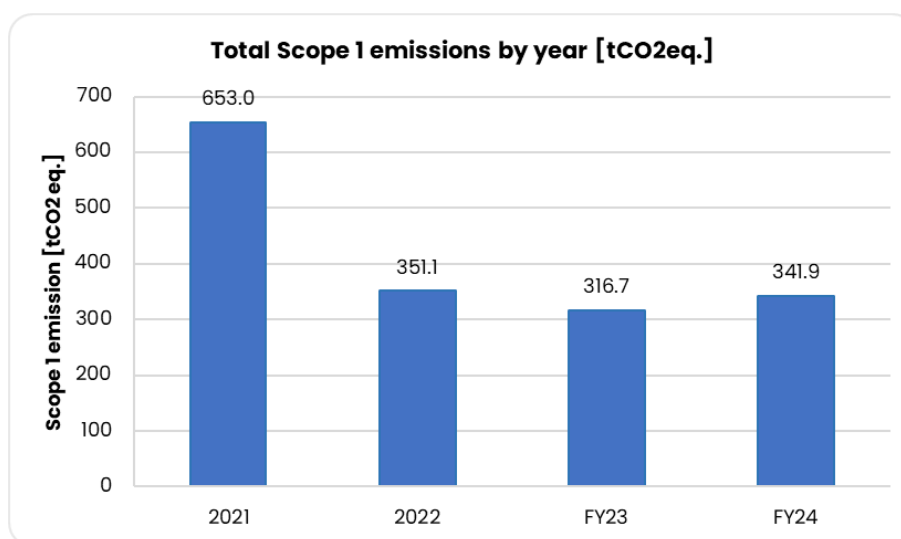
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GHG Intensity (Scope 3 included)	6.3 tCO ₂ eq./employee/year
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Conclusions from GHG emissions

The increase in Scope 1 emissions can be attributed to unusual weather patterns in the regions of operations. Prolonged heating periods and intensified heating performance due to persistently low temperatures led to higher energy consumption during winter.



Data source: Emission factors from DEFRA2024 database

Scope 2 greenhouse gas emissions have been effectively eliminated (meaning 100% renewable source) as a result of increased photovoltaic generation capacity and the full certification (Green Energy Certificate) and agreements (Power Purchase Agreements) of electricity consumption from renewable sources via guarantees of origin.



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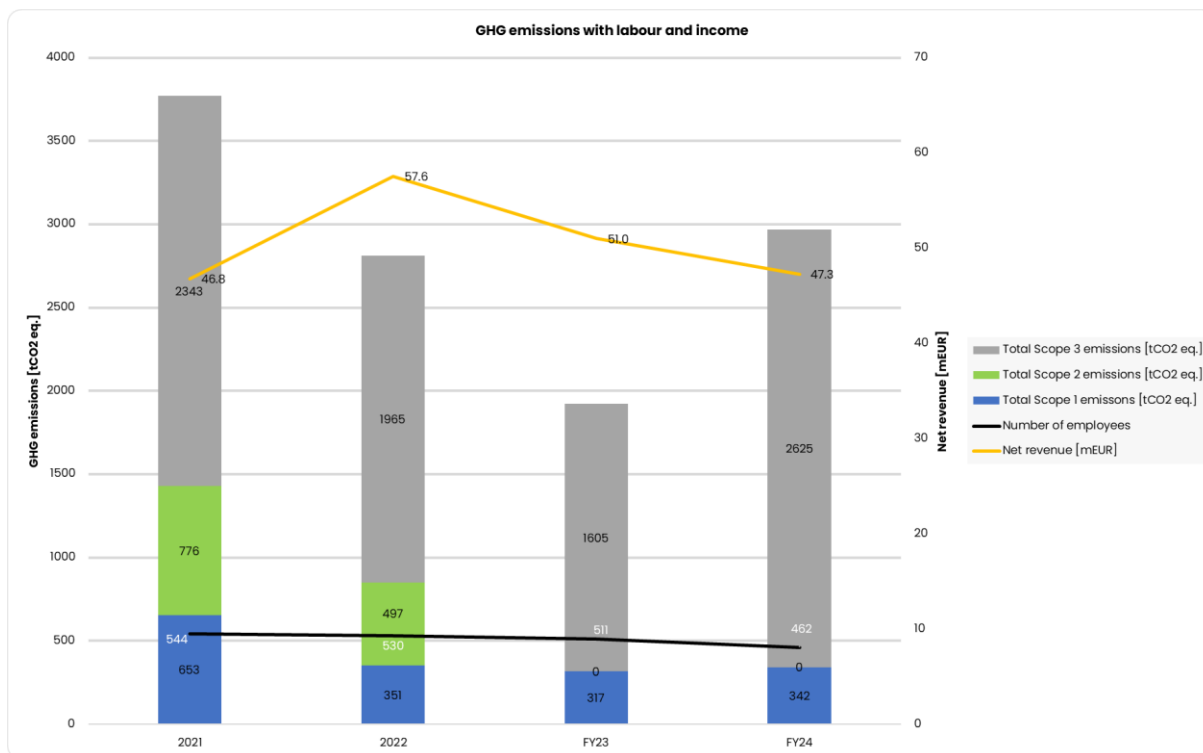
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Data source: Emission factors from DEFRA2024 and USEEIO database

Regarding Scope 3 emissions, while data from FY23 onward is considered more reliable, earlier figures should be interpreted with caution due to historical data limitations.

In Scope 3 Category 2 – *Capital Goods*, emissions rose as a result of the construction of a new warehouse and production facility at the Hungarian plant. The environmental impact of such developments is significant, as materials commonly used – such as concrete, metals, and insulation – have long and environmentally intensive life cycles.

The increase in emissions under Scope 3 Category 9 – *Downstream Transportation and Distribution* stems from the early-stage data collection methodology. While this system is still in development, ongoing improvements are expected to enhance data quality and reduce uncertainty in future reporting cycles.



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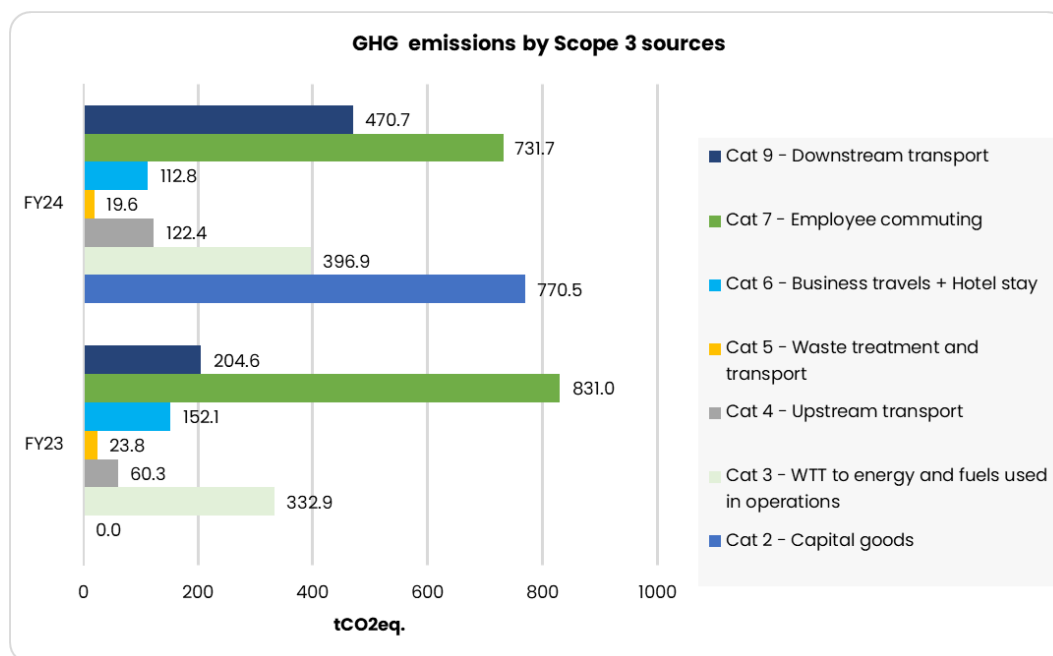
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Data source: Emission factors from DEFRA2024 and USEEIO database

Most other categories within Scope 3 emissions have shown a slight increase compared to FY23.

In contrast, Category 6 – *Business Travel* – recorded a minor decrease. This suggests that employees undertook fewer business trips and spent fewer nights in hotels compared to the previous year.

Category 7 – *Employee Commuting* – also shows a reduction. However, this figure is influenced by two key factors: a declining number of employees, and the commuting habits of staff. As the workforce has decreased, so too have emissions associated with employee travel to and from the workplace.

EI-7 GHG removals and GHG mitigation project financed through carbon credits

Faital Group is actively purchasing carbon credits to offset greenhouse gas (GHG) emissions associated with our waste treatment and transportation operations in Italy. As part of our broader climate strategy, we are committed to significantly increasing our use of high-quality carbon offsets to further mitigate our residual emissions and support global decarbonization efforts.

Our company has been consistently purchasing green energy certificates (GEC/REC) to compensate for Scope 2 greenhouse gas emissions. Combined with the on-site generation from our installed solar panels and power purchase agreements (PPA) in Italy, this approach enables us to achieve 100% renewable electricity usage across our entire operation.

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ESRS E2: POLLUTION

This topic is not a material topic according to our DMA but as part of our volunteer strategy and values we step up for pollution prevention on a basic level.

E2-1 Policies related to pollution

In alignment with the Alps Alpine Code of Conduct, which governs our global operations, we uphold a set of shared values anchored in the principle of "Love the Planet." This core value underlines our environmental stewardship and includes foundational pillars such as Section 2-3: Pollution Prevention. As part of this commitment, we ensure the responsible management of all chemical substances used in our production processes, with strict protocols in place to prevent any potential leakage or environmental harm.

These environmental values are not only embedded in our internal practices but are also extended to our supply chain through clearly defined expectations in our Supplier Guidelines. All suppliers are expected to adhere to the same environmental standards that we apply to our operations.

As a responsible company guided by the Code of Conduct, all of our manufacturing sites maintain certification under the ISO 14001 Environmental Management System, ensuring systematic control and continuous improvement of environmental performance.

Our products are fully compliant with the RoHS 2 Directive and REACH Regulation, ensuring the restriction of hazardous substances and the safe use of chemicals throughout our value chain. Faital expects suppliers to meet these same regulatory requirements without exception. Furthermore, upholds the principles of the WEEE Directive (Waste Electrical and Electronic Equipment), proactively minimizing environmental impact through responsible end-of-life product management.

Controlling Volatile Organic Compound (VOC) emissions is a key environmental focus for our organization. We have achieved a consistent year-over-year reduction in VOC levels, and we remain firmly committed to following this trend.

E2-2 Actions and resources related to pollution

At our company, we actively organize educational events and awareness programs aimed at empowering our employees to adopt more environmentally conscious behaviors both at work and in their personal lives. Every new employee has to participate in CSR and Sustainability training and a repeating education every year. These initiatives focus on practical ways to reduce pollution, minimize environmental impact, and contribute to a more sustainable future.

E2-3 Targets related to pollution

No environmental pollution incidents have been recorded since the company's foundation. To sustain this performance was defined as a goal through ongoing environmental stewardship. Additionally, as part of

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our voluntary commitments, we are focusing on reducing the volatile organic compound (VOC) emissions of our product portfolio.

ESRS E3: WATER AND MARINE RESOURCES

Water and marine resources are not material topic (no marine connection and do not use water for products) for the company, but we are motivated to act against water pollution and protect our water resources. It is out of materiality because we do not use water for our production just for life-related activities which depend on the employees' number and their habits.

Data reported in this section originates from verified invoices obtained from the company's contracted official national water suppliers.

E3-1 Policies

Our environmental policy contains information on water usage. As part of our EMS system for ISO14001 we continuously monitor our water consumption and define targets. Our Supply chain guideline also define goals on water consumption.

E3-2 Actions and resource

Employee engagement in water conservation is a core aspect of our environmental strategy. Through regular training and awareness campaigns, we promote responsible water use behaviors. Our facilities are equipped with automated, sensor-based taps and low-flush toilets to reduce water consumption.

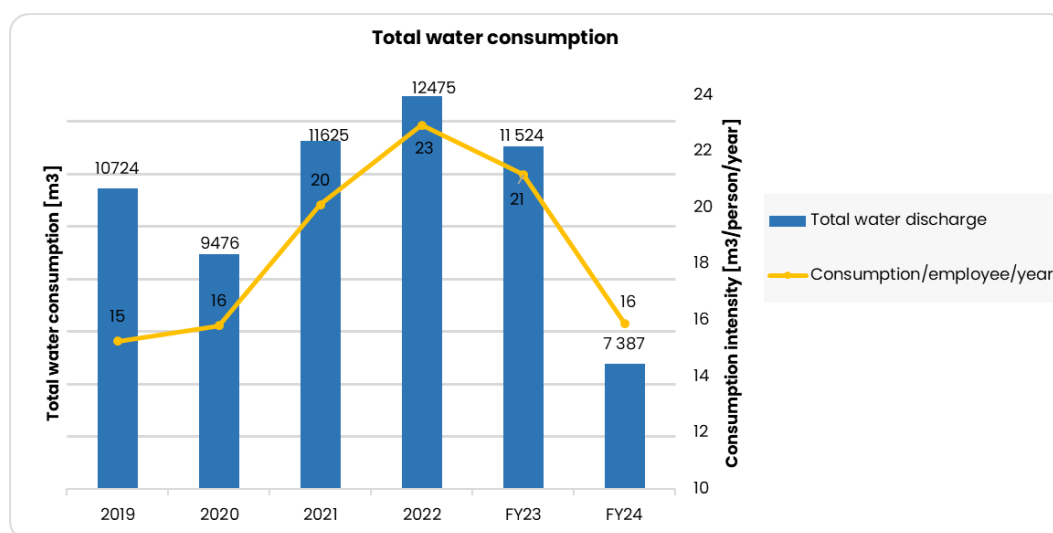
E3-3 Targets on water consumption

Alps Alpine globally has a -1% decrease target for water consumption. Our targets on E3 Water and Marine Resources can be found in chapter ESRS E2 with all other targets. Additionally, we are planning to have volunteer Water Risk Assessment.

E3-4 Water Consumption

Process indicator	Unit	Target	Achieved	Results			
				2021 (base year)	2022	FY23	FY24
Total water discharge	m ³	1% reduction per year	N/A	11625	12475	11 524	7 387
Water per person	m ³ /person			20	23	21	16

The total water consumption amounted to 7,387 m³, all of which was exclusively used for municipal (non-industrial) purposes. Our production operations are entirely water-free, supported by technologies that eliminate the need for water usage throughout the manufacturing process.



Data source: Supplier invoices and HR database

ESRS E4: BIODIVERSITY AND ECOSYSTEMS

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Given that biodiversity has not emerged as a material aspect of our direct operations based on our most recent double materiality assessment, it is not addressed through targeted actions within our transition roadmap. That said, we continue to apply precautionary principles and environmental due diligence to prevent any unintended harm to natural ecosystems. Transition plan is described with details in the chapter E1-1 Transition plan for climate change mitigation. Information disclosed in this chapter is from the internal ESG system and company website.

SBM-3 Material impacts, risks and opportunities

Biodiversity has not been identified as a direct material impact for our operations, as confirmed through our double materiality assessment. The evaluation determined that biodiversity does not present a significant risk to our business activities, particularly because none of our production facilities are situated in or adjacent to biodiversity-sensitive or protected areas.

Nonetheless, we recognize the broader ecological significance of biodiversity and uphold it as a vital component of responsible environmental stewardship. In alignment with Alps Alpine's overarching commitment to biodiversity conservation, we proactively support voluntary initiatives that contribute to the

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protection and enhancement of local ecosystems. These efforts are focused on regions surrounding our operational sites.

Looking ahead to 2025, we are developing a structured volunteering action plan aimed at fostering biodiversity-positive outcomes. This program will engage employees in hands-on environmental initiatives and strengthen partnerships with local organizations to promote nature-based solutions and regional conservation efforts. The total list of Material topics and IROs can be found in chapter ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

E4-2 Policies

Our policies partially in touch with biodiversity viewpoints but not having specific policy for biodiversity.

E4-3 Actions and resources related to biodiversity and ecosystems

In 2023, bird feeders were installed at strategic locations within the plant's premises. These feeders have proven to be immensely popular among a variety of bird species.

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 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 (Faital Group) aim to inspire the employees to embrace this ethos beyond the workplace by encouraging them to plant trees at their own residences via education materials. By fostering a culture of environmental responsibility, we endeavour 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 exercise. In 2024, we completed a new industrial facility. To compensate for the use of greenfield land, we integrated a landscaped garden within the parking area, promoting local greenery and enhancing on-site biodiversity. This initiative reflects our commitment to sustainable land use and environmental balance.

Looking ahead, we are motivated to expand such compensatory and greening efforts beyond the site level, aiming to implement them on a regional scale as part of our broader environmental responsibility strategy.

E4-4 Targets

All our objectives and targets can be achieved in chapter General Disclosures ESRS 2 SBM-1.

E4-5 Impact metrics related to biodiversity and ecosystems change

Impact metrics of Biodiversity are only evaluated under the EcoVadis's sustainability criterias.

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E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

No significant financial risk was analysed from possible biodiversity and ecosystem impacts.

ESRS E5: RESOURCE USE AND CIRCULAR ECONOMY

We support the European Union's vision for a sustainable future, recognizing that advancing the circular economy and promoting responsible resource use present significant opportunities. These include reducing greenhouse gas emissions, fostering job creation, decreasing reliance on imported raw materials, and addressing human rights challenges within global supply chains. By embedding circularity into our operations and value chains, we contribute to a more resilient, inclusive, and climate-aligned economy.

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

Our double materiality assessment (DMA) is detailed in Chapter 'SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model.' The impact analysis related to Circular Economy (CE) within the current DMA builds upon our earlier GRI-based materiality assessment.

Nonetheless, we have made significant strides in establishing a foundation for the systematic collection and analysis of quantitative performance data – particularly concerning resource inflows, outflows, and the classification of various waste streams.

Over the past year, we successfully started our first Product Carbon Footprint (PCF) pilot project. The pilot marked a critical step toward embedding a data-driven and lifecycle-oriented approach to resource management, laying the groundwork for a more integrated, circular, and low-carbon production model. It directly supports our strategic objectives around circularity, decarbonisation, and alignment with emerging sustainability disclosure requirements.

E5-1 Policies related to resource use and circular economy

As a member of the Alps Alpine Group, we are fully committed to aligning with the Group's strategic directions, including those outlined in the Code of Conduct under the principle of 'Contribution to Circular Economy Realization.'

For material topics shared across the Alps Alpine European affiliates, such as ESRS E5 – Resource Use and Circular Economy, the European Sustainability Working Group (EUSWG) has developed a harmonized policy framework. This policy ensures a consistent approach among all Alps Alpine EU affiliates in addressing circularity-related challenges and opportunities.

New and disruptive regulations are emerging, bringing both challenges and opportunities for our industry – and for our company – to innovate and speed up the shift toward a circular economy. As a key part of the EU Green Deal, these evolving laws mark a major change in how circularity is managed across the European

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Union. To stay ahead, it's important to view these changes holistically and connect them with the broader environmental policy framework.

In alignment with Group-wide standards, ISO 14001 certification is mandatory for all manufacturing facilities globally and is strongly recommended for other operational entities in our value chain. Certified factories are required to perform independent, high-quality internal audits to ensure effective implementation and continuous improvement of their environmental management systems.

Comprehensive records must be maintained and made available upon request, clearly documenting the quantity, treatment method, treatment location, and responsible waste management service providers. Furthermore, all facilities are required to proactively identify and implement measures to reduce, repair, reuse, and recycle waste as part of our ongoing commitment to resource efficiency and circular economy principles.

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

Faital's products fully comply with the European Union Directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS 2). In addition, all raw materials used in our supply chain are sourced in alignment with our DRC Policy on Conflict-Free Sourcing, ensuring that no materials originate from conflict-affected or high-risk areas.

It is important to highlight that our products are not manufactured directly from primary raw materials. Instead, we utilize semi-finished components composed of diverse materials – including plastics, steel, copper, paper, and other functional inputs. These materials are integral to the structural and acoustic performance of our products, often coming into direct contact with sensitive audio components. As such, any changes in material type or quality may significantly affect sound characteristics and product reliability.

To maintain high standards of quality and performance, our production processes also incorporate various auxiliary materials such as adhesives, tinning agents, and rivets during final assembly. This carefully engineered combination of elements reflects our dedication to both product excellence and continuous innovation.

Looking ahead, we are committed to advancing the use of recycled materials across our product lines. By 2030, our goal is to develop new products composed of the highest possible proportion of recycled content – without compromising technical performance or acoustic integrity.

Life-cycle Assessment pilot project

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.

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As a result of the aforementioned Life-cycle assessment (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. A pilot project addressing these topics was successfully executed, involving the partial engagement of relevant stakeholders and suppliers. Due to limited data availability from certain suppliers, the assessment was supplemented with transparent, publicly available information and recognized third-party databases to ensure a reliable baseline.

To further support data-driven improvements, we are investing in automation and artificial intelligence tools to streamline the calculation of Product Carbon Footprints (PCFs) and Life Cycle Assessments (LCAs) across our product portfolio.

Building on this experience, we acknowledge the need to strengthen supplier collaboration and deepen integration with supply chain actors. Enhancing data transparency and quality will be critical for scaling the project beyond the pilot phase. To that end, our next steps include prioritizing systematic implementation and increasing proactive engagement with suppliers and other stakeholders.

E5-3 Targets related to resource use and circular economy

Our targets on E5 Circular Economy can be found in chapter ESRS E2 with all other targets.

E5-4 Resource inflows

The total weight and proportional share of resource inflows related to our products as well as the corresponding use of secondary, reused, or recycled components, reflect Faital's strategic commitment to reducing the environmental footprint of our production activities. By focusing on resource-efficient design and material circularity, we aim to increase the share of inputs with lower life cycle impacts.

As part of our innovation-driven approach to sustainable product development, we are currently engaged in a strategic collaboration with Niron Magnetics. This partnership focuses on the integration of Clean Earth Magnets into our product portfolio. These magnets are recyclable and offer a significantly lower environmental impact compared to traditional rare-earth-based magnet technologies, which are often associated with intensive mining operations and environmental degradation.

By investing in advanced, cleaner material alternatives, we aim to decouple product performance from resource intensity, while supporting the development of circular value chains in line with EU Green Deal objectives and our long-term environmental targets.



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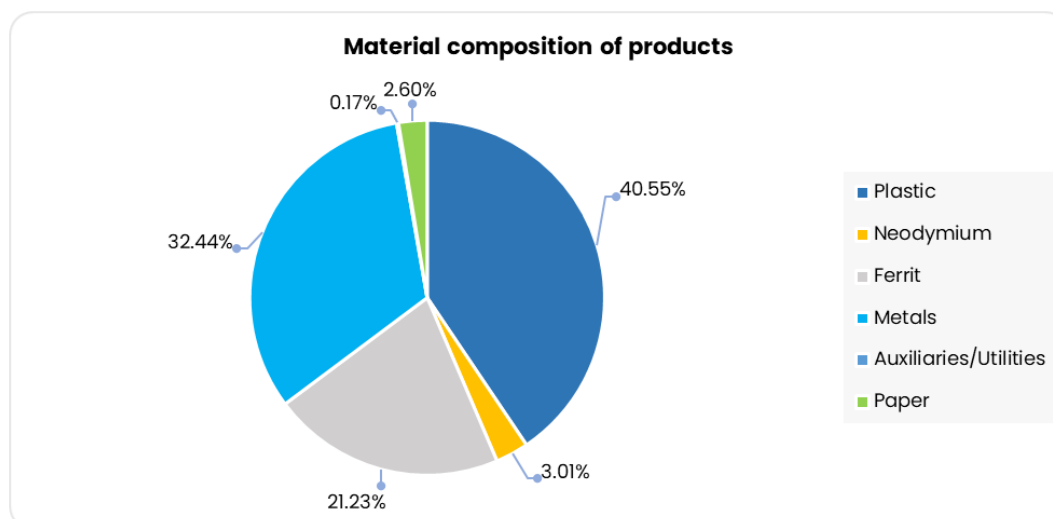
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Overall weight of inflow resources for products	Tons	6359.5
Percentage of biological materials used to manufacture the undertaking's products and services that is sustainably sourced (E5-4-31b)	%	0%
Weight of recycled components	Tons	317.9
Percentage of reused or recycled components	%	5%
RENEWABLE OR RECYCLED MATERIALS RATIO (RRMR)		5%

The secondary (biological materials), reused, or recycled components used in our production processes are predominantly sourced from post-consumer recycled materials. A significant portion of our plastics – which constitute ~41% of the total product composition by weight – is derived from re-granulated materials. These re-granulates contain varying levels of recycled content.

Despite these efforts, the overall Reused, Recycled, or Remanufactured Rate (RRMR) of materials currently stands at approximately 5-10%. This indicates that while post-consumer recycled plastics are increasingly integrated into our product designs, there remains substantial potential for further substitution of virgin materials with circular alternatives.

Moving forward, we aim to increase the share of post-consumer recycled content through supplier collaboration, material innovation, and the extension of recyclability criteria in our design processes, supporting our long-term goal of minimizing resource intensity and maximizing circularity.



Data source: Product drawings

From environmental point of view, paper and its consumption also define important values and require further commitments. In 2024, we rethought our main paper consumer states and replaced them by digital solution to decrease the paper consumption on fields where applicable.



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Data reported in this section is exported from the company's internal software environment and verified technical drawings, which serve as the basis for the disclosed indicators in chapter E5-4 Resource inflows.

E5-5 Resource outflows

Waste management

Waste management plays a pivotal role in the circular economy paradigm. Waste, often seen merely as discarded material, holds significant potential to become valuable resources for the future – ranging from energy sources to raw materials and beyond. This perspective applies not only within industrial settings but extends into our homes as well.

In alignment with our corporate responsibility, Faital Group has set an ambitious target that reflects the principles of the circular economy and responds to customer expectations. Our objective is to achieve a 4% annual reduction in the total volume of waste generated at our facilities, using 2021 as the baseline year. This goal demonstrates our strong commitment to reducing our environmental impact while keeping pace with industry standards and stakeholder requirements. Through consistent monitoring, deliberate planning, and ongoing improvement efforts, we remain dedicated to sustainable operations and the successful achievement of our waste reduction goals.

During this financial year, FY24, our focus was placed on the materials we consume. We examined various indicators such as material fractions, materials per truckload, spare part volumes, and packaging quantities to evaluate our footprint. Our approach included segmenting data by product family – such as plastics, metals, paper, and others – and estimating the material composition and volume for each category. These areas require targeted attention to significantly progress our sustainability goals. In our previous sustainability report, we began identifying and categorizing resource outflows into distinct, trackable fractions. We also initiated the monitoring of their end-of-life pathways – such as incineration, landfilling, or other forms of disposal. While these waste streams may not be as critical as the end-of-life treatment of sold products, they remain an essential building block in shaping our future circular economy strategy.

E5-5 Waste generation on own operations			
I	Total waste [tons]		381.5
For each type of hazardous and non-hazardous waste		Hazardous	Non-hazardous
I	Preparation for reuse	Not measured	Not measured
II	Recycling [tons]	10.28	336.96
III	Other recovery	–	–
Treatment type for each type		Hazardous	Non-Hazardous
I	Incineration [tons]	11.5	0.4

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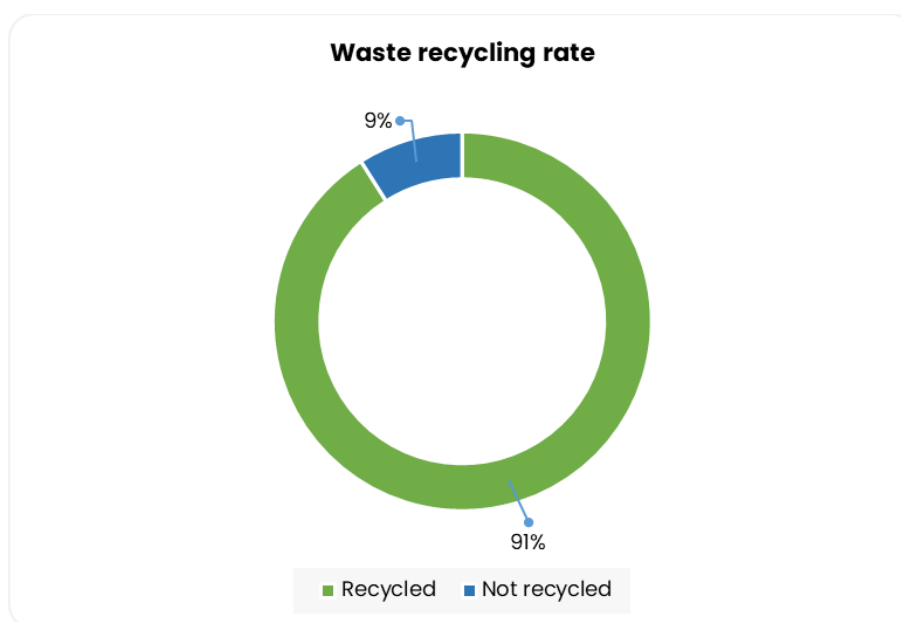
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II	Landfilling [tons]	0	22.4
Total [tons]		11.5	22.8

The reparability of products is currently applicable only to Faital Pro loudspeakers, as we support end-users through the provision of dedicated repair kits. In terms of product design, the use of plastics instead of iron offers several advantages, including reduced weight, improved energy efficiency, and lower production costs, all of which contribute positively to material compliance and sustainability performance.

However, it is equally important to address the end-of-life and recyclability aspects of plastic components, as certain types of plastics may pose environmental risks if not properly managed or recycled. Therefore, the selection between plastic and iron materials must be made based on the specific technical and sustainability requirements of the project, as well as the availability and capability of recycling infrastructure in the targeted market.



Data source: National waste systems



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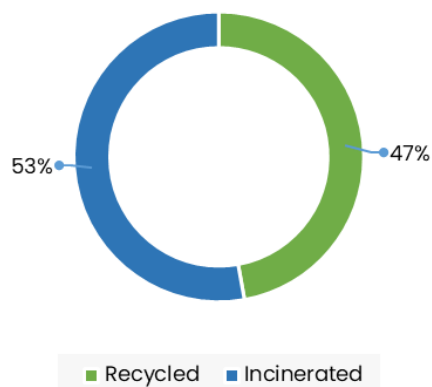
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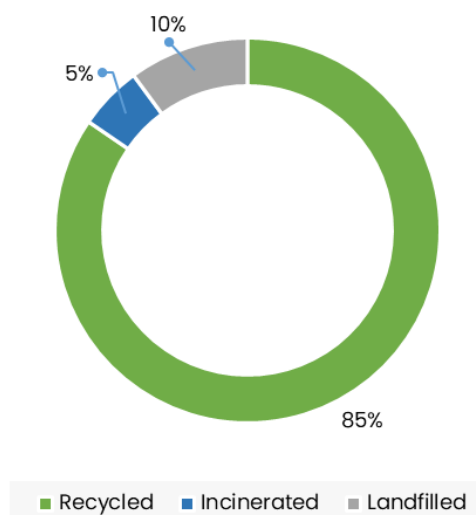
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Recycling rate of hazardous waste



Rate of processing by types of non-hazardous wastes



Data source: National waste systems



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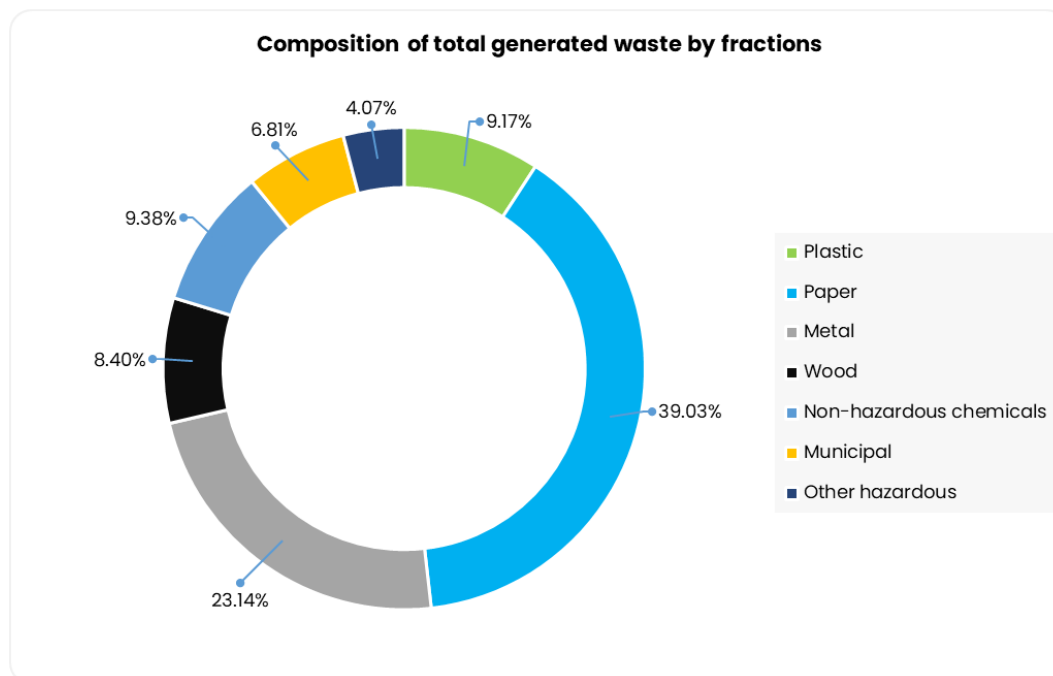
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Data source: National waste systems

To effectively manage our waste streams, we follow the EU regulation EWC-Stat categories, which classify waste into clear types and fractions. These include plastics, paper, metals, wood, municipal waste, non-hazardous chemicals (below presentable thresholds), as well as other hazardous and non-hazardous fractions. The composition of these waste categories for 2024 is visualized above, offering key insights that support our waste reduction strategies and continuous improvement efforts.

Paper waste represents the largest portion of our total waste at 39.03%. We are actively working to reduce this by reforming our packaging systems, as the source of this waste primarily originates from packaging materials. However, standardizing and controlling packaging types remains a challenge due to the diversity of automotive and other industry-specific customer requirements. These standards require modernization to enable meaningful progress on our waste reduction commitments. We are approaching a critical point where collaboration must extend beyond stakeholders to include our broader customer base. In this context, strategic partnerships become essential for achieving shared sustainability goals, such as those outlined in SDG 17.

One concrete step we are taking is to transition from cardboard packaging to reusable solutions, such as durable plastic boxes designed for use in closed-loop logistics systems. This move supports both waste reduction and material circularity.

Following paper, metal waste – including magnetic components – constitutes the second-largest fraction at 23.14%. Our approach to minimizing this type of waste includes the implementation of the R9 strategy (Refuse, Rethink, Reduce, Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle).

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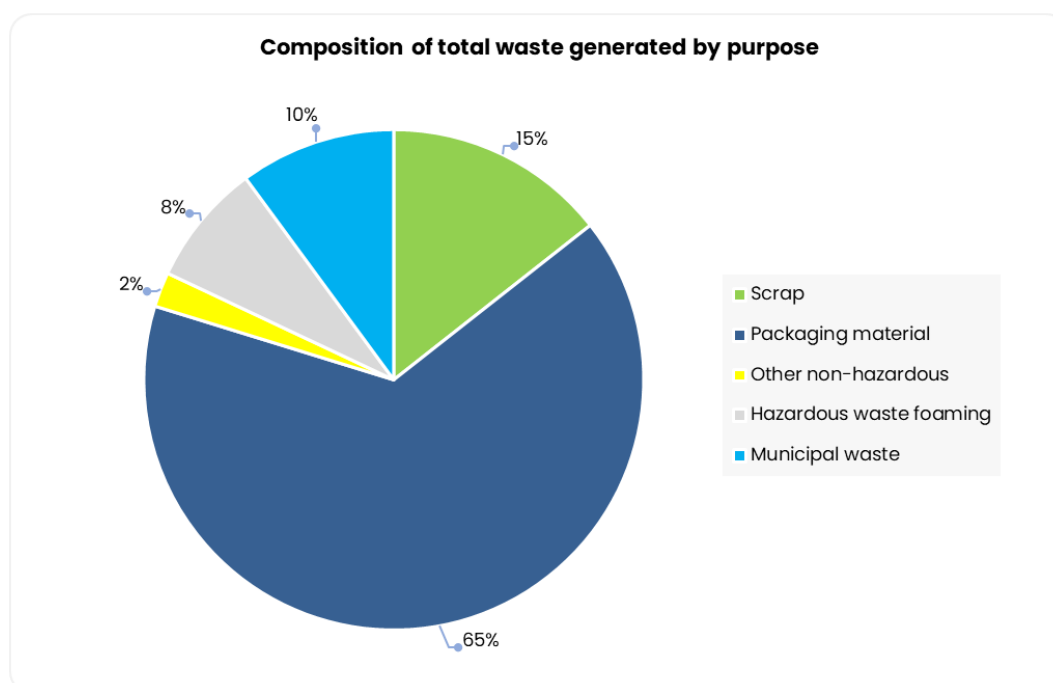
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Plastic waste, at 9.17%, ranks third and will be further addressed through improved packaging practices. Other waste categories include wood, primarily from pallets, as well as the 'other' and municipal waste fractions.

Packaging remains the primary contributor to our waste-related outflows. Consistently, the data reinforces that our focus on managing packaging waste – particularly paper and plastic components – is both justified and strategic. These recurring insights validate our direction: improving the handling, reduction, recycle (with potential partner company) of packaging materials is essential to advancing our sustainability goals in waste management. Another key focus is scrap waste, which poses both a financial burden and a challenge for effective waste management.



Data source: Internal waste monitoring system

The data reported in this section regarding waste originates from certified internal databases of ISO14001 system and verified data provided by the company's external waste management partner.

E5-6 Potential financial effects from resource use and circular economy-related impacts, risks and opportunities

The material inflows have direct financial implications for Faital's production, primarily due to the costs associated with raw material transportation and the lack of sources that may lead to lag in the production. These impacts have been further intensified by global geopolitical conflicts, which continue to disrupt the raw materials market and logistics chains, leading to increased volatility in supply and pricing.

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Additionally, emerging regulatory frameworks – notably the Corporate Sustainability Due Diligence Directive (CSDDD), European Deforestation Regulation (EUDR) and the Carbon Border Adjustment Mechanism (CBAM) – are expected to introduce new compliance requirements and associated costs. These regulations will likely affect sourcing strategies, supplier due diligence, and carbon-related pricing, further influencing the financial structure of material inflow management.

REPORTING ACCORDING TO THE EU TAXONOMY DIRECTIVE

Introduction

Following its endorsement of the Paris Agreement on Climate Change, the European Union (EU) reaffirmed its commitment to ambitious climate targets and the transition toward a more sustainable economy. In alignment with this commitment, and as a central element of the European Commission's Action Plan on Financing Sustainable Growth, the EU introduced a unified classification framework for environmentally sustainable economic activities – commonly referred to as the "EU Taxonomy." This framework was formally established through Regulation (EU) 2020/852 which entered into force on 12 July 2020.

The core objective of the Taxonomy Regulation is to enhance transparency in the market by mandating disclosures that identify and classify environmentally sustainable activities. This mechanism is primarily intended to support the redirection of capital flows toward sustainable initiatives by equipping the financial sector with clear, comparable, and reliable information on the environmental performance and strategic sustainability alignment of companies. Such transparency enables informed decision-making among investors, lenders, and policymakers.

By fostering greater accountability and clarity, the EU Taxonomy not only incentivizes companies to pursue greener business models but also guides investment into areas with the highest potential to contribute to climate resilience and long-term environmental objectives. In doing so, it plays a pivotal role in aligning economic activity with the EU's broader sustainability agenda and in driving systemic change across financial markets and the real economy.

Data reported in the EU taxonomy report originates from the company's internal financial and technical accounting systems, which serve as the primary sources for the reported performance indicators.

Evaluation of Objectives under the EU Taxonomy Regulation and Assessment of Contributions

The EU Taxonomy Regulation establishes a comprehensive framework that defines six overarching environmental objectives. For an economic activity to be deemed environmentally sustainable within this framework, it must make a substantial contribution to at least one of these objectives without causing significant harm to any of the others.

The six objectives outlined by the Taxonomy Regulation are as follows:

1. Climate change mitigation

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2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

To support the practical implementation of the Taxonomy framework, the European Commission has established technical screening criteria (TSC) for determining what constitutes a significant contribution to each objective, alongside additional requirements for ensuring that activities do no significant harm (DNSH) to any other environmental goal.

The evaluation process for determining a company's alignment with the EU Taxonomy is conducted in the following key phases:

I. Eligibility Assessment

This initial phase involves identifying whether the company's economic activities correspond to those defined in the delegated acts – specifically:

- Commission Delegated Regulation (EU) 2021/2139
- Commission Delegated Regulation (EU) 2023/2486

These acts provide detailed descriptions of economic activities considered potentially taxonomy eligible.

II. Alignment Assessment

For activities deemed eligible, the next step is to assess their alignment with the EU Taxonomy by evaluating:

- Compliance with the technical screening criteria that define what constitutes a substantial contribution to one or more objectives;
- Adherence to the DNSH requirements, ensuring that the activity does not adversely impact other environmental goals;
- Fulfilment of minimum social safeguards (MSS), confirming alignment with international human rights and labour standards.

The activities and corresponding evaluation benchmarks are codified in Commission Delegated Regulation (EU) 2021/2139, which forms the basis for assessing both eligibility and alignment.

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This dual-layered screening mechanism is designed to promote transparency and comparability, enabling stakeholders – ranging from investors to regulators – to assess the environmental integrity of business operations and capital flows across the EU.

III. Disclosure Obligations under Regulation (EU) 2020/852

As Faital Group is required to publish consolidated non-financial statements under Article 29a of Directive 2013/34/EU, it falls within the scope of the EU Taxonomy Regulation.

This regulation requires Faital Group to disclose how and to what extent its economic activities align with environmentally sustainable activities, based on the technical screening criteria set by the EU. The disclosure includes the proportion of:

- Sales revenue from sustainable activities
- CAPEX (capital expenditures) directed toward sustainable activities
- OPEX (operating expenditures) supporting sustainable activities

The Group must also demonstrate compliance with minimum social safeguards, such as human rights and workplace safety.

Disclosures follow the structure and content outlined in Commission Delegated Regulation (EU) 2021/2178 and are based on consolidated data from fully consolidated subsidiaries. For the 2023 financial year, eligibility and alignment were assessed across the three Taxonomy KPIs: Turnover, CAPEX, and OPEX.

$$KPI_{Turnover;CAPEX;OPEX} = \frac{\text{Numerator}}{\text{Denominator}} \%$$

The denominator of the Taxonomy KPIs is based on the total items defined by the EU Taxonomy Regulation, while the numerator includes data related specifically to activities identified as eligible or aligned during the assessment. Both elements are derived from data in the consolidation system, as well as activity unbundling reports and controlling statements provided by the subsidiaries.

IV. Eligibility Assessment

The first step in the EU Taxonomy screening process is the eligibility assessment, which uses a top-down approach – based on activity descriptions in the Taxonomy Regulation and relevant NACE codes – to determine which of Faital Group's economic activities may qualify as taxonomy-eligible activity. For the 2023 financial year, the assessment considered both climate and environmental objectives and included newly added activities introduced under the updated regulation. Due to the nature of Faital Group's operations, the identified activities were primarily linked to climate-related objectives. These eligible activities form the foundation for the subsequent alignment assessment.

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V. Alignment Assessment

In the alignment assessment, the eligible activities are further analysed against the specific technical screening criteria defined by the EU Taxonomy.

- **Substantial Contribution:**

Each activity's compliance with the technical criteria – such as GHG emissions thresholds – was assessed individually at the subsidiary level. In most cases, evaluation was done at the activity level, though certain technical requirements required a location- or project-specific review.

- **Do No Significant Harm (DNSH):**

DNSH criteria focus on ensuring that the activities do not adversely impact other environmental objectives. Compliance is typically linked to relevant EU directives, which are often reinforced by national legislation. Similar to the contribution test, DNSH was mostly evaluated at the activity level, with location- or project-level reviews applied where necessary.

VI. Examination of Minimum Safeguards (MSS)

Faital Group is firmly committed to sustainable, inclusive growth and ensures partial compliance with the minimum social safeguards as defined in Article 18 of the EU Taxonomy Regulation. The Group aligns its operations with key international standards, including:

1. OECD Guidelines for Multinational Enterprises
2. UN Guiding Principles on Business and Human Rights
3. ILO Declaration on Fundamental Principles and Rights at Work
4. The eight ILO core conventions
5. The International Bill of Human Rights

To verify compliance, Faital Group applied a human rights due diligence (HRDD) internal audit process during the 2024 alignment assessment:

1. Review of Group-level documents addressing the four core safeguard areas (human rights, anti-corruption, taxation, fair competition).
2. Evaluation of the applicability and enforcement of these standards across subsidiaries (Magyarországi Hangszórógyártó Kft.).
3. Identification of best practices and development actions also engagement of stakeholders.

The Faital affiliates also participate in Human Rights Due Diligence program provided by Alps Alpine Group where our commitment is to keep category 'A' (advanced compliance to corporate values) for all affiliates.

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The assessment found no high-risk issues but some minor non-compliance due to lack of documentation and processes in the HQ (Faital S.p.A.)'s operations across the four safeguard areas. Subsidiaries were found to operate in full alignment with Faital Group's and also Alps Alpine's core policies and codes, including the Code of Conduct, Procurement Policy, and Alps Alpine Responsible Corporate Action Guidelines.

Faital Group also upholds the EU's human rights requirements, complying with related EU regulations and sanctions in all corporate activities.

From these sets, the following topics were assigned as aligned activities:

- 4.1 Electricity generation by using solar photovoltaic technology
- 7.2 Modernisation of existing buildings
- 7.3 Energy efficiency improvements

Content of Taxonomy KPIs

In line with Annex I, Point 1.2 of Commission Delegated Regulation (EU) 2021/2178, Faital Group reports three key financial indicators under the EU Taxonomy framework:

- **Sales Revenue KPI**

Based on:

- IFRS 15: Revenue from customer contracts
- IFRS 16: Leasing
- Other operating income

- **CAPEX KPI** (Project-related investments)

Based on:

- IAS 16: Property, plant & equipment
- IAS 38: Intangible assets
- IFRS 16: Leasing
- IAS 40: Investment property
- IAS 41: Agriculture

- **OPEX KPI** (Operating expenses)

Includes:

- R&D costs
- Building renovations



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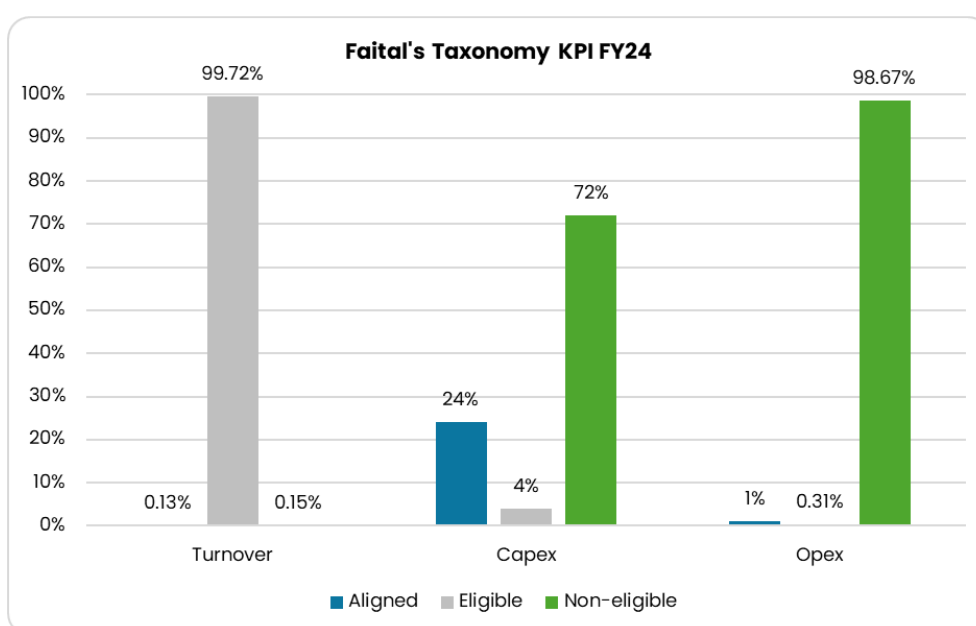
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- Maintenance and repair (non-capitalised)
- Direct servicing costs for assets (in-house or outsourced)
- Short-term leasing

VII. Group-wide KPIs

VII/A. Faital S.p.A.



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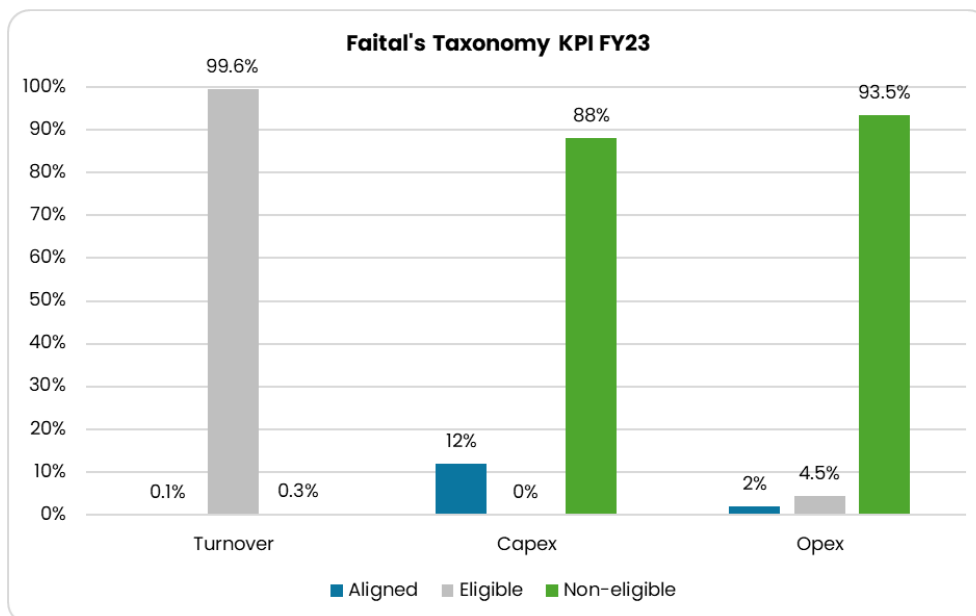
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**Turnover from EU Taxonomy activities:**

For Fiscal Year 2024, the 99.85% of Faital's turnover come from eligible activity. From this, 0.13% is aligned activity that is the selling of generated green electricity surplus to the grid (4.1). Only 0.15% of the turnover is coming from non-eligible sources.

There was a slight increase (0.01%) in the aligned turnover comparing to FY23.

CAPEX spent on EU Taxonomy activities:

Regarding the Capital expenditures (CAPEX) 28% was invested into sustainable eligible activities at the Italian facilities. From this 24% was analysed as sustainable aligned activity. Expanding solar panel system (96%) (4.1) and the placing energy efficiency investments (4%) (7.3).

The rest 72% is not eligible to any of the EU Taxonomy's sustainability topics.

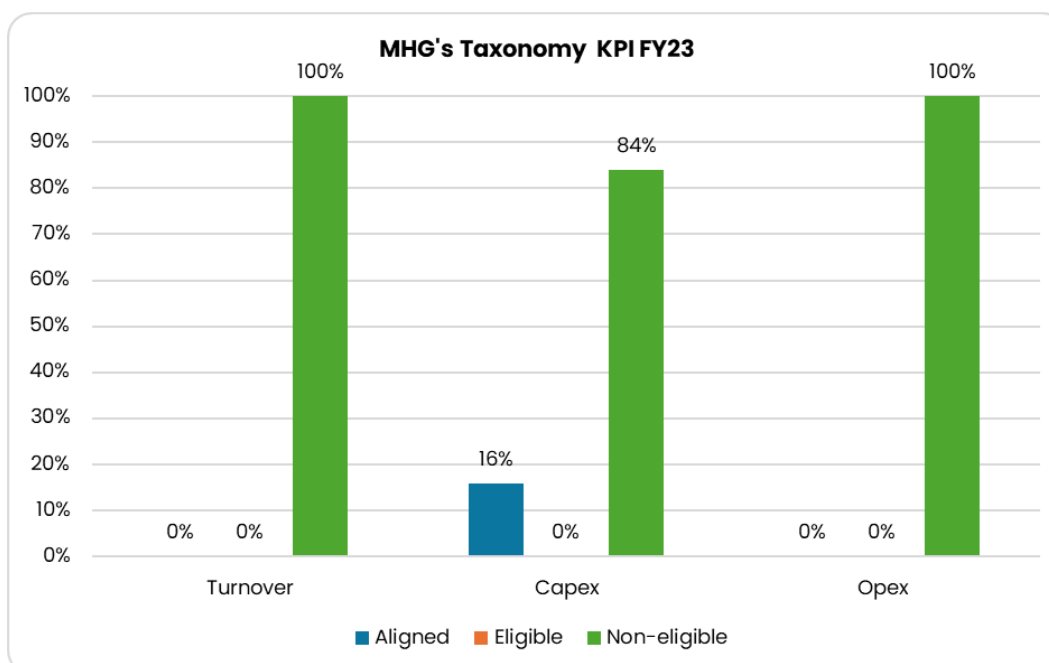
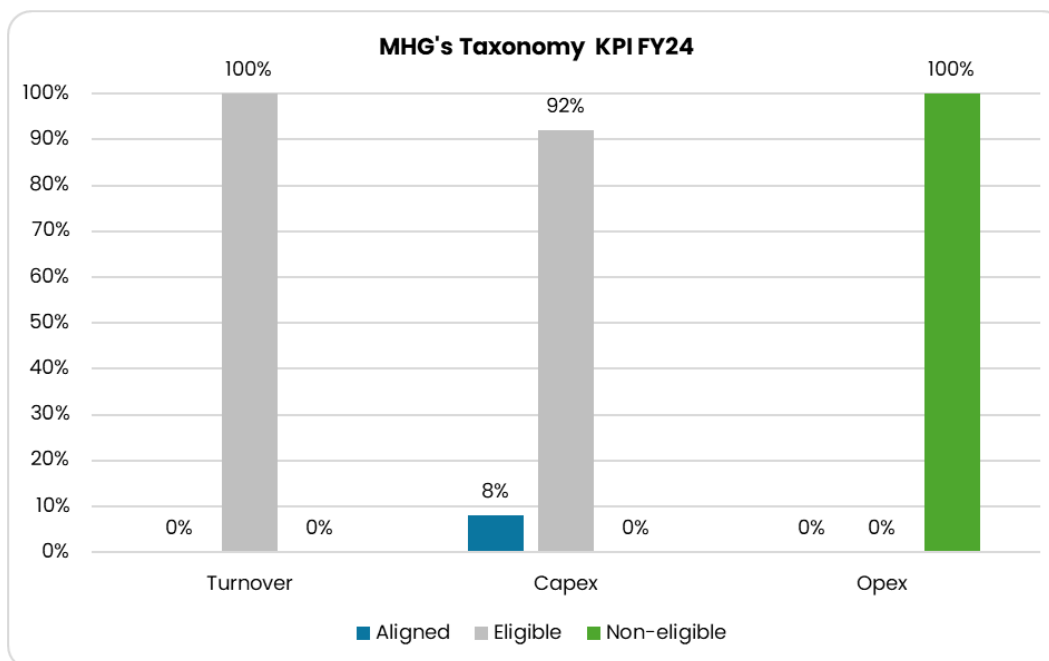
The CAPEX spent on aligned activities was doubled in FY23 the share was 12%.

OPEX spent on EU Taxonomy activities:

Only 1 % of total spent OPEX was spent on sustainable aligned activities. Maintenance of Solar panels (4.1). 0.31% of total OPEX was spent on maintenance of vehicles categorized as an eligible activity. 98.67% was spent Taxonomy non-eligible activities.

Regarding the OPEX spent on aligned activities we can realize a short decrease in the share because last fiscal year this value was 2.05%.

VII/B. Magyarországi Hangszórógyártó Kft. (MHG):



Turnover from EU Taxonomy activities:

For Fiscal Year 2024, the 100% of MHG's turnover come from Eligible activity. From this, none is aligned activity thus the loudspeaker manufacturing does not comply with TSC and DNSH criteria.

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CAPEX spent on EU Taxonomy activities:

The MHG's total CAPEX 100% of this was eligible activities but only 8% was spent on EU Taxonomy aligned activities. Comparison to previous year's KPI it is an 8% decrease.

Regarding the Aligned activities, the 94% is coming from the solar panel electricity generation the rest (6%) is from lightning modernisation of warehouses and production area.

Eligible activities are including vehicle buying (6.5) (1%) loudspeaker production (1.2) (23%) and construction of new buildings (7.1) (76%).

OPEX spent on EU Taxonomy activities:

The MHG's aligned OPEX KPI value is 0%. The R&D activities are related to the HQ in Italy (Faital S.p.A). However, the share of eligible activities is 100%. MHG spent 2% of total was spent on vehicles (6.5), 75% loudspeaker production related activities (1.2), 14% urban and suburban transportation (6.3) and 8% modernisation of buildings (7.2).

Faital Group in accordance with point 1.1.2.2 of Regulation (EU) 2021/2178, has also identified activities with alignment potential in its CAPEX plan for the next five Fiscal Years. We are committed to increase the Capital expenditures on sustainable activities.

VIII. Data source of EU Taxonomy reporting

The data presented in this chapter 'Reporting according to the EU taxonomy directive' is derived from the Group's consolidated financial statements. In addition, internal financial planning documents (such as CAPEX and OPEX plans) and information gathered through data-collection interviews served as key sources for the report.

SOCIAL DISCLOSURES

ESRS-S1: OWN WORKFORCE

Faital's operations have always relied on the strength of its workforce and the depth of professional competences. To foster this, we maintain a safe working environment where employee well-being is prioritized, equality is upheld, and everyone is empowered to reach their maximum potential. We consider our employees part of the Faital family.

In alignment with the European Sustainability Reporting Standards (ESRS), we have conducted a quantitative and qualitative analysis of our social impacts, risks, and opportunities for this report.

Our dedication to health and safety is exemplified by the ISO 45001 certification awarded to our Hungarian production plant. Since becoming part of the Alps Alpine Group, the company has aligned with the principles

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outlined in the Group Code of Conduct. Now the importance of the education of Health and Safety activities became an important milestone in our educational plan.

As a responsible employer, we recognize and act on the significant societal impacts of our activities. The social dimension of our ESG strategy holds a vital role and serves as a key indicator of performance. Based on the outcomes of our double materiality assessment, we classify our company's social impacts into four main categories.



Data reported in this section originates from the company's internal Human Resources management system, which serves as the primary source for social-related metrics (ESRS-S1).

SBM-2 Interests and views of stakeholders

Our most recent stakeholder analysis was conducted as part of our CSRD-aligned Double Materiality Assessment (DMA). The process engaged internal stakeholders, including a diverse cross-section of employees – from shop-floor operators to top management – alongside key internal representatives and subject matter experts. On the external side, input was gathered from customers, suppliers, local and EU authorities, non-governmental organisations (NGOs), and industry associations.

Throughout the collection phase, stakeholders identified 'Employee health and safety', 'Diversity, equity, and inclusion', and 'Training and development' as material sustainability priorities. These areas were highlighted as requiring enhanced transparency and clear accountability, reinforcing our commitment to address them with diligence and openness.

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

While the Global Reporting Initiative (GRI) standards left it up to reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality. The list of material topics can be found in Chapter 'ESRS SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model'.

S1-1 Policies related to own workforce

The Faital Group's Own Workforce Policy, and the Code of Conduct state that the company respects the human rights of all people based on international standards, including the International Bill of Human Rights and the International Labour Organization's (ILO), UNGP, and OECD relevant regulations.

The company is committed to adhere to human rights conventions regarding the abolition of child labour, the elimination of forced and compulsory labour, as well as the conventions on elimination of discrimination in employment and occupation and the freedom of association and collective bargaining. It means the right of individuals to interact and organise among themselves to collectively express, promote, pursue and defend common interests. We do not discriminate on grounds of race, gender, ethnicity, age, religious or sexual orientation, physical disability, or marital or parental status. Workplace harassment or intimidation is not tolerated. Should a problem or accident occur, we shall take appropriate action and investigate causes thoroughly, taking measures where necessary to prevent their reoccurrence. The possession, use, or distribution of illegal substances during work time is absolutely prohibited.

During the recruitment the company applies skill-based hiring and promoting processes, so during the recruitment process we do not discriminate grounds of race, gender, ethnicity, age, religious or sexual orientation, physical disability, or marital or parental status.

The Own Workforce Policy is a global policy for every European Alps Alpine affiliates. It covers Health and Safety issues, also define targets such as certification according to ISO45001 or similar equivalents. This policy also reflects for human rights and equal opportunity and treatment in connection to the Group Code of Conduct.

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

At Faital, we place a strong emphasis on transparent and two-way communication with our employees as part of our commitment to fair employment practices and an inclusive workplace culture.

We maintain structured dialogue with employee representatives, including the site Workers' Council representative, to ensure that workforce perspectives are incorporated into decision-making processes. These engagements are complemented by regular satisfaction surveys, which we use to gather feedback, measure employee sentiment, and identify areas for improvement.

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To promote occupational health and safety awareness, we conduct periodic meetings and briefings on Environment, Health, and Safety (EHS) topics. These sessions provide a forum for sharing updates, discussing incidents, and reinforcing our collective responsibility for a safe and healthy workplace.

We also operate a variety of internal communication channels – such as the Zucchetti platform – designed to foster open dialogue and accessibility. Our internal newsletters are issued regularly to keep employees informed of organizational changes, strategic initiatives, and upcoming events.

In addition to formal communication structures, we encourage employee participation through public voting, suggestion boxes, and other interactive tools like the Whistleblowing system. These mechanisms ensure that all employees have a voice in shaping their workplace experience, reinforcing our values of trust, inclusion, and mutual respect.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns policies related to own workforce

Workers can raise concerns anonymously via the Whistleblowing hotline. Which is compliant all the connected decrees and regulations. Reports are investigated by an company-independent whistleblowing group. The company follows the open-door policy by that employee can report about negative impacts at their managers.

S1-4 Taking action on material impacts on own workforce

The company has added a new extra direction to its sustainable culture. This direction is the strictly safe working environment. We are motivated to have 0 work related accidents that results in lost time in the upcoming years.

Also the health and well-being got an important role in this year. The company has organised health care events for employees e.g. eye examinations.

Employees at companies with high-quality onboarding programmes gain full proficiency significantly faster, which is why this is considered as an important priority for our own workforce. A good onboarding programme is the best way to integrate new employees, maintain job satisfaction and reduce staff turnover.

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

Our material impacts, risks and opportunities related to S1-5 can be found in the chapter General Disclosures in ESRs 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

S1-6 Characteristics of the undertaking's employees

Employment



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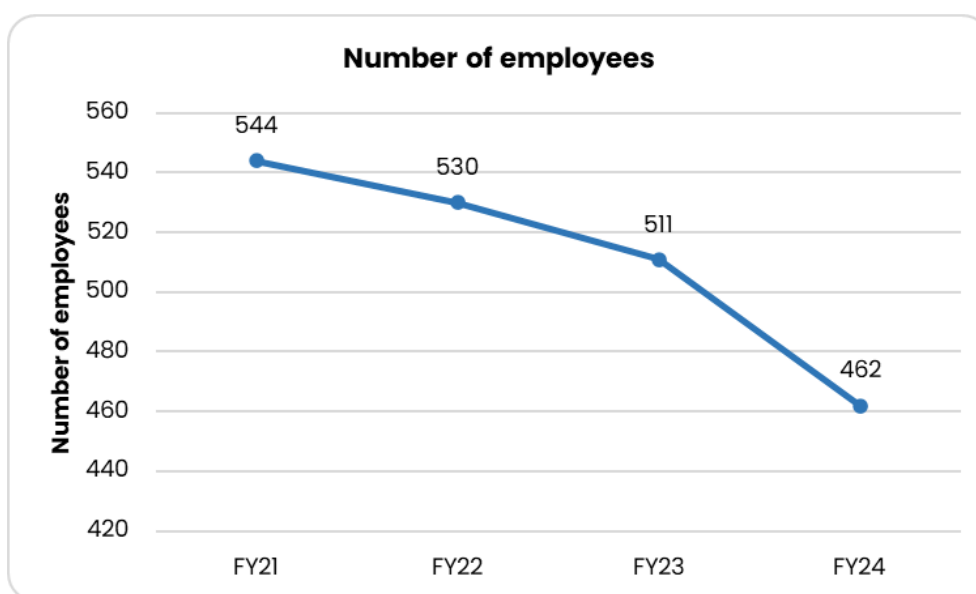
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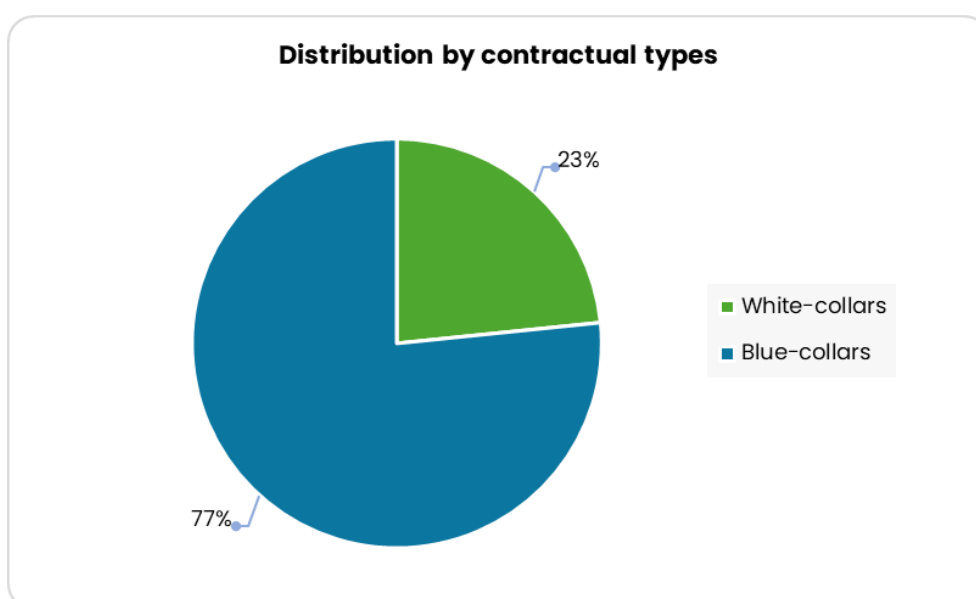
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In this report, a consolidated view of gender and age distribution across all Faital Group entities is presented, alongside key employment statistics. As of the end of FY24, Faital Group employed a total of 462 individuals, reflecting a 10% decrease compared to the previous financial year. This downward trend aligns with broader workforce optimisation efforts and reflects the current situation within the automotive industry. At the production site level, the primary objective is to ensure the full availability (100%) of the workforce required for efficient operation, a target that has now been successfully achieved and stabilised.



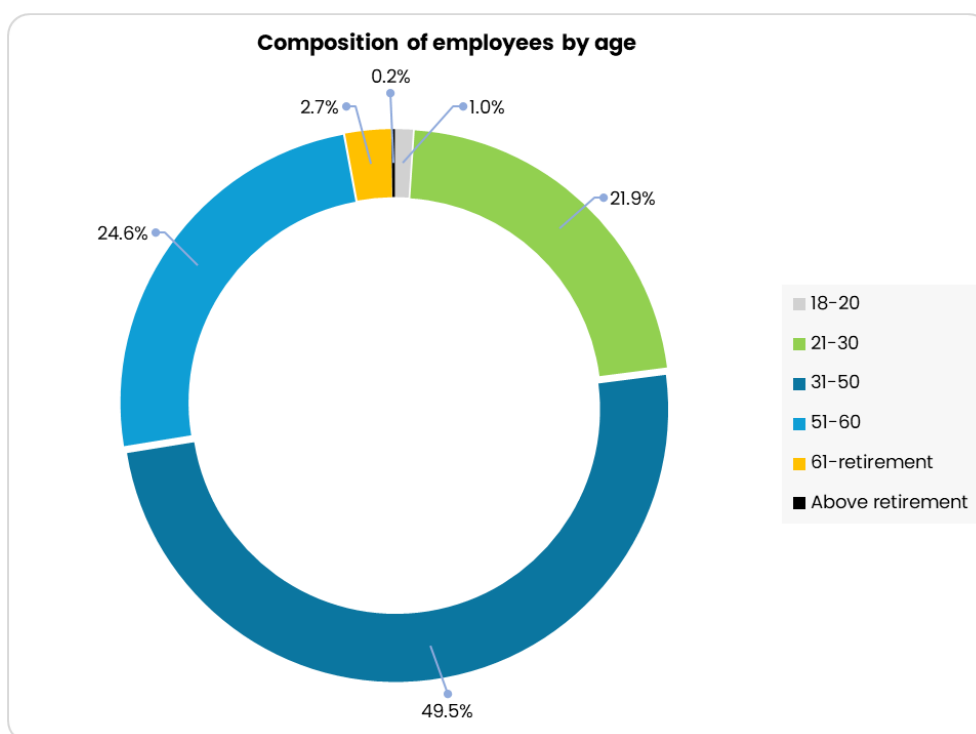
Data source: Internal HR database



Data source: Internal HR database

Regarding the composition of employment by skill category, blue-collar workers accounted for 77% of the total workforce, reflecting a slight decline from 78% in the previous year. Conversely, the share of white-collar employees increased to 23%, compared to 21% previously. This shift is primarily attributable to workforce optimisation initiatives, which predominantly impacted blue-collar positions, resulting in a rebalanced overall workforce structure.

Age Distribution of Workforce



Data source: Internal HR database

As of the end of the reporting period, the age profile of our workforce demonstrates the following distribution across key working age groups:

- 49.5% of employees are aged 31 to 50 years, representing the core of our experienced workforce.
- 24.6% fall within the 51 to 60 years age bracket, highlighting the significant contribution of senior professionals.
- 21.9% of employees are aged 21 to 30 years, reflecting a healthy presence of early-career talent.
- A small proportion, 1.0%, are within the 18 to 20 years category, typically representing apprenticeships, internships, or junior roles.
- The smallest segment of the workforce is represented by employed retirees, who account for 0.2% of the total headcount.

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This distribution outlines a non-targeted scope for Faital Group's long-term workforce sustainability strategy. The Group should focus on attracting and motivating young job seekers (age 18 to 30) to join the company. A younger workforce is vital, as their motivation, fresh knowledge, and early professional experience can shape them into the future managers and leaders the organisation will need.

Employee turnover

In FY24, Faital Group recorded a total of 85 new hires across all positions and workforce levels. During the same period, 128 employees left the organization, resulting in a staff turnover rate of 27%.

This marks a continued improvement in employee retention over recent years. For comparison, the turnover rate stood at 33% in FY23 and 39% in FY22. The declining trend reflects our ongoing efforts to strengthen employee engagement, improve working conditions, and foster long-term commitment within our workforce.

This data is inclusive and covers all group entities and employment categories.

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

As of the end of the reporting period, the vast majority of our workforce is employed on stable and permanent terms:

- Less than 1% of employees hold temporary contracts, while over 99% are employed on a permanent basis, demonstrating our commitment to long-term employment relationships.
- In terms of working time arrangements, 97% of our workforce are employed on a full-time basis, with the remaining 3% engaged under part-time contracts.

S1-8 Collective Bargaining coverage and social dialogue

Faital Group fully adheres to all applicable legal requirements related to a 2nd-leveled collective bargaining agreement, with 100% of our employees covered by such agreements across all entities or as applicable compliance to local laws and regulations are ensured.

As a multinational organization, Faital operates across jurisdictions with varying labour traditions, legal frameworks, and collective bargaining structures. While the principles of collective representation are upheld group-wide, the specific arrangements may differ by country to align with local practices, legislation, and cultural norms.

This approach ensures compliance and fairness while respecting national labour contexts and maintaining consistency in employee rights and protections throughout the Group.

S1-9 Diversity metrics**Diversity, Inclusion, Equality and Human Rights**



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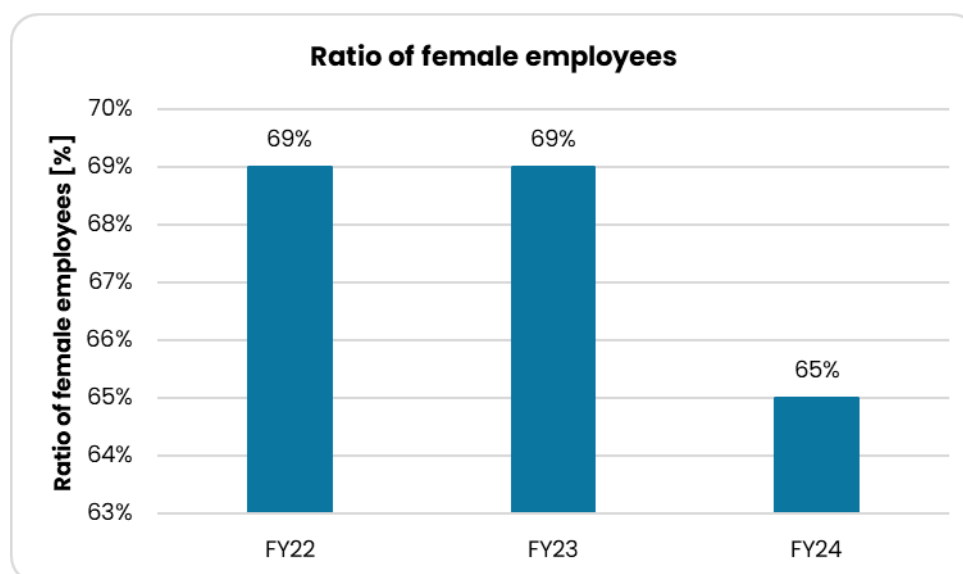
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As of the end of FY24, 65% of our workforce was identified as female, demonstrating a strong gender balance within the overall employee population. The slight 4% decline in this ratio is attributable to a reduction in employment as described in SI-6, and also due to the departure of female employees during the reporting period. The proportion of women in decision-making positions stands at 32%, reflecting progress toward greater gender representation in leadership roles. Notably, our Hungarian production facility is now led by a female plant manager – a significant milestone, marking the first time in Faital Group's history that a production plant is headed by a woman.



Diversity and inclusion are core elements of our organizational values and are explicitly embedded in our Human Rights Policy. Faital Group actively supports the employment of persons with disabilities, recognizing both the moral and operational importance of fostering a more inclusive workplace.

Human Rights Due Diligence Program

Faital Group is committed to upholding internationally recognized human rights standards, as set out in our Code of Conduct and Human Rights Policy. These commitments align with the UN Guiding Principles on Business and Human Rights (UNGPR) and the OECD Guidelines for Multinational Enterprises. All group operations are subject to regular human rights due diligence assessments, conducted annually by Alps Alpine Company.

During the FY23 assessment, Faital Group achieved a "B" rating, indicating that over 70% of our responses were considered valid and representative. Following this, we implemented a series of targeted actions, with the objective of improving our assessment outcome. As a result, we successfully achieved an "A" rating in 2024, reflecting that more than 90% of our responses met the required standards.

We remain dedicated to sustaining this high level of compliance across all our plants and offices and are motivated to continually strengthen our human rights practices. By embedding these standards across our

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operations, we reaffirm our responsibility to respect, protect, and promote the rights and dignity of all individuals, both within our organization and across our value chain.

S1-10 Adequate wages

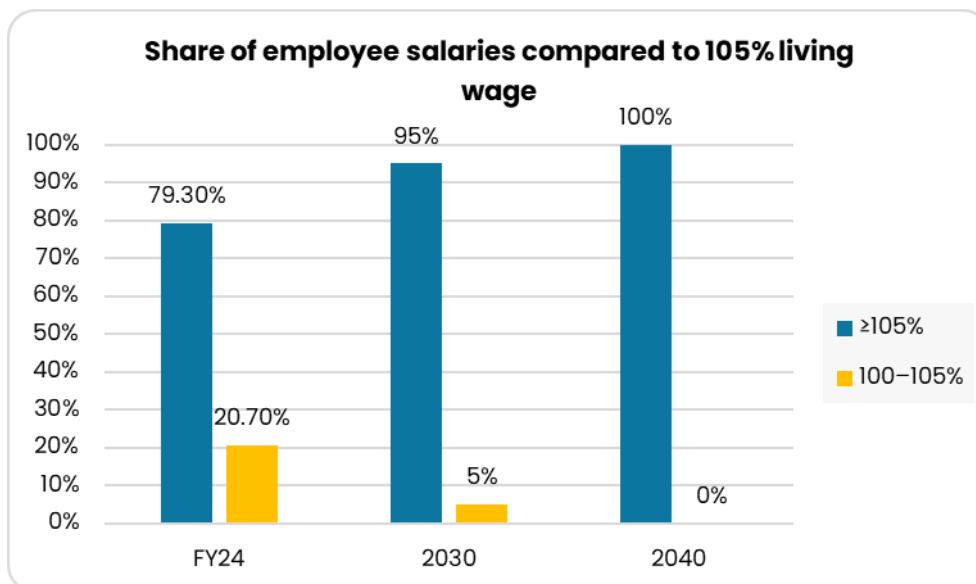
Since its founding, Faital Group has consistently upheld fair and lawful employment practices. This commitment is reflected in every employment contract, which is prepared in full compliance with applicable legal frameworks. Each contract clearly defines the employee's roles and responsibilities, includes job-specific safety regulations and recommendations, and is presented in a language that the employee can fully understand. In addition, contracts provide illustrative examples showing how performance-based or other bonuses are calculated on top of the base salary, which is always equal to or higher than the living wage applicable in each country of operation.

The company is dedicated to ensuring equal conditions for personal and professional development across our workforce. All employees – regardless of role, level, or location – have access to the same opportunities for advancement and skill growth. All employees get the same advantages (bonuses, cafeteria etc.) no matter if the person is FTE or PTE.

Our approach to compensation is transparent, fair, and benchmarked annually. We conduct salary reviews by evaluating inflation trends and comparing wage levels to Living Wage Analyses, in alignment with ILO and UN Global Compact (UNGC) standards. These practices are part of our Living Wage Policy, which ensures that all employees are paid wages sufficient to meet basic living standards.

Based on our most recent wage assessment, 20.7% of total employee salaries currently fall below 105% of the regional living wage benchmarks of IDH Benchmark Finder. While this figure highlights an opportunity for improvement, it is important to emphasize that all employees are compensated at levels exceeding 100% of the officially recognized living wage benchmark.

Faital Group is committed to continuously improving wage equity across the organization. Our goal is to significantly reduce the proportion of employees earning below 105% of the regional living wage threshold by 2030. We recognize this benchmark as a more accurate reflection of sustainable livelihoods and are actively working to close this gap through regular wage reviews, transparent pay practices, and targeted salary adjustments.



Data source: IDH database and internal wage database

In some cases, the living wage target is not reached because certain employees work on reduced-hour contracts (e.g., six-hour shifts) due to individual life circumstances, such as pregnancy, reduced physical capacity, or the need for flexible working arrangements to support their private needs.

Compensation structures are tailored to reflect local requirements and working contexts, while upholding group-wide fairness. This structure is presented in each contract with several scenario calculation examples in a language that everyone understands:

- In Hungary, employees benefit from a comprehensive bonus and incentive system, aligned with job levels. In addition to base salaries, we offer a cafeteria benefits system, travel expense support, and guaranteed role-specific supplements. We also partner with financial and insurance institutions to provide preferential services to our employees.
- In Italy, a portion of total remuneration is delivered through a Welfare Plan, in accordance with national legislation. This includes cafeteria and mess services, and the application of a second-level collective bargaining agreement. For certain roles, performance-based bonuses are awarded.

We uphold strict non-discrimination strategy, as outlined in our Code of Conduct, ensuring that no gender-based or other unjust disparities exist in compensation or treatment, thus there is no gender pay-gap at this company.

Through these policies and practices, we not only promote fairness and equity but also foster a work environment where all individuals can thrive – professionally and personally.

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S1-11 Social protection

Our company fully complies with applicable social protection regulations in accordance with the legislation of the European countries in which we operate.

This includes ensuring employee access to essential healthcare services and income support during key life events – such as unemployment, illness and medical treatment, parenthood, or retirement requiring pension coverage.

S1-12 Persons with disabilities

The company ensures compliance with applicable national regulations regarding the employment of persons with disabilities, while upholding its Code of Conduct commitment to equal treatment and non-discrimination.

S1-13 Trainings and skills development metrics

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.

Over the past three years, the company has consistently achieved a 100% participation rate in Code of Conduct training, reflecting our strong commitment to ethics, integrity, and compliance. This success is supported by annual mandatory training programs and comprehensive onboarding sessions, which ensure that all employees are thoroughly familiar with the principles and expectations outlined in our Code.

Our dedication to continuous improvement goes beyond internal compliance efforts. We actively support the professional development of our workforce by offering annual external training opportunities, including tailored programs for our internal auditors. By investing in knowledge and skill development, we not only strengthen individual capabilities but also foster a culture of excellence and innovation, aligned with the strategic goals of the Faital Group.

In the reporting year, we conducted a total of 1,524 training sessions across 9 distinct training types, reflecting our strong commitment to employee development. Our workforce invested over 15,000 hours in these training activities, resulting in an average of 34.49 training hours per employee – a significant increase from 24.75 hours per employee in the previous reporting year. Additionally, we allocated 337 training hours per million EUR of net revenue, demonstrating the strategic importance we place on continuous learning and capability building within the Faital Group.



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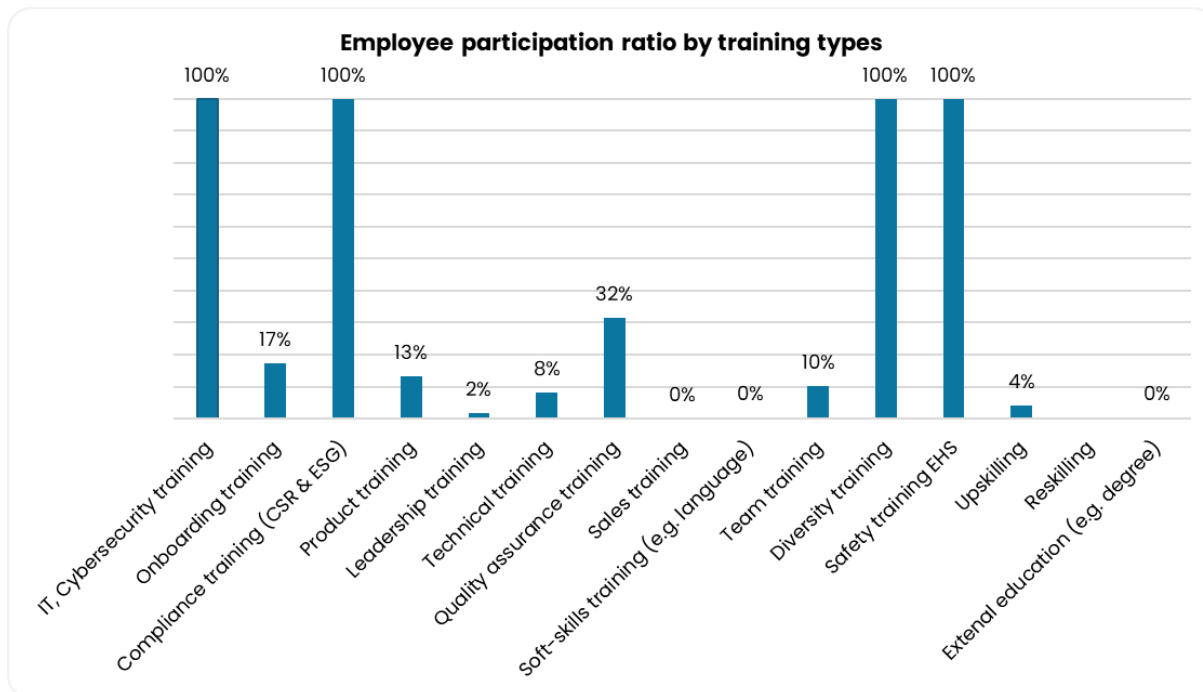
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100% of the targeted employees (all with access to local information system) successfully completed the IT, Cybersecurity training, ensuring full coverage among those with digital access and responsibilities.

We also place strong emphasis on the accessibility of educational materials by offering supplementary resources both online, via digital screens, and in paper form message boards located in communal areas such as canteens and restrooms. These resources deliver recurring awareness content on key topics including ISO standards, cybersecurity, sustainable development, and health and safety practices, ensuring that employees remain consistently informed and aligned with industry best practices.

Furthermore, we organized internal auditor training (according to IATF 16949) for our managers to enhance their understanding of internal procedures and deepen their knowledge of relevant standards. In addition, we offered leadership and communication courses to strengthen their managerial competencies and foster more effective team engagement.

S1-14 Health and safety metrics

Promoting a healthy and safe work environment is fundamental to safeguarding employee well-being. Across Faital Group and the broader Alps Alpine Group, we are united by a shared ambition: achieving zero occupational accidents at all sites. While progressing toward this target, the company acknowledges that occupational health and safety are not only crucial to our stakeholders but also integral to the company's operational excellence. Double-materiality assessments reaffirm that health and safety consistently rank among the company's highest priorities, reflecting their strategic value.



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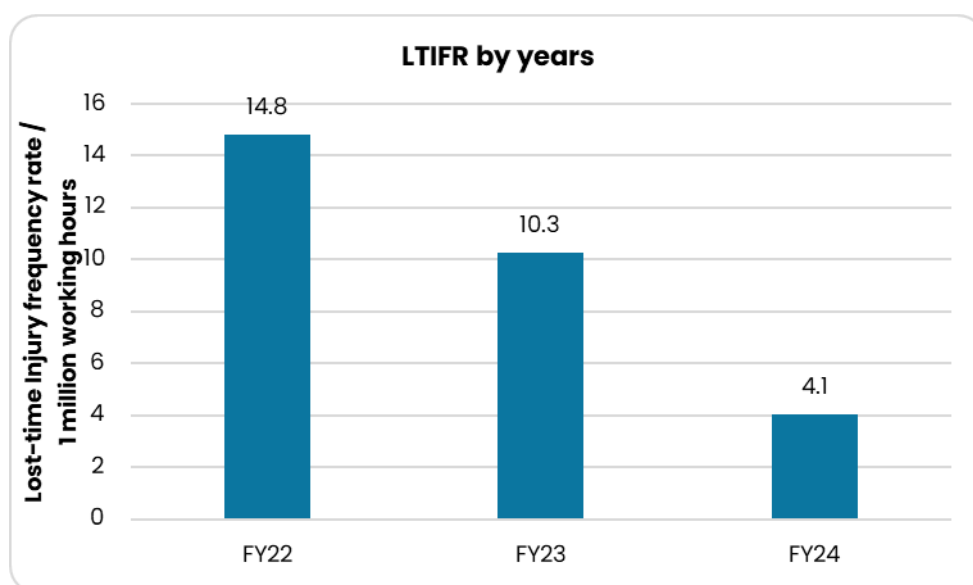
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To evaluate our Health and Safety performance, we monitor indicators such as the Lost Time Injury Frequency Rate (LTIFR). In FY24, we reported 4 LTIs, corresponding to an LTIFR of 4.1 per million hours worked – meaning 4.1 injuries incurred lost time for every 1 million working hours. In comparison, FY23 saw 8 LTIs and an LTIFR of 10.3. Despite ongoing challenges, we remain resolute in enhancing our safety culture and proactively minimizing risks to protect our workforce. The short-term goal is defined for the next fiscal year to have zero work-related accidents (0 LTIFR) within the group.



Data source: Official Occupational Health and Safety (OHS) reports

Our fire and safety policies and procedures are designed to meet the highest standards of workplace protection and risk prevention. The Hungarian plant's Health and Safety Management System is ISO 45001 certified, ensuring compliance with internationally recognized occupational safety standards.

Fire evacuation plans are clearly displayed in key areas and presented in employees' primary languages to ensure accessibility and understanding. Under the guidance of our dedicated Health, Safety and Environment (HSE) specialist, we maintain an annually reviewed emergency response plan that fully aligns with both national and international regulations. Evacuation plans are simulated annually.

To evaluate and strengthen preparedness, we conduct full-site emergency drills each year, covering scenarios such as fires, environmental incidents, and hazardous material leaks. These exercises are designed to validate the effectiveness of safety protocols and ensure the workforce remains ready to respond promptly and effectively in case of an emergency.

Our Hungarian factory operates an ISO 45001-certified health and safety management system. Hazards are identified through regular workplace inspections, safety audits, and employee feedbacks (on annual meetings). All new activities undergo a risk assessment using a 5x5 risk matrix to evaluate severity and

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likelihood. Identified risks are managed using the hierarchy of controls, prioritizing elimination and engineering solutions over PPE.

Occupational Health

The mental and physical well-being of the employees is prioritized 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 Activities:** We encourage employees to engage in health care and prevention activities for employees (e.g. eye assessments, lung analyses etc.)

Additionally, the company prioritizes the well-being of the non-smoking colleagues by strictly adhering to regulations prohibiting smoking in the facilities, surpassing mere compliance by banning smoking across our premises, including designated smoking areas. Optimal working conditions are ensured for all employees by regularly conducting workplace environment assessments, including noise level monitoring and light intensity measurements. This commitment to health and safety underscores our dedication to fostering a supportive and respectful workplace environment for all.

S1-15 Work-life balance indicators

We actively promote the use of holiday, parental leave, and the right to disconnect outside working hours. All employees are fully entitled to family-related leave. As a family-friendly (non-officially) employer, we emphasize flexibility to accommodate caregiving responsibilities. We are dedicated to cultivating a supportive workplace where employees can confidently balance their personal and professional lives.

S1-16 Compensation indicators

Faital recognizes the importance of systematically addressing and monitoring the ratio between median employee compensation and that of the highest-paid individual, as this enables conclusive assessments in key areas of company management. Through this practice, we ensure full compliance with all applicable regulations and standards, while consistently upholding the principles articulated in our Code of Conduct. Our commitment to fairness, equality, and non-discrimination in compensation practices remains steadfast, reinforcing a workplace culture in which every employee is respected, valued, and provided equitable opportunities.

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S1-17 Incidents, complaints and sever human rights impacts

In FY23 we have implemented our whistleblowing system and the whistleblowing committee which consist of company-independent members. We keep operating this system in FY24 and also started ensuring other appropriate channels for whistleblowing for example, post and personal appointments. Since the start of this system in 2019 there were no reported incidents coming for investigation.

Regarding the reported incidents KPIs and Targets are outlined in General Disclosures ESRS 2 SBM-1.

ESRS S2: HUMAN RIGHTS IN THE VALUE CHAIN

Transparency related to workers in the supply chain is a high priority for our customers and also the Alps Alpine HQ. EU legislation on these topics – such as the EU Corporate Sustainability Due Diligence Directive (CSDDD), the EU Deforestation Regulation, the Forced Labour Import Regulation etc. – also requires us to further raise our level of governance. We welcome this opportunity for a level playing field, as all EU-based companies will be able to address these issues in a more standardised manner. Details and data shown in this chapter are from internal databases and validated documents.

SBM-2 Interests and views of stakeholders

Our most recent stakeholder analysis was conducted in 2024 as an integral part of our CSRD-aligned Double Materiality Assessment (DMA). This process aimed to capture both the impact and financial materiality perspectives, in accordance with the European Sustainability Reporting Standards (ESRS).

On the external side, structured input was gathered from a broad spectrum of stakeholders, including key customers, strategic suppliers, local and EU-level regulatory authorities, non-governmental organisations (NGOs), and industry associations. Engagement methods included targeted surveys, bilateral interviews, and thematic focus group discussions.

During the collection phase, stakeholders consistently highlighted 'Working conditions in the value chain' as a material topic. This encompassed concerns and expectations related to fair wages, occupational health and safety, social dialogue, decent working hours, and responsible sourcing practices across all tiers of the value chain.

The feedback also reflected growing stakeholder demand for transparency on due diligence processes, supplier risk management systems, and mechanisms to ensure the protection of vulnerable worker groups, particularly in regions with weak labour law enforcement.

Insights from this stakeholder input directly informed our materiality prioritisation matrix and will guide future disclosures and due diligence enhancements under ESRS S2 (Workers in the value chain). We recognise the importance of maintaining continuous dialogue with stakeholders to capture evolving expectations and risks.

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SBM-3 Material impacts, risks and opportunities

Following our Double Materiality Assessment (DMA) conducted in alignment with ESRS methodologies, Faital Group identified “Working conditions of workers in the value chain” as the only material sub-topic under ESRS S2. This reflects stakeholder concerns and internal assessments regarding fair and safe working conditions among upstream suppliers. Other sub-topics, such as equal treatment and other work-related rights in the value chain, were not deemed material at this time.

We have identified risks on the upstream side as we depend on our suppliers to successfully manage the quality of the parts provided to make our products. Through the Code of Conduct, Alps Alpine Responsible Corporate Action Guidelines and continuous improvement activities with direct top suppliers, we have developed a robust quality management process. The total list of Material impacts and IROs can be found in chapter ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

S2-1 Policies related to value chain workers

Faital Group adheres to the Alps Alpine Responsible Corporate Action Guidelines, a framework that aligns with the Code of Conduct and internationally recognized standards, including UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and ILO Declarations.

These Guidelines are firmly rooted in the core values of our Code of Conduct – Strive for Value, Love the Planet, Contribute to Society, Respect the Individual, and Act with Integrity. They establish a comprehensive baseline for expectations regarding quality, product safety, delivery, and cost. Equally important, we set out clear principles for managing sustainability-related topics, such as:

- Legal compliance
- Human and labor rights, including the prohibition of child and forced labor
- Environmental protection and climate responsibility
- Occupational health and safety
- Business continuity and resilience

Faital Group employs a rigorous and fair evaluation process to select and manage suppliers, ensuring alignment with these values from a global and long-term perspective. This includes assessing performance across operational performance and sustainability dimensions.

As part of our due diligence and capacity-building strategy, we require all key suppliers to formally acknowledge and commit to these standards. This is reinforced through targeted training programs, supporting them in meeting our shared expectations for ethical, responsible, and sustainable business conduct.

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S2-2 Processes for engaging value chain workers about impacts

We don't have processes directly involving supplier's employees into impact analysis but we did supplier analysis that is based on the values defined in the Alps Alpine Responsible Corporate Action Guidelines and cover all their employees. This Guideline involves requirements with the Human Rights and Labor like Prohibition of forced labour, Prohibition of child labour, Consideration for working hours, Appropriate wages and allowances, Prohibition of inhumane treatments, Prohibition of discrimination and Freedom of association, right to collective bargaining.

S2-3 Processes to remediate a negative impact

We are operating whistleblowing system that is available for everybody related to our company, even the suppliers' workers. Process are worked out for such remediations. We have the responsible roles and their responsibilities.

S2-4 Taking action on material impact

At Faital Group, we uphold rigorous standards for ethical sourcing and human rights protection throughout our value chain. All suppliers are required to obtain Conflict Minerals Reporting Template (CMRT) certification from the Responsible Minerals Initiative (RMI), affirming their commitment to responsible sourcing and the avoidance of conflict-affected and high-risk areas. This ensures that our partners adhere to internationally recognized human rights principles within their own operations.

In line with our broader sustainability strategy, we maintain a strict Conflict Minerals Sourcing Policy, firmly opposing the use of materials that contribute to armed conflict, human rights abuses, or exploitative labor practices. Our procurement practices prioritize transparency and accountability to foster long-term, sustainable relationships.

To reinforce the social commitments, all suppliers must participate in annual self-assessment processes, including completion of our Corporate Social Responsibility (CSR) Self-Assessment Questionnaire. This tool enables us to evaluate each supplier's performance in areas such as human rights, labor conditions, environmental management, and governance. The responses are systematically reviewed and analyzed to identify potential risks and areas for improvement, ensuring alignment with our standards.

We are also exploring the possibility integration of our supplier network into the EcoVadis platform, a leading provider of sustainability ratings. This would enable a more robust and standardized evaluation of supplier ESG performance and support continuous improvement through benchmarking and targeted action plans.

Our supplier relationships are built on a foundation of mutual trust and shared responsibility. This trust allows for deeper collaboration in developing sustainable and ethical solutions, advancing collective goals such as supply chain resilience, environmental stewardship, and respect for human rights. For example, we actively engage in initiatives to strengthen human rights due diligence across our supplier base and promote capacity-building to enhance their sustainability maturity.

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By working hand in hand with our partners, we aim to cultivate a resilient and responsible supply chain that benefits not only our business, but also communities, workers, and ecosystems across our global operations.

S2-5 Metrics and Targets

Our supplier- and value chain-related sustainability targets, goals, and key performance indicators (KPIs) are detailed in the General Disclosures ESRS 2 SBM-1 chapter of this report. These reflect our strategic commitment to fostering responsible sourcing and ethical business practices across our entire supply network.

In line with our dedication to continuous improvement in sustainable procurement, we set a clear internal objective to achieve a score of 70 points in the procurement section of the EcoVadis assessment. In 2024, we successfully reached this milestone. Building on this achievement, we are committed to maintaining – and exceeding – this performance level by actively integrating EcoVadis' sustainable procurement criteria into our supplier management processes and decision-making frameworks. Our ambition remains to continuously enhance procurement sustainability outcomes across all tiers of the value chain.

ESRS S4: CONSUMERS AND END-USERS

SBM-2 Interests and views of stakeholders

The material IROs related to consumers and end-users have been identified through a DMA. Our consumer base is wide ranging and includes a diverse cohort of key stakeholders across the automotive and professional audio consumers' industry. This includes mostly B2B solution between us and our customers and professional distributors.

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

Through our DMA the ESRS S4 – Consumers and end-users sub-topics 'Information-related impacts for consumers and/or end-users' and 'Personal safety of consumers and/or end-users' came out as material topics for Faital Group. For this common topic in the EUSWG there are common targets and goals defined.

To address positive impacts, we focus on continuous product innovation, customer service improvements enhancing product safety, quality and satisfaction. The risk and material impacts are outlined in General Disclosures ESRS 2 SBM-1, SBM-2 and SBM-3.

S4-1 Policies related to consumers and end-users

As a member of the EUSWG working group, we adhere to a common policy framework for consumers and end-users. Our company is committed to fostering innovation while maintaining the highest standards of responsibility and integrity toward consumers and end-users. Although our products are components integrated into larger systems sold to end-users, and therefore do not have direct interaction with these

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end-users in most of the cases, but we ensure that our practices support the safety, reliability, and appropriate use of our products throughout the value chain.

The policy's purpose is to ensure product quality, safety, and compliance with consumer and end-user requirements, as well as improving consumer and end-user experience throughout the entire product lifecycle – from design and development to sales and support.

Also, we have been maintaining Quality and Information Security Policy which emphasises product safety and quality by adhering to legal and industrial standards aligned with the IATF 16949 and ISO 9001, TISAX required by customers or based on end-users needs and satisfaction.

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

Faital Group maintains continuous dialogue with key stakeholders and regularly assesses their evolving needs and expectations. We identify and address these needs by systematically monitoring applicable requirements, including relevant codes, standards, and industry guidelines.

We are committed to ensuring transparent and open communication regarding our sustainability and products. The relevant information is collected from customers but they research the end-users needs that is forwarded to our company integrated into customers' targets. Compliance is considered a core value of our organization and forms the foundation of our responsible business conduct.

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

Engagement Mechanisms

As a responsible supplier to globally recognized customers, Faital Group maintains open, two-way communication channels to ensure that any concerns or grievances are effectively received, evaluated, and addressed.

Communication typically occurs via electronic mail or customer-specific online portals, where concerns are directed to the relevant internal teams. This enables efficient and thorough handling tailored to the specific nature of each issue.

Regular communication helps us maintain transparency, strengthen customer trust, and ensure that our operations remain responsive to stakeholder expectations and regulatory requirements.

Grievance Handling and Complaint Management

Our processes for addressing consumer and customer concerns are designed to align with the specific requirements and compliance expectations of each client, while fully respecting applicable local laws, industry standards, and market conditions.

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We apply structured and evidence-based methodologies to ensure effective problem-solving, customer satisfaction, and continuous improvement. For product and quality-related matters, we employ internationally recognized tools and procedures, including:

- 8D methodology
- 5 Whys technique
- Ishikawa (fishbone) analysis

These These approaches support the systematic identification of root causes, implementation of corrective and preventive actions, and ongoing monitoring of long-term effectiveness to prevent recurrence.

In addition, we maintain a confidential whistleblowing system, accessible through our corporate website, which enables any individual – internal or external – to report concerns securely and anonymously, in line with our Whistleblowing Policy.

Comprehensive supporting materials and user manuals are available in English and all major group languages to facilitate accessibility and understanding. All reports are managed by independent professionals, including legal experts and technical specialists, ensuring impartial assessment, fair treatment, and appropriate follow-up actions.

Remediation and Human Rights Safeguards

In cases involving human rights or social impacts, Faital Group acts in full alignment with the EU Taxonomy's Minimum Social Safeguards.

These safeguards are grounded in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, which form the foundation of our approach to remediation, risk assessment, and prevention of potential adverse human rights impacts.

Although no socially related concerns have been reported in recent years, our grievance mechanisms remain fully operational and continuously improved to ensure preparedness and responsiveness should such cases arise in the future.

Prevention for Consumers and End-Users

Faital Group adopts a proactive approach to consumer and end-user safety. We provide clear, product-specific safety instructions and handling guidelines to promote responsible use and minimize potential risks.

In addition, we conduct ongoing monitoring of customer sustainability and annual reports to identify and anticipate emerging concerns. When relevant issues are detected, we take preventive measures within our own operations to address them before they escalate.

S4-4 Actions

The Group places paramount importance on product safety and quality, recognizing them as foundational pillars of our operations and central to our responsibilities toward consumers. Our commitment is clearly

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articulated in the Faital Code of Conduct, which defines core compliance expectations related to product safety, quality, and the provision of accurate product and service information. These principles are not only aspirational but translated into action through robust internal systems, certifications, and stakeholder-oriented processes.

We operate under rigorously audited Quality Management Systems (QMS), including ISO 9001 and IATF 16949, which are actively maintained and regularly updated to reflect evolving legal, industry, and customer requirements. These systems ensure that our products consistently meet and exceed predefined standards, with dedicated resources assigned to process optimization, corrective actions, and customer satisfaction monitoring. In alignment with national and international legal frameworks we uphold a proactive compliance posture that is deeply embedded in our daily operations.

As part of our preventive approach, we provide clear safety, handling, and usage instructions and labels to customers for every relevant product. These instructions not only support the safe application of our products but also extend their lifecycle, reducing the risk of misuse and increasing their long-term value for the consumer. To further mitigate potential impacts, we incorporate customer feedback loops and field data into continuous product improvement initiatives.

In line with ESRS S4-4, we have translated our commitment to consumer welfare into tangible actions. This includes the systematic review and redesign of product interfaces and manuals where risks to vulnerable consumer groups have been identified, as well as ongoing evaluation of marketing content to eliminate misleading or overstated claims. We had no claims registered for marketing or external communication non-conformity. Our marketing and sales teams receive regular training to ensure communication remains clear, ethical, and aligned with consumer protection principles.

We allocate targeted financial and human resources to implement and monitor these initiatives, including dedicated quality and compliance teams who oversee internal audits, root cause analyses, and cross-functional improvement plans. Performance indicators tied to consumer safety incidents, product returns, and customer satisfaction scores are monitored continuously to assess the effectiveness of our actions. Lessons learned from these indicators directly inform new product development and commercial strategies.

In situations where commercial pressures may conflict with consumer protection imperatives, our internal governance mechanisms require escalation to cross-departmental committees to ensure transparent and ethically sound decision-making. These forums include quality, legal, and compliance representatives, enabling a balanced assessment that prioritizes consumer well-being without compromising regulatory obligations.

Transparency and integrity are further reflected in our product labeling practices. We ensure that all labels are accurate, comprehensive, and clearly presented, thereby eliminating ambiguity for end-users. Under no circumstances do we tolerate the falsification or manipulation of product information. Through this approach, we not only comply with applicable legislation but also foster long-term trust and confidence among our consumers.

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Our company is equally committed to upholding rigorous information security standards to protect the values, interests, and data of our end-users and consumers. Safeguarding information assets is aligned with our core principles of confidentiality, integrity, availability, control, authenticity, and privacy. At Faital, we aimed to establish a robust Information Security Management System (ISMS) in 2024, with parallel efforts to achieve TISAX certification in line with the requirements of the automotive and professional electronics industries. To support this objective, we have formed an Information Security Team composed of senior management, human resources, and IT professionals. This team is responsible for evaluating ISMS performance, implementing corrective measures, and managing internal awareness initiatives.

Comprehensive training in information security is mandatory for all new hires, and refresher programs are offered annually across organization levels (everyone with physical or technical access to the local information systems) particularly those with access to internal systems or personal data. As a socially responsible organization, we were committed to achieving full TISAX certification across all facilities by 2024.

We are also fully aligned with all applicable legal requirements, including the General Data Protection Regulation (GDPR), ensuring that 100% of personal data under our control is handled in accordance with the highest standards of privacy and security.

Through these integrated measures – ranging from product and service integrity to data protection – we demonstrate our ability to convert intentions into measurable, consumer-focused outcomes. These actions reflect our proactive approach to minimizing risks, enhancing user confidence, and contributing positively to the broader sustainability and responsibility goals.

S4-5 Metrics and targets

Targets are defined in the chapter General Disclosures ESRS 2 SBM-1.

GOVERNANCE DISCLOSURES

ESRS GI: BUSINESS CONDUCT

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

This information is further detailed in the chapter General Disclosures – ESRS 2 SBM-1, which describes the governance context and strategic direction of the Faital Group. The following section provides an expanded overview of the roles, responsibilities, and interactions of the company's administrative, management, and supervisory bodies with regard to sustainability matters.

Organizational Context and Governance Framework

The company follows a linear-functional organizational model, where dependencies are clearly delineated between the management and key departments – such as R&D, Production, Logistics, Quality, Finance, Sales,

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and ESG. This model ensures a centralized decision-making structure, in which coordination flows vertically, and strategic direction is primarily defined by top management.

One key strength of this governance model lies in its capacity to facilitate unified corporate strategy development, ensuring consistency between business performance, operational efficiency, and sustainability priorities. Each plant is managed by a local plant manager who is authorized to make decisions regarding the plant's operational and business conduct.

Executive Leadership and Management Responsibilities

In Fiscal Year 2024, the Executive Leadership of Faital Group was led by Mr. Marco Sebastiano Romeo, who serves as Managing Director (MD).

The MD holds collective knowledge for the management and strategic leadership of the Group, including responsibility for business operations, sustainability performance, long-term corporate strategy, accounting and finance.

MD's role encompasses in:

- Defines the strategic priorities and supervises the group's overall business conduct.
- Overseeing the integration of ESG principles into business operations and decision-making processes.
- Representing Faital Group within the EU Sustainability Committee (EUSC)
- Ensuring that local sustainability priorities are aligned with Alps Alpine Group's global sustainability framework and the expectations of stakeholders in Europe and Japan.

Local Sustainability Governance and ESG Team

At Faital Group, the local sustainability organization is represented by the ESG Team, formally established in 2023.

The ESG Team's main responsibilities include:

- Coordinating the implementation of sustainability and ESG policies at the operational level;
- Collecting, verifying, and validating sustainability-related data;
- Supporting regulatory compliance under the EU sustainability reporting framework (CSRD and ESRS);
- Facilitating communication with the EUSWG and EUSC on sustainability performance and initiatives.

To ensure governance integrity and alignment with corporate strategy, the outputs and activities of the ESG Team are subject to approval by both the Group Quality Manager and the Plant Manager of the Hungarian production facility.

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This dual-approval structure ensures that ESG data and actions are both technically validated and operationally relevant, supporting robust internal control and auditability.

Once validated, the ESG Team's findings and reports are submitted to the EUSWG, contributing to Alps Alpine Group's consolidated sustainability reporting and performance monitoring framework.

Accountability, Decision-Making, and Public Disclosures

Only Faital-specific public ESG disclosures – such as this Integrated Report – and strategic decisions directly related to the Faital Group fall under the final approval of the Managing Director.

Through this governance system, Faital Group maintains a transparent and traceable sustainability oversight structure, ensuring that administrative, supervisory, and management bodies effectively contribute to the integration, monitoring, and continuous improvement of ESG performance across all levels of the organization.

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

According to our DMA, five relevant topics were considered as material and therefore included in our sustainability reporting processes: 'Corporate Culture', 'Protection of whistle-blowers', 'Corruption and bribery', 'Management of relationships with suppliers including payment practices' and 'Business Continuity'.

G1-1 Corporate culture and business conduct policies

In 2024, with the EUSWG created and implemented a unified Business Conduct Policy applicable across all European affiliates. This policy complements the global Alps Alpine Code of Conduct and defines responsibilities at the European level, while also establishing shared performance metrics and targets.

The policy applies to all entities and activities within the Alps Alpine European operations and their supply chains. It integrates essential corporate ethics topics, including anti-corruption, whistleblower protection, fair business practices, and ethical conduct in supplier relationships.

Mechanisms for Identifying, Reporting, and Investigating Concerns

Our company has established structured mechanisms to identify, report, and investigate misconduct, unethical behaviour, or breaches of the Code of Conduct. The whistleblowing system is accessible to both internal (employees, managers) and external (suppliers, partners) stakeholders.

Each plant maintains an independent Whistleblowing Committee, responsible for:

- receiving and registering reports;
- conducting preliminary analyses;
- maintaining communication with the reporter;

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- referring cases to the appropriate management or compliance function;
- monitoring corrective actions and outcomes.

All reports are treated with confidentiality and processed through transparent, traceable workflows.

Whistleblower Protection

The Group operates in accordance with Directive (EU) 2019/1937 on Whistleblower Protection. Confidentiality, non-retaliation, and impartiality are core principles. Each Whistleblowing Committee functions independently to preserve objectivity, and dedicated protection measures are applied throughout the process. No cases of whistleblower-related retaliation or breaches of confidentiality were recorded during the reporting period.

Whistleblower Protection Policy

The unified Business Conduct Policy includes a dedicated section on whistleblower protection, supplemented by a standalone Whistleblower's Procedure to ensure full compliance with EU and national regulations.

All affiliates are committed to implementing any future legislative updates within three months of their adoption, following a defined revision and rollout procedure.

Follow-up on Whistleblower Reports

All reports are managed through structured, impartial investigation procedures. Cases are evaluated based on timeliness, independence, and fairness. Investigations are conducted with confidentiality safeguards, and findings are documented and reviewed by the Whistleblowing Committee. Periodic analyses of investigation outcomes support continuous improvement in ethical governance.

Anti-Corruption and Anti-Bribery

The Business Conduct Policy and global Code of Conduct align with the United Nations Convention against Corruption and embed a zero-tolerance approach to bribery, facilitation payments, and conflicts of interest.

In 2023, no confirmed incidents of corruption or bribery were reported.

Should policy enhancement be required, a dedicated implementation plan will be issued with clear milestones and timelines.

Training and Awareness

CSR and Code of Conduct training is mandatory for all employees and provided annually as well as upon onboarding.

Training modules cover:

- ethical business conduct;

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- anti-corruption and anti-bribery;
- compliance obligations;
- whistleblower rights and procedures.
- basics of sustainability

A 100% participation target applies across all affiliates, and comprehension is verified through internal assessments.

Corruption and Bribery Risk Assessment

The organization conducts periodic risk assessments by function and geography to identify exposure areas. Functions with elevated risk – including procurement, sales, and logistics – are subject to enhanced controls, transaction reviews, and audits.

Animal Welfare

The Faital Group by its activities has no impact on animals. The group currently does not engage in operations related to animal welfare. Therefore, no policies or targets on this topic are applicable.

G1-2 Management of relationships with the suppliers

The group maintains a responsible and transparent approach to managing supplier relationships, recognizing their essential role in our operational resilience and ESG performance. Our procurement practices are built on fairness, collaboration, and alignment with our broader sustainability goals.

We strive to build long-term, cooperative partnerships with our suppliers. Regular communication through audits, assessments, and structured meetings helps align expectations and address ESG priorities. Supplier performance is evaluated based on delivery reliability, product quality, compliance with legal and ethical standards, and demonstrated commitment to environmental and social responsibility. To strengthen these relationships, we actively support suppliers in achieving certifications such as ISO 14001 and in building internal systems that reduce their environmental impact. Where appropriate, strategic suppliers are invited to join initiatives aimed at measuring product carbon footprints or developing eco-friendly designs.

Faital also prioritizes responsible payment practices, particularly to ensure fairness for small and medium-sized enterprises too. Across the group, we have committed to preventing any late payment disputes and have set a target of zero legal proceedings related to delayed settlements. Suppliers are always paid within the time stated in the contractual terms and local business norms. We continuously monitor adherence to payment timelines as a KPI under our Business Conduct Policy, and results are reviewed during internal compliance checks.

Sustainability criteria are embedded in our supplier selection and onboarding processes. Suppliers are expected to comply with all relevant environmental regulations and are encouraged to implement certified environmental management systems. Human rights and labor conditions are reviewed as part of supplier due diligence, in alignment with ESRS S1 and S2. Our expectations are clearly defined in the Alps Alpine

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Responsible Corporate Action Guideline, which emphasizes ethical sourcing, environmental stewardship, and social responsibility. New suppliers undergo ESG screening, and those identified as high-risk are required to provide action plans to address any identified gaps.

To proactively manage supply chain sustainability risks, we conduct regular risk assessments based on geographic exposure, industry-specific risks, and past performance.

Looking ahead, we continue to strengthen our supplier engagement. In 2024, we are launching a group-wide ESG self-assessment questionnaire to deepen transparency and improve performance tracking. We have 100 percent CMRT coverage for critical suppliers and expanding Scope 3 emissions tracking as part of our decarbonization strategy.

Through this structured and forward-looking supplier management framework, Faital Group is committed to maintaining a resilient, ethical, and sustainable supply chain that supports long-term value creation for all stakeholders.

G1-3 Prevention and detection of corruption and bribery

Faital Group maintains a strict zero-tolerance approach to corruption and bribery. To prevent and manage risks, internal controls are in place across high-risk functions like procurement and sales. All business partners are subject to due diligence, and anti-corruption clauses are included in contracts.

Suspected cases are handled by the top management and if it came via a whistleblowing report then handled by an independent Whistleblowing Committees established at each site. These committees operate separately from management and report investigation outcomes to senior leadership and the corporate compliance oversight function. No cases of bribery or corruption were reported in FY2024.

Our anti-corruption policy is made accessible through internal platforms and onboarding materials. It is also shared with external stakeholders. All employees in risk-related roles receive annual anti-corruption training, and senior leaders undergo enhanced training every two years. In 2024, 100% of identified at-risk functions were covered.

Faital continuously monitors conformity through audits, self-assessments, and training evaluations, ensuring an ethical business environment throughout its operations.

G1-4 Confirmed incidents of corruption or bribery

In recent years, including FY2024, no incidents of bribery, corruption, or other violations of the values set out in the Code of Conduct were reported, demonstrating the effectiveness of our compliance framework.

G1-5 Political influence and lobbying

Faital Group does not engage in political contributions or lobbying activities at any national or European level. During the reporting period, no financial or in-kind contributions were made to political parties, candidates, or related organizations in any country.

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Oversight of any potential political or lobbying activities falls under the responsibility of the Group Compliance Manager, reporting directly to the executive leadership. No members of Faital's administrative, management, or supervisory bodies held public administration or regulatory roles within the two years prior to their current appointment.

Faital Group is not registered in the EU Transparency Register or any equivalent national register, as it does not carry out lobbying or advocacy activities. As confirmed in our double materiality assessment, political engagement does not constitute a material risk, impact, or opportunity for the Group at this time.

G1-6 Payment practices

Faital Group defines its standard supplier payment terms in its General Terms and Conditions and local laws also business practices, with a baseline of 30-60 days.

In FY2024 there was no legal proceedings related to late payments were ongoing during the reporting period.

This data was compiled from full accounts payable records without the use of sampling, ensuring accuracy and transparency. We remain committed to fair payment practices and continuously monitor performance to prevent delays.

G1-7 Business Continuity Planning (BCP)

Business continuity and resilience are long-standing parts of Faital Group's governance and risk-management approach. Rather than treating business continuity planning (BCP) as a separate exercise, it is woven into our internal control system to help us stay prepared for potential disruptions. Plant Managers are responsible for defining and approving each site's BCP, while the day-to-day implementation and regular reviews are carried out by the Quality Management and Production teams.

The governance setup aims to keep responsibilities clear and practical. Every production site has an appointed person who looks after the local rollout of the plan, makes sure it aligns with Group-level procedures, and serves as the main contact point in case of a crisis. The plan is reviewed once a year, or earlier if there are major operational changes, new regulatory requirements, or shifts in external risk. Any updates are shared across the organization.

Faital Group's Business Continuity Plan follows four familiar pillars: prevention, preparedness, response and recovery.

Prevention:

We regularly analyze our key processes, infrastructure and suppliers to identify potential vulnerabilities. Preventive steps include maintaining some redundancy in production, managing strategic inventories, and avoiding over-dependence on a single supplier wherever possible.

Preparedness:

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All manufacturing sites and central business units maintain written contingency procedures. These documents outline who does what in case of a disruption, how information flows, and what alternative operating routes are available.

Response:

When an incident occurs, predefined crisis-management teams are activated to coordinate immediate actions. Their first priorities are employee safety, protection of assets, and stabilizing operations. Clear and honest communication with employees, customers, suppliers and local authorities is a key part of this phase.

Recovery:

Once the situation is under control, the focus shifts to restoring normal operations as quickly as possible. Recovery plans are followed, and each event is reviewed afterwards so we can capture lessons learned and strengthen our processes.

To keep the BCP effective, we conduct simulations and drills on a regular basis. These exercises help us understand whether our controls, communication paths and recovery times are adequate. Results are documented and tracked within the internal control system.

Employee awareness remains essential. Relevant staff members receive training to ensure they understand both the operational steps and the safety expectations during a disruption. Our continuity framework is also aligned with ISO 9001, ISO 14001 and IATF 16949 management systems, which supports an integrated approach across quality, environmental and risk-management areas.

Business continuity performance is monitored through periodic internal audits and management reviews. The findings are shared with management and used to inform broader risk-governance decisions.

Overall, Faital Group's approach to business continuity supports our commitment to stable and responsible operations. By strengthening resilience, we protect not only our financial performance but also our employees, business partners and the communities in which we operate. Solid continuity planning helps reduce environmental and social impacts that may arise from unexpected operational disruptions, such as excess waste, inefficiencies or interruptions in employment.



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