FAITAL GROUP · ALPS ALPINE GROUP



Integrated Sustainability Report

FY2025



faital

ALPSALPINE
ALPS ALPINE GROUP

A PASSION FOR SOUND

TABLE OF CONTENT

Table of Content 2

FOREWORD 10

Disclosure 2-22 Statement on sustainable development strategy 10

Disclosure 2-5 External assurance 11

Sustainability ratings 11

Sustainability Assessment Questionnaire (SAQ) 5.0 11

Ecovadis 12

GRI 1 Statement of use 12

About the company 15

GRI 2 General disclosure 15

Disclosure 2-1 Organizational details 15

Disclosure 2-2 Entities included in the organization's sustainability reporting: 15

Disclosure 2-3 Reporting period, frequency and contact point 16

Disclosure 2-4 Restatements of information 16

Disclosure 2-6 Activities, value chain and other business relationships 17

Disclosure 2-7 Employees 18

Disclosure 2-8 Workers who are not employees 19

Disclosure 2-9 Governance structure and composition 19

Disclosure 2-10 Nomination and selection of the highest governance body 19

Disclosure 2-11 Chair of the highest governance body 20

Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts 20

Disclosure 2-13 Delegation of responsibility of managing impacts 21

Disclosure 2-14 Role of the highest governance body in sustainability reporting 21

Disclosure 2-15 Conflicts of Interest 22

Disclosure 2-16 Communication of critical concerns 22

Disclosure 2-17 Collective knowledge of the highest governance body 22
Disclosure 2-18 Evaluation of the performance of the highest governance body 22
Disclosure 2-19 Remuneration policies 23
Disclosure 2-20 Process to determine remuneration 23
Disclosure 2-21 Annual remuneration ratio 24
Living Wage 24
Disclosure 2-23 Policy Commitments 25
Disclosure 2-24 Embedding policy commitments 26
Disclosure 2-25 Processes to remediate negative impacts 27
Disclosure 2-26 Mechanisms for seeking advice and raising concerns 27
Disclosure 2-27 Compliance with laws and regulations 27
Disclosure 2-28 Membership associations 28
Disclosure 2-29 Approach to stakeholder engagement 28
Disclosure 2-30 Collective Bargaining agreement 28
Business Continuity Planning (BCP) 28
Disclosure 3-3 management of Material topics – Business Continuity Planning 28
GRI 201 Economic performance 30
Disclosure 201-1 Economic value generated and distributed 30
Disclosure 201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change 32
Disclosure 201-3 Defined Benefit Plan Obligations and Other Retirement Plans 33
Disclosure 201-4 - Financial assistance received from government 33
GRI 202 Market Presence 34
Disclosure 202-1 Ratios of standard entry-level wage by gender vs. local minimum wage 34
Disclosure 202-2 Proportion of senior management hired from the local community 35
GRI 205 Anti-corruption 35
Disclosure 3-3 Management of the material topics - Anti-corruption 35

Disclosure 205-1 Operations assessed for risks related to corruption 35
Disclosure 205-2 Communication and training about anti-corruption policies and procedures 36
Disclosure 205-3 Confirmed incidents of corruption and actions taken 36
GRI 206 Anti-Competitive Behaviour 36
Disclosure 206-1 Legal actions fo anti-competitive behaviour, anti-trust, and monopoly practices 36
GRI 207 Tax 36
Disclosure 207-1 Approach to tax 36
Disclosure 207-2 Tax governance, control, and risk management 36
Disclosure 207-3 Stakeholder engagement and management of concerns related to tax 37
Disclosure 207-4 Country-by-country reporting 37
EU Taxonomy Report 37
I. Process of the assessment 37
II. Disclosure Obligations 38
III. Eligibility Assessment 38
IV. Alignment Assessment 38
V. Minimum Safeguards (MSS) 38
VI. Result 39
VII. Data source of EU Taxonomy reporting 39
Double-materiality assessment 40
GRI 3 Material topics 40
Disclosure 3-2 List of material topics 40
Disclosure 3-1 Process to determine material topics 41
Sustainability-related Targets and Key Performance Indicators 43
Environmental disclosures 48
GRI 301-306 Materials, Waste & Circular Economy 48

Disclosure 3-3 Management of Material topics – Materials, Waste & Circular Economy 48
Disclosure 301-1 Materials used by weight and volume 48
Disclosure 301-2 Recycled input materials used 49
Disclosure 301-2 Supplementary breakdown 50
Disclosure 301-3 Reclaimed products and their packaging materials 50
GRI 306 Waste management 51
Disclosure 3-3 Management of Material Topics – Waste management 51
Disclosure 306-1 Waste generation and significant waste-related impacts 51
Disclosure 306-2 Management of significant waste-related impacts 52
Disclosure 306-3 Waste generated 52
Disclosure 306-4 Waste diverted from disposal 52
Disclosure 306-5 Waste directed to disposal 53
GRI 302 Energy 53
Disclosure 3-3 Management of material topics - Energy 53
Disclosure 302-1 Energy consumption within the organization 54
Disclosure 302-3 Energy Intensity 57
Disclosure 302-4 Reduction of energy consumption 57
Disclosure 302-5 Reductions in energy requirements of products and services 58
GRI 303 Water and Effluents 58
Disclosure 303-1 Interactions with water as a shared resource 58
Disclosure 303-2 Management of water discharge-related impacts 58
Disclosure 303-3, 303-4, 303-5 Water consumption, discharge, withdrawal 58
GRI 305 Integrated GHG report 60
Disclosure 3-3 Management of Material Topics – GHG emissions 60
Disclosure 305-1 Direct (Scope 1) emissions 62
Disclosure 305-2 Indirect (Scope 2) emissions 64
Disclosure 305-3 Other indirect (Scope 3) emissions 65

Disclosure 305-4 GHG emission intensity 66
Disclosure 305-5 Reduction of GHG emissions 67
Disclosure 305-6 Emissions of ozone-depleting substances (ODS) 67
Disclosure 305-7 NOx, SOx and other significant air emissions 67
GRI 308 Sustainable procurement 67
Disclosure 3-3 Management of material topics - Sustainable Procurement 67
Disclosure 308-1 New suppliers screened using environmental criteria 71
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken 72
Biodiversity and ecosystems 72
SOCIAL DISCLOSURES 75
GRI 401 Employment 75
Disclosure 3-3 Management of Material topics – Employment 75
Disclosure 401-2 Benefits provided to full-time employees not provided to temporary or part-time employees 79
Disclosure 401-3 Parental leave 79
GRI 402 Labor/Management Relations 80
Disclosure 402-1 Minimum notice periods regarding operational changes 80
GRI 403 Occupational Health and Safety 80
Disclosure 3-3 Management of material topics – Occupational Health and Safety 80
Disclosure 403-1 Occupational health and safety management system 80
Disclosure 403-2 Hazard identification, risk assessment and incident investigation 81
Disclosure 403-3 Occupational health services 81
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety 82
Disclosure 403-5 Worker training on occupational health and safety 82
Disclosure 403-6 Promotion of worker health 82
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 83

Disclosure 403-8 Workers covered by an occupational health and safety management system 83

Disclosure 403-9 Work-related injuries 83

Disclosure 403-10 Work-related ill health 84

GRI 404 Training and Education 85

Disclosure 3-3 Management of material topics – Training and Education 85

Disclosure 404-1 Average hours of training per year per employee 85

Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs 86

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews 88

GRI 405 Diversity and Equal Opportunity 88

Disclosure 3-3 Management of material topics – Diversity and Equal Opportunity 88

Disclosure 405-1 Diversity of governance bodies and employees 88

Disclosure 405-2 Ratio of basic salary and remuneration of women to men 89

GRI 406 Non-discrimination 89

Disclosure 3-3 Management of material topics - non-discrimination and harassment 89

Disclosure 406-1 Incidents of discrimination and corrective actions taken 90

GRI 407 Freedom of association and Collective Bargaining 91

Disclosure 3-3 Management of material topics – Freedom of association and Collective Bargaining 91

Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk 91

GRI 408 Child labour 91

Disclosure 3-3 Management of the material topic – Child Labour 91

Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour 91

GRI 409 Forced Labour 92

Disclosure 3-3 Management of the material topic 92

Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour 92

GRI 414 Supplier Social Assessment 93

Disclosure 3-3 Management of the material topic – Supplier Social Assessment 93

Disclosure 414-1 New suppliers that were screened using social criteria 93

Disclosure 414-2 Negative social impacts in the supply chain and actions taken 93

GRI 416 Customer Health and Safety 94

Disclosure 3-3 Management of the material topic – Customer Health and Safety 94

Disclosure 416-1 Assessment of the health and safety impacts of product and service categories 94

Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services 95

GRI 417 Marketing and Labelling 95

Disclosure 3-3 Management of Material topics 95

Disclosure 417-1 Requirements for product and service information and labelling 95

Disclosure 417-2 Incidents of non-compliance concerning product and service information and labelling 96

Disclosure 417-3 Incidents of non-compliance concerning marketing communications 96

GRI 418 Customer Privacy 96

Disclosure 3-3 Management of Material Topics – Customer privacy 96

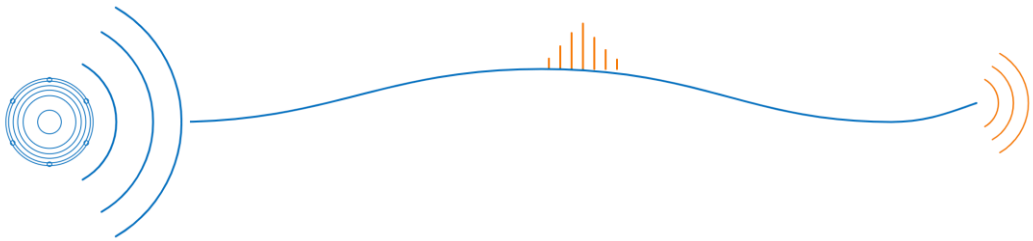
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data 97

Impress 99

Document and content 99

FAITAL AT A GLANCE · FY2025

FY2025 was the year sustainability at Faital Group shifted from commitment to measured performance.



OUR FOOTPRINT

SCOPE 1 EMISSIONS

378.18 tCO_2e

2021: 653 tCO_2e ▼ **42.1%**

SCOPE 3 EMISSIONS

48,377 tCO_2e

FY24: 42,533.5 tCO_2e ▲ **13.7%**

TOTAL ENERGY CONS.

2,864.1 MWh

FY24: 3,291 MWh ▼ **12.9%**

OUR PEOPLE

LTIFR (PER 1 MILLION HOURS)

0

FY24: 3.8 ▼ **100%**

WOMEN IN THE WORKFORCE

63 %

263 of 417 employees

TRAINING HOURS PER EMPLOYEE

20.5 h

1,952 sessions · 14 types

OUR INTEGRITY

ECOVADIS SCORE

79 points

Silver medal · top 7%

SAQ 5.0 RATING

B

Industry class 27.90

CONFIRMED CORRUPTION INCIDENTS

0

All entities, FY2025

FOREWORD

Disclosure 2-22 Statement on sustainable development strategy

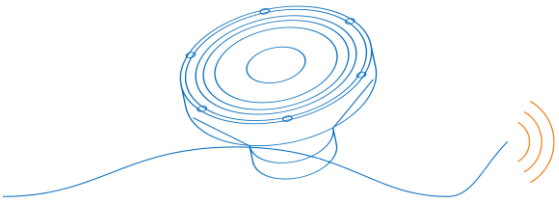
FY2025 was the year sustainability at Faital Group shifted from commitment to measured performance.

As a European affiliate of Alps Alpine Co., Ltd., we manufacture bespoke loudspeakers across Italy, Hungary and the United States, guided by the Group's Code of Conduct and anchored in the ILO, OECD and UN business and human rights instruments. Despite a softening automotive market and a ten percent headcount reduction, we advanced our sustainability agenda: market-based Scope 2 emissions stayed at zero on 100% renewable electricity, Scope 1 fell 42.1 percent against our 2021 base year, we recorded zero lost-time injuries, and our recycling rate reached 93.6 percent. NIS2 alignment was a milestone in this fiscal year, and our EcoVadis and SAQ 5.0 scores confirmed continued progressions.

Scope 3 emissions rose 13.7 percent, mainly due to higher transport-related emissions and capital goods purchases. Our refreshed double materiality assessment, disclosed in this report, now defines 17 material topics guiding this report.

For FY2026 and beyond, our priorities are progressing toward SBTi, operationalizing sustainable procurement, scaling product carbon footprint capability, and closing remaining Scope 3 data gaps.

Sustainability is not a parallel agenda at Faital Group. It is how we intend to remain a supplier of choice in an electrifying, decarbonising and increasingly regulated industry. We invite our employees, customers, suppliers and communities to hold us to the targets set out in this report.





Marco Sebastiano Romeo

Managing Director

16/10/2026

Disclosure 2-5 External assurance

Faital Group has not yet adopted a formal, written policy on external assurance of its sustainability reporting. The practice applied in FY2025 is as follows.

Decisions on whether to commission external assurance, and on its scope and level are taken by the Managing Director of Faital Group, who also reviews and approves the Integrated Sustainability Report before publication (see Disclosure 2-14). The recommendation is prepared by the ESG Team, with input from Finance on budget and on alignment with the statutory financial audit. Economic figures are reconciled with the audited statutory financial statements of the reporting entities.

The FY2025 Integrated Sustainability Report has not been externally assured. No assurance report or statement is published, and the disclosure requirements on the scope, standard and provider of an assurance engagement therefore do not apply.

Internal controls are available in the absence of assurance. In line with GRI 1: Foundation 2021, the credibility of the reported information is supported by internal controls: defined data owners and reviewers for each disclosure, standardized templates and checklists, version control and approval by the Managing Director.

The statutory financial statements of Faital is audited annually by EY. The audit covers the financial statements only and does not extend to the sustainability information in this report (see GRI 201 Economic performance).

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. 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

In FY2025, we completed the upgraded SAQ 5.0 (Sustainability Assessment Questionnaire) – a widely recognized supplier sustainability evaluation tool for automotive companies and their suppliers.

Our Group achieved 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. This performance was measured in 2025.

Ecovadis

Continuing a multi-year commitment to transparency and improvement Faital Group participated in the Ecovadis sustainability assessment in FY2025 too. Based on our FY24 performance data, we are proud to report that Faital Group achieved in 2025 a score of 79 points with a reached Silver medal in the "Manufacturer of Consumer Electronics" category and all sections reached 70+ points.

This result positions Faital in the top 7% in the category of 'consumer electronics' 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.

GRI 1 Statement of use

The freshest standards available on GRI's official website were used to reporting. Hereby the Faital Group declares that the information given in the content table below was disclosed by GRI standards for the fiscal year 2025. This report was made by Faital Group's ESG Sustainability Specialist, approved by the Managing Director.

The GRI content index below lists the disclosures reported by Faital Group for FY2025 and their location in this report. Page references are linked to the corresponding sections. Material topics follow the list presented under Disclosure 3-2.

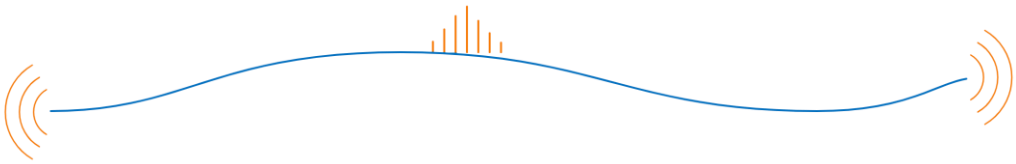
Statement of use	Faital Group has reported with reference to the GRI Standards for the period from 1 April 2025 to 31 March 2026.
GRI 1 used	GRI 1 Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable. No GRI Sector Standard has been published for the sector of the organization.

The report includes a comprehensive table to ESRS disclosures below.

ESRS	Disclosure requirement	GRI disclosures
ESRS 2 · General disclosures		
BP-1, BP-2	Basis for preparation	2-2, 2-3, 2-4
GOV-1	Role of the administrative, management and supervisory bodies	2-9, 2-10, 2-11, 405-1
GOV-2	Information provided to and sustainability matters addressed by the governance bodies	2-12, 2-13, 2-16, 2-17
GOV-3	Integration of sustainability-related performance in incentive schemes	2-19, 2-20
GOV-4	Statement on due diligence	2-23, 2-24, 2-25
GOV-5	Risk management and internal controls over sustainability reporting	2-16
SBM-1	Strategy, business model and value chain	2-1, 2-6, 201-1
SBM-2	Interests and views of stakeholders	2-29, 3-1 Step 1
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3-2, 201-2
IRO-1	Processes to identify and assess material impacts, risks and opportunities	3-1
MDR-P / A / T / M	Minimum disclosure requirements: policies, actions, targets, metrics	2-23
Environment · ESRS E1–E5		
E1	Climate change	3-3 GHG, 302-1 to 302-5, 305-1 to 305-5, 201-2
E2	Pollution	305-7
E3	Water and marine resources	303-1 to 303-5
E4	Biodiversity and ecosystems	Biodiversity and Ecosystems
E5	Resource use and circular economy	301-1 to 301-3, 306-1 to 306-5
Social · ESRS S1–S4		
S1	Own workforce	2-7, 2-8, 2-19 to 2-21, Living Wage, 401, 402, 403, 404, 405, 406
S2	Workers in the value chain	308-1, 308-2, 414-1, 414-2, 407, 408, 409
S3	Affected communities	202-2

ESRS	Disclosure requirement	GRI disclosures
S4	Consumers and end-users	416-1, 416-2, 417-1 to 417-3, 418-1
Governance · ESRS G1 Business conduct		
G1-1	Business conduct policies and corporate culture	2-23, 2-24, 3-3
G1-2	Management of relationships with suppliers	414
G1-3	Prevention and detection of corruption and bribery	205-1, 205-2
G1-4	Incidents of corruption or bribery	205-3, 206-1, 2-27
G1-5	Political influence and lobbying activities	2-28
G1-6	Payment practices	2-27, 2-19, 2-21

ABOUT THE COMPANY



GRI 2 General disclosure

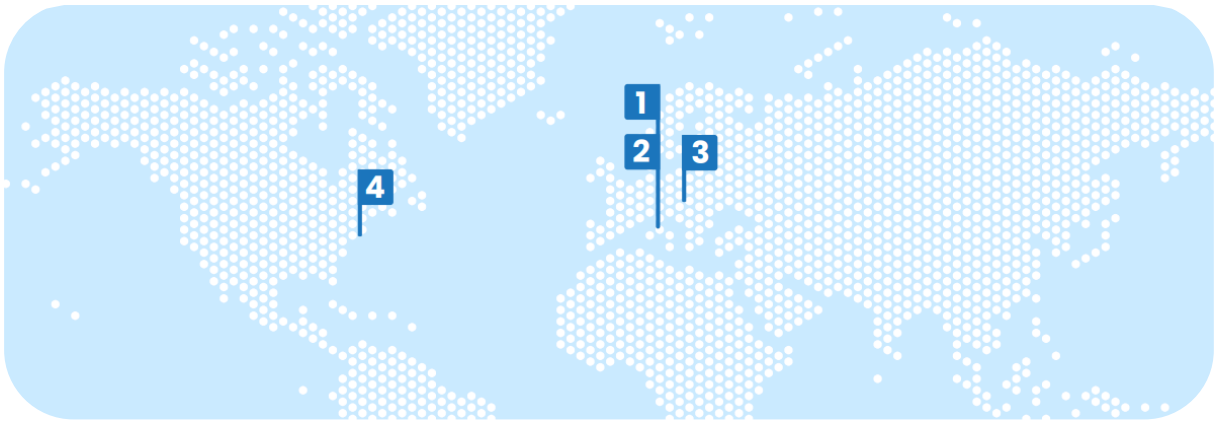
Disclosure 2-1 Organizational details

Since its establishment in 1958, Faital has steadfastly pursued its mission of crafting bespoke loudspeakers tailored to the specific needs of its clients. Over the course of its 67-year history, Faital's unwavering dedication has fostered a precise expertise enabling the development and construction of diverse loudspeaker models utilizing various materials. In the 2020s, Faital Group became a proud member of the Japanese Alps Alpine Group (100% ownership), marking a new chapter in its evolution. Faital's headquarters, serving as the global administrative centre from which the organization is controlled and directed, are located in Milan, San Donato, Italy. Faital operates in Europe, including its Italian Factory in Chieve and a Hungarian manufacturing subsidiary, Magyarországi Hangszórógyártó Kft. (MHG/ MHG Kft), located in Salgótarján, Hungary, also a distribution centre (Faital USA) located in Pompton Plains (NJ), United States of America.

Disclosure 2-2 Entities included in the organization's sustainability reporting:

The locations as boundaries defined based on operational control method with descriptions included in the report on geographical basis can be found here.

No. on map	Company name	Territory [m²]	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



Disclosure 2-3 Reporting period, frequency and contact point

Following the trend started last year, this report is in the period of the fiscal year of 2025, which is accounted between 01/04/2025 and 31/03/2026. The report is created on 16 October 2026.

The Integrated Sustainability Report of Faital Group for FY2025 provides a holistic and comprehensive overview of the Group's sustainability-related activities, strategic goals, and performance across environmental, social, and governance dimensions.

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 report - covering Scope 1, 2, and Scope 3 categories. 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. These disclosures were prepared using both quantitative data and qualitative descriptions of internal policies and targets, ensuring consistency with the outcomes of the Double Materiality Assessment. The reporting is repeated annually. Contact details and responsibilities are available in the Impress section.

Disclosure 2-4 Restatements of information

Where applicable, some historical data – previously reported on a calendar year basis – has been converted to the fiscal year framework – for instance, data as "2023" now appears as FY2023 with a data transformation into fiscal year trend to maintain consistency and comparability throughout the report. This ensures that year-over-year performance tracking remains coherent despite the shift in reporting structure. The fiscal year-based data collection method and thus reporting method has been expanded to all the inventory in 2024 as FY2024.

In addition, several methodologies have been revised to ensure full compliance with the GRI standards and ESRS requirements.

Scope 3 GHG emissions (Disclosure 305-3): Category 1 (Purchased goods) was not quantified in the FY2024 report because suitable emission factors were not available at that time. These became available for FY2025, and Category 1 was calculated. To ensure comparability, FY2024 Category 1 emissions were calculated retrospectively using the same emission factors and methodology and are now included in the FY2024 Scope 3 total (restated to 42 533.5 tCO_2e). No other Scope 3 category was recalculated.

Omissions

GRI disclosure	Disclosure title	Omitted content	Reason for omission	Status / flag
2-18-c	Evaluation of the performance of the highest governance body	Actions taken in response to the evaluation	Information unavailable / incomplete	Data held/acted upon at Alps Alpine (UPE) level.
2-21-a, 2-21-b	Remuneration ratio of the highest paid individual against the median remuneration	This ratio is not disclosed for EEA entities (Faital S.p.A, MHG Kft)	Confidentiality constraints	Remuneration of identifiable individuals could be derived from the ratios.
302-2	Energy consumption outside of the organization	Full disclosure	Information unavailable / incomplete	No data collection is possible, emissions from the possible energy category are reported under GRI 305.
401-1-a/b	New employee hires and turnover	Gender breakdown for hires and leavers	Information unavailable / incomplete	all three entities, FY2025. Region breakdown, entity-level only.

Disclosure 2-6 Activities, value chain and other business relationships

Faital Group designs and manufactures audio systems for automotive and professional applications, ranging from basic to premium solutions, tailored to vehicle manufacturers' specific performance and integration requirements. Activities span over the three entities described in Disclosure 2-2. All loudspeakers undergo full testing at the end of the assembly line using proprietary computerized equipment, verifying in real time electro-acoustic parameters against nominal use conditions specific to each product.

The supply chain comprises 139 suppliers of semi-finished components (plastics, steel, copper, paper etc). Supplier relationships are governed by the Group's General Purchasing

Agreement, which includes a sustainability clause and an annexed CSR and Sustainability Declaration, including DRC conflict-free sourcing requirements for tin, tantalum, tungsten and gold. Standard payment terms are set in the supplier-specific annex to the General Purchasing Agreement, in line with local law and business practice, with a baseline of 30–60 days. In FY2025 there were 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. Other business relationships include Faital's affiliation with the Alps Alpine Group.

Disclosure 2-7 Employees

FY2025 headcount decreased 10% year-on-year, reflecting workforce optimization amid automotive industry conditions and production-site staffing has stabilized at full target capacity.

Employees by gender				
	Female	Male	Other	Total
Number of employees (headcount)	263	154	-	417
Number of permanent employees	259	151	-	410
Number of temporary employees	4	3	-	7
Number of non-guaranteed hours employees	0	0	-	0
Number of full-time employees	258	152		410
Number of part-time employees	4	3		7

Employees by region				
	Italy (Faital)	Hungary (MHG)	Faital USA	Total
Number of employees (headcount)	148	266	3	417
Number of permanent employees	144	264	2	410
Number of temporary employees	4	2	1	7

Employees by gender				
	Female	Male	Other	Total
Number of non-guaranteed hours employees	0	0	0	0
Number of full-time employees	144	264	2	410
Number of part-time employees	4	2	1	7

Employee figures are reported in headcount, measured at the end of the reporting period. Same roles were found based on the definitions for permanent and temporary. No estimation was needed. Fluctuation details can be found in chapter GRI 401 Employment.

Disclosure 2-8 Workers who are not employees

Faital Group has no worker category outside of an employment relationship. All individuals performing work for the organization are engaged as employees.

Disclosure 2-9 Governance structure and composition

The governance body consists of a single executive member, the Managing Director [MD] (Mr. Marco Sebastiano Romeo), combining governance and executive functions with no non-executive members. As governance and executive roles are held by the same individual, the body does not built as a conventional multi-member board. The MD holds one other significant relevant position, as Faital's EU Sustainability Committee (EUSC) representative. Relevant competencies include overall business management and cross-functional ESG integration. The MD's termination is confidential information due to this reason, this is not disclosed in this report.

Disclosure 2-10 Nomination and selection of the highest governance body

The MD is nominated and selected by Alps Alpine Co., Ltd., the Ultimate Parent Entity, in line with their governance framework, and is formally appointed by the shareholders' meeting. The highest governance body has no committees accordingly and no separate nomination process applies locally.

No formal, documented selection criteria for the highest governance body are in place at Faital level. The views of the shareholder are reflected through the direct nomination process while diversity and independence are not formal criteria, given the single-member structure and full ownership.

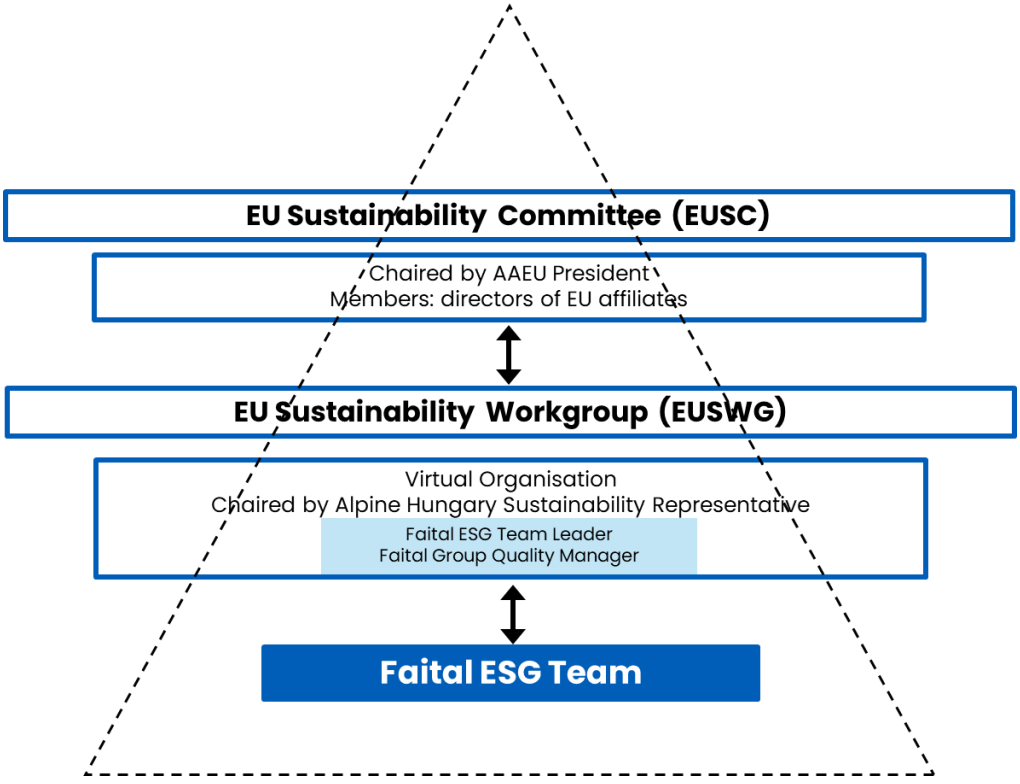
The management of sustainability-related topics, the EUSC is composed of executive members, namely the directors of all European Alps Alpine affiliates, including Faital's MD. No non-executive or independent members are part of this committee.

Disclosure 2-11 Chair of the highest governance body

In our single-tier governance structure, the MD holds centralized accountability for both operational management and sustainability strategy at entity level. Conflicts of interest arising from this combined role are prevented and mitigated through the Business Conduct Policy and the Alps Alpine Code of Conduct requiring mandatory annual trainings beyond leadership trainings (see Disclosure 2-15).

Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts

The Managing Director, supported by the EUSC and the EU Sustainability Workgroup (EUSWG), oversees the integration of ESG principles across Faital's business functions. At Parent Entity level, the President and Representative Director hold ultimate responsibility for sustainability matters. At local level, the Faital ESG Team (established in 2023) performs the operational due diligence: the annual double materiality assessment (DMA), stakeholder dialogue, and maintenance of the ESG strategy and risk analysis. Locally the outputs are channelled to the Group Quality Manager and the Plant Manager for site-specific validations and then to the Managing Director for strategic decisions and external disclosures. A direct link between site-level oversight and European-level governance of sustainability impacts is ensured by EUSG and EUSC.

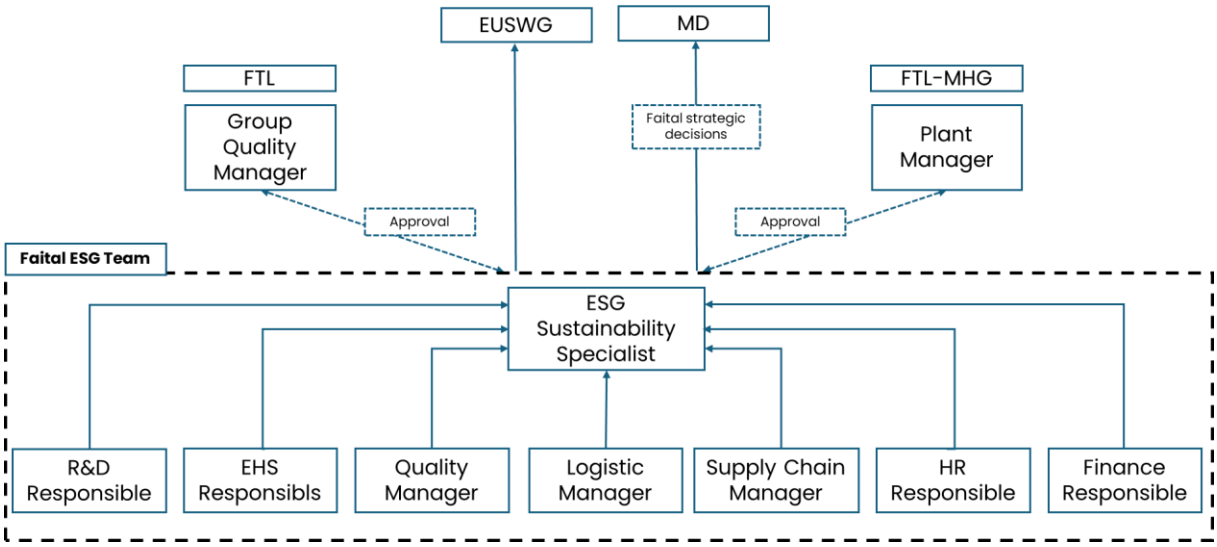


Disclosure 2-13 Delegation of responsibility of managing impacts

The Managing Director has delegated day-to-day operational responsibility for managing sustainability-related impacts to the Faital ESG Team. The team coordinates cross-functional input from R&D, EHS, Quality, Logistics, Supply Chain, HR, and Finance representatives, and is responsible for coordinating the implementation of sustainability policies, collecting and validating data, and supporting the fulfilment of Faital's reporting obligations under the EU regulatory frameworks and subscribed standards.

Once the ESG database is finalized, the ESG Sustainability Specialist drafts the report, this draft is reviewed and approved by all ESG Team members before being submitted for further approval.

A dual-approval governance mechanism applies to validated outputs: site-specific assessment results require approval from the Group Quality Manager and the Plant Manager of MHG, reflecting the plant's occasional engagement in individual site-specific assessments, while strategic direction, capital investment, or external ESG disclosure matters require MD's approval. This structure ensures that site-specific ESG performance remains robust and auditable. Once validated, outputs become reportable publicly.



Disclosure 2-14 Role of the highest governance body in sustainability reporting

The Managing Director formally reviews and approves the organization's reported sustainability information, including the list of material topics, on an annual basis, prior to the publication of the Integrated Report. This annual review and approval process ensures that all Faital public ESG disclosures and the related strategic decisions are validated by the highest level of local management before external release. The Managing Director's approval authority is limited to Faital-specific public disclosures, such as this Integrated Report, and to Faital Group-related strategic decisions. Alps Alpine corporate disclosures

fall outside the Managing Director's approval scope and remain the responsibility of the Ultimate Parent Entity.

Disclosure 2-15 Conflicts of Interest

Faital Group operates as an economically independent affiliate within the Alps Alpine Group, which constitutes the Group's controlling shareholder as reflected in Alps Alpine's consolidated financial statements. Prevention and mitigation of conflicts of interest at management level are governed by the Business Conduct Policy and the global Alps Alpine Code of Conduct, both of which embed a zero-tolerance approach to conflicts of interest alongside anti-bribery and anti-corruption commitments. Adherence is reinforced through mandatory Code of Conduct training (see Disclosure 404-1 for participation data).

No cross-shareholdings between Faital Group and its suppliers or other stakeholders have been identified, and related-party relationships and transactions arise principally with other Alps Alpine Group entities on an intra-group basis, governed by Group-level policies and disclosed within the Group's financial statements.

If problem occurs with respect to the management members, the incidents are reportable to the external Whistleblowing Committee that is independent of the company.

Disclosure 2-16 Communication of critical concerns

Critical concerns are concerns about Faital Group's potential and actual negative impacts on stakeholders, or about its business conduct, raised through the whistleblowing channel. Reports received through this system are assessed by the independent Whistleblowing Committee, which informs the Managing Director of all reports and their outcome.

In FY2025, one critical concern was reported: an employee of MHG Kft. submitted a report through the whistleblowing channel concerning alleged discrimination. Following investigation, the Whistleblowing Committee concluded that the report was unfounded (see Disclosure 406-1 for details).

Disclosure 2-17 Collective knowledge of the highest governance body

The ESG Sustainability specialist regularly reports the results, developments, improvements in the field of ESG to the MD. The Managing Director has knowledge on Finance, Operations Management, ESG, CSR and Quality management.

Disclosure 2-18 Evaluation of the performance of the highest governance body

The performance of Faital Group's highest governance body is evaluated at Alps Alpine Group level, ensuring independence from the local management being assessed. Faital Group does not have access rights to the detailed results of this evaluation.

Disclosure 2-19 Remuneration policies

Each labour contract clearly defines the employees' roles and responsibilities, includes job-specific safety regulations and recommendations, and is presented in a language that the employee can fully understand. 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. Compensation is benchmarked annually against inflation trends and living wage analyses in alignment with ILO and UN Global Compact standards. Living wage performance is reported in a separate chapter (see Living Wage section).

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. For certain roles, performance-based bonuses are awarded.
- 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.
- In the USA, remuneration is delivered hourly as the state standard requires. Additionally, bonuses cafeteria and mess services are ensured according to the state's directives.
- ESG performance-based bonus is not involved.

Management remuneration is based on the remuneration policy, basic salary cafeteria and bonuses.

Disclosure 2-20 Process to determine remuneration

Remuneration policy is described in Disclosure 2-19 above.

The Faital Group does not maintain a dedicated independent remuneration committee. Remuneration for the members of the highest governance bodies of the reporting entities is determined under the applicable corporate law and collective-bargaining agreements of each jurisdiction, within the governance framework of the ultimate parent entity. For Faital S.p.A. (Italy), the remuneration of Board members is resolved by the shareholders' meeting in accordance with Italian company law. For MHG Kft. (Hungary), executive compensation is

set by management within Group framework. For Faital USA (New Jersey), is also set the same way and prevailing local market practice. No individual member of a highest governance body participates in decisions on their own remuneration.

The views of the workforce on remuneration are considered principally through 2nd-level collective bargaining agreement and employee representation. In Italy, employee remuneration is governed by the applicable national collective labour agreement (CCNL) for the metalworking sector. In Hungary, remuneration follows statutory requirements and applicable collective arrangements at MHG Kft. In the United States, remuneration reflects statutory requirements and local market benchmarking also covered by collective bargaining agreements.

The reporting entities do not engage independent remuneration consultants to determine the remuneration of highest governance body or management. As the reporting entities are privately held and are not publicly listed, no advisory or binding shareholder votes on remuneration policies or proposals ("say-on-pay") are conducted.

Disclosure 2-21 Annual remuneration ratio

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. Our remuneration policy follows skill-based methodology.

Information on the annual total compensation ratio and the ratio of the percentage increase in annual total compensation is omitted for all reporting entities due to confidentiality constraints in the EEA entities. Given the small number of senior positions in each entity, disclosure of the ratios would allow the remuneration of identifiable individuals to be derived. Faital Group will review this omission in FY2026.

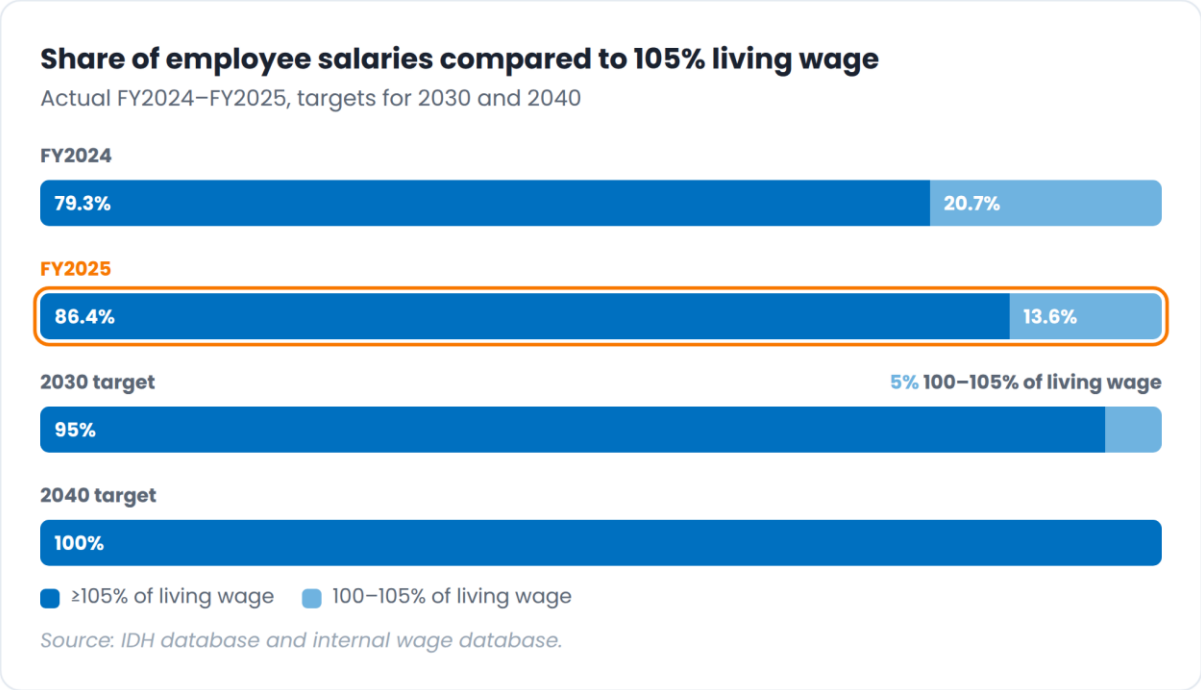
For non-EEA(EU) entity (Faital USA) the remuneration ratio is 1.29:1 that represents a highly compressed and equitable pay structure.

Living Wage

Based on our most recent wage assessment, 13.6% of employees' total salaries currently fall below 105% of the regional living wage benchmarks of IDH Benchmark Finder. This number decreased comparing last fiscal year due to the decreasing number of employees. 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 2040. 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.



In some cases, the living wage target is not reached because the employees work according to 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.

For detailed information on how the entry-salary differs compared to living wage see Disclosure 202-1.

Disclosure 2-23 Policy Commitments

Faital Group's responsible business conduct commitments are set out in its Code of Conduct, Own Workforce Policy, and Alps Alpine Responsible Corporate Action Guidelines, referencing the International Bill of Human Rights, ILO core conventions, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Convention against Corruption.

The Code of Conduct and the Own Workforce Policy stipulate annual human rights due diligence, conducted by Alps Alpine across its affiliates, results are reported under Disclosure 2-24.

A precautionary approach applies risk-based assessment across environmental and social protection, supported by a Business Continuity Plan. The commitments cover respect for human rights, including the abolition of child and forced labour, non-discrimination, and freedom of association. The Code of Conduct enforces zero discrimination based on gender, religion, sexual orientation, and other protected characteristics.

The Own Workforce Policy applies across all European affiliates. Expectations towards suppliers are set contractually through the General Purchasing Agreement, whose sustainability clause and CSR and Sustainability Declaration cover anti-corruption, labour and human rights, occupational health and safety, fair wages and working hours, and environmental compliance.

Policy commitments are communicated via mandatory training at onboarding and annually, supplier acknowledgment is required as a condition of the business relationship. The Code of Conduct and the Responsible Corporate Action Guidelines were approved at Alps Alpine Group level, which is the most senior level applicable to Faital, the Own Workforce Policy was approved by the EUSC.

Publicly available policies:

Faital | Document Archive

ALPS ALPINE European Sustainability Policy | ALPS ALPINE EUROPE GmbH

Alps Alpine Group Anti-bribery policy

Alps Alpine Responsible Corporate Action Guidelines

Disclosure 2-24 Embedding policy commitments

The ESG specialist coordinates day-to-day implementation of policy commitments, with outputs approved by the Group Quality Manager, strategic decisions and external disclosures require Managing Director's approval or when entity individual case appears (e.g. MHG-related only), the MHG Plant Manager's approval is required.

Commitments are embedded through certified Quality Management Systems (ISOs and IATF) and the Double Materiality Assessment (DMA).

Through business relationships, commitments are implemented via the General Purchasing Agreement. Suppliers sign a CSR and Sustainability Declaration and undertake to use their best efforts to extend the same principles to their own suppliers. Suppliers must promptly notify Faital of any environmental non-conformance and submit a corrective action plan within two weeks. Non-compliance with the gift and favour prohibition constitutes a material breach of contract.

Implementation of the human rights commitment is assessed annually through the Alps Alpine human rights due diligence assessment, rated on a scale between (highest) S-A-B-C (lowest). MHG Kft. maintained an "A" rating in FY2024 and FY2025; Faital S.p.A. maintained a "B" rating, and targeted actions are under way to improve this result. Faital USA is outside the scope of the assessment because its size.

Training on policy commitments is mandatory at onboarding and annually as part of QMS for all employees. Content and participation rate are detailed under Disclosure 404-1.

Disclosure 2-25 Processes to remediate negative impacts

Faital Group operates a whistleblowing system open to all individuals connected to the company, including suppliers' workers, with cases reviewed by the independent Whistleblowing Committee under confidentiality and non-retaliation safeguards. Defined remediation and prevention procedures exist for each category of reportable issue. The system was designed with independent expert advisors, and both its operator and the Whistleblowing Committee are external third parties for each entities, including legal professionals, ensuring impartiality. Periodic analysis of investigation outcomes drives continuous improvement, with no retaliation or confidentiality breaches recorded during the reporting period.

Disclosure 2-26 Mechanisms for seeking advice and raising concerns

Individuals can raise concerns about Faital Group's business conduct through a single whistleblowing system established under the Whistleblower's Procedure and the Alps Alpine Europe's Business Conduct Policy. All are in line with Directive (EU) 2019/1937 and applicable national law. Reports can be submitted anonymously via web platform, mail and personally. Reports concerning Faital USA are handled by the Committee of Faital S.p.A. Each Committee receives and registers reports, conducts the investigation, communicates with the reporter, refers cases to the appropriate function, monitors corrective actions, and informs the Managing Director of all reports and their outcome. Whistleblowing policies, procedures and manuals are available here.

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.

Whistleblower Protection Policy

The 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.

Disclosure 2-27 Compliance with laws and regulations

No significant (compared to the net revenue, 0 percent was involved) instances of non-compliance with laws or regulations resulting in fines or non-monetary sanctions were identified during FY2025, including no confirmed incidents of corruption or bribery and no legal proceedings related to late payment practices.

Disclosure 2-28 Membership associations

No Faital Group entity is a member of, or holds a significant role in, any industry association, membership association or national or international advocacy organization.

In addition, Faital Group is covered by the following climate and sustainability initiatives through its Ultimate Parent Entity. More information here.

Entity	Level	State	Year	Reference
UN Global Compact	Faital	Commitment	2025	Code of Conduct
SBTi	Alps Alpine	Validated	2024	Stakeholder Engagement & External Recognition | Sustainability | Alps Alpine
RE100	Alps Alpine	Signatory	2021	
TCFD	Alps Alpine	Validated	2020	
CDP	Alps Alpine	Validated	2024	
ILO basics, UNGP	Faital	Commitment	2023	Code of Conduct

Disclosure 2-29 Approach to stakeholder engagement

Faital Group engages six stakeholder categories in its materiality process: employees (from shop-floor to top management), customers, suppliers and business partners, Alps Alpine Group entities, regulatory authorities (local and EU-level), and civil society (NGOs and industry associations). Engagement methods include structured questionnaires, bilateral interviews, and thematic focus groups, conducted both during the annual DMA refresh and through ongoing operational contact.

Disclosure 2-30 Collective Bargaining agreement

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. Employees are represented by the FIM-CISL [metalworking CCNL] (Federazione Italiana Metalmeccanici) labour organization, employee remuneration is governed by the applicable national collective labour agreement (CCNL). Other entities are also covered by this applicable collective labour agreement, additionally IBT in the USA.

Business Continuity Planning (BCP)

Disclosure 3-3 management of Material topics – Business Continuity Planning

Disruptions can threaten employees' job and income security and customers' production. Examples are shortages of critical materials such as rare-earth magnets, geopolitical

events, energy failures and cyber incidents. Robust continuity planning is a positive impact that safeguards employment and supply reliability.

Own operations, plus upstream relationships with single-source or high-risk suppliers. Site-level BCPs are integrated into the internal control system and aligned with ISO 9001, ISO 14001 and IATF 16949. The plan covers prevention, preparedness, fast response and recovery. Plans are reviewed annually or after significant changes.

Indicators, drills and other BCP-related events are involved into the internal control systems and identified as confidential information.

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 analyse 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

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. 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.

GRI 201 Economic performance

The organization manages its economic performance through integrated financial planning processes that link revenue generation, cost control, and value distribution to employees, capital providers, and public authorities, with quarterly review cycles feeding into annual sustainability disclosure.

Impacts arise directly from own operations (manufacturing, sales, distribution), not via business relationships.

The system is managed via group-level financial governance, aligned with Alps Alpine corporate financial policy. Pension obligations are statutory-only across all jurisdictions, no supplementary schemes. Energy cost mitigation via self-consumed solar, customer-base diversification to reduce sector dependency ensuring full statutory pension compliance in Italy, Hungary, USA.

Quarterly financial reporting the audited consolidated statements to Alps Alpine treasury. Indicators: revenue trend, operating margin, energy cost ratio. FY2025 revenue decline identified, under management review. The decline is controlled by management actions and policies. Set targets are available but the exposure to the global business performance is identified as a key factor in financial impact management. Financial statements are audited by EY annually in accordance with international financial standards in a separate report, financial values in this report may be differentiated from those after the audit process.

Disclosure 201-1 Economic value generated and distributed

The Group generated direct economic value of EUR 43,678,879 in FY25 (FY24: EUR 46,592,156), with economic value distributed of EUR 41,188,834 and economic value retained of EUR

2,490,045. The decrease in value generated was driven primarily by lower revenues from sales and services, reflecting softer demand across core product lines during the reporting period.

Operating costs fell to EUR 25,740,211 (FY24: EUR 28,518,667), mainly on lower raw-material consumption, though this was partly offset by external cost pressures: the impacts of climate change, including an exceptionally global energy-price increases added further pressure on operating expenditure. Employee wages and benefits remained broadly stable at EUR 13,927,807 (FY24: EUR 14,142,471).

Payments to government rose to EUR 644,297 (FY24: EUR 455,822), reflecting higher current taxes together with a EUR 66,531 charge relating to the final settlement of a prior-year transfer-pricing matter. Payments to providers of capital decreased to EUR 876,519 (FY24: EUR 1,096,012), driven by lower dividend distributions and reduced financing costs.

During the period, the Group's capital expenditure related to core production assets, principally the acquisition of a new production line at MHG and the second instalment of the 2024 capacity investment. These investments serve the Group's own operations, maintaining and enhancing production efficiency; they are reflected in tangible fixed-asset additions rather than in distributed economic value for the year. Further detail on the classification and alignment of these expenditures is provided in the EU Taxonomy Report at the end of this chapter.

Component	FY25 (EUR)	FY24 (EUR)	Basis / source line
Direct economic value generated			
Revenues	43,678,879	46,592,156	Sales, other operating income (e.g. grants), other financial income, currency gains (or losses if tagged)
Economic value distributed			
Operating costs	25,740,211	28,518,667	Raw materials, services, third-party assets, other operating expenses, change in raw-materials inventory
Employee wages and benefits	13,927,807	14,142,471	Total payroll and related costs (wages, related salaries, severance, other)

Component	FY25 (EUR)	FY24 (EUR)	Basis / source line
Payments to providers of capital	876,519	1,096,012	Dividends (equity move) and total interest and financial expense
Payments to government	644,297	455,822	Current taxes + tax related to previous years; deferred/prepaid tax excluded per GRI 201 guidance
Community investments	0	0	No dedicated community-investment
Total economic value distributed	**41,188,834**	**44,212,972**	**Sum of four lines above**
Economic value retained	2,490,045	2,379,184	Revenues minus total economic value distributed

Payments to providers of capital are reported on a cash basis, comprising dividends paid and interest paid during the year, both as presented in the audited consolidated statement of cash flows because under group governance requirements, dividends are formally approved before the financial year-end but settled in September of the following financial year.

Disclosure 201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change

Faital Group assesses climate-related risks and opportunities within the sustainability governance framework coordinated by the ESG Sustainability Specialist and the ESG Team. Risks and opportunities with the potential to generate substantive changes in operations, revenue, or expenditure are classified as Positive/Negative, Actual/Potential, Value chain/Own operation, Short-/Medium-/Long-term and the Magnitude 5 - very significant (0.700%), 4 – significant (0.070%), 3 - medium (0.007%), 2 – low (0.0007%), 1 – insignificant (0.00007%) and Likelihood with thresholds defined by the annual revenue.

Some financial impact:

- Production and supply chain disruptions, infrastructure damage from extreme weather (floods, storms), potential magnitude of the effect can be very significant (0.7% of net revenue)

- Heat stress: reduced employee health and productivity, costs of workplace adaptation and occupational health programs, actual magnitude of 4 as of the above paragraph describes

Some opportunities:

- Resilient infrastructure and sustainable practices: improved operational efficiency, potential magnitude of 4
- Solar power and other clean technologies: lower operating costs, improved environmental reputation, magnitude of 5 of actual opportunity

Disclosure 201-3 Defined Benefit Plan Obligations and Other Retirement Plans

Faital Group operates no company-sponsored pension plan. Employees participate exclusively in their respective countries' mandatory statutory pension systems thus Disclosures 201-3 a,b,c are therefore not applicable.

Country	Employee contribution	Employer contribution
Italy	9.19% of gross salary (up to the annual ceiling)	23.81–30% of gross salary
Hungary	18.5% of gross salary (social security contribution, of which pension share ≈10%)	13% of gross salary (social contribution tax)
USA	6.2% of gross salary, up to $184,500 wage base (2026)	6.2% matching, up to $184,500 wage base (2026)

All eligible employees participate in the mandatory statutory scheme in their country of employment.

Disclosure 201-4 - Financial assistance received from government

During the reporting period, the Group received government financial assistance in the form of operating grants totalling EUR 83,568 (FY24: EUR 80,291), recognized under "Other income and revenues" in the consolidated income statement. No tax relief or tax credits, investment or research-and-development grants, awards, royalty holidays, financial assistance from Export Credit Agencies, or other government financial benefits were separately identified in the consolidated financial statements for the period.

The monetary value of financial assistance has been identified through consistent application of the accounting principles used in the Group's consolidated financial statements (IAS 20, Accounting for Government Grants).

No government is present in the shareholding structure of the Group. The sole shareholder is the parent company, the Alps Alpine Co., Ltd. (Japan) is a private company.

GRI 202 Market Presence

Faital Group's approach to market presence ensures entry-level wages meet or exceed local statutory minimum wage requirements across all operating regions, and management is hired from local communities. Methodology and results are reported under Disclosures 202-1 and 202-2.

Disclosure 202-1 Ratios of standard entry-level wage by gender vs. local minimum wage

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 as its part the local statutory minimum wage. 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.

Location by Region	Gender	Entry-level wage	Local minimum wage	Entry-level wage (EUR)	Local minimum wage (EUR)	Ratio	Source
Lombardia	Women	1784.94 €	No local minimum exists	-	-	N/A (CCNL)	CCNL
	Men	1784.94 €	No local minimum exists	-	-	N/A (CCNL)	CCNL
Nógrád	Women	323 000 HUF	322 800 HUF	874.31	873.77	1.0006	426/2025. (XII. 23.) Korm. rendelet
	Skilled	396 500 HUF	373 200 HUF	1073.97	1010.86	1.06	426/2025. (XII. 23.) Korm. rendelet
	Men	323 000 HUF	322 800 HUF	874.31	873.77	1.0006	426/2025. (XII. 23.) Korm. rendelet
	Skilled	396 500 HUF	373 200 HUF	1073.97	1010.86	1.06	426/2025. (XII. 23.) Korm. rendelet
New Jersey, Morris County	Women	22 USD/hour	15.23 USD/hour	19	13.15	1.44	Statutory minimum wage for small employers

Location by Region	Gender	Entry-level wage	Local minimum wage	Entry-level wage (EUR)	Local minimum wage (EUR)	Ratio	Source
	Men	22 USD/hour	15.23 USD/hour	19	13.15	1.44	Statutory minimum wage for small employers

Entry-level wages and local minimum wages are presented as of 31 March 2026. In Hungary, the statutory minimum wage and the guaranteed wage minimum (applicable to positions requiring at least secondary education or vocational qualification) are set by the law from 1 January 2026. In Italy, no statutory minimum wage exists. The minimum set by the national collective labour agreement for the metalworking sector (CCNL) is used as reference. Amounts are converted to EUR at the ECB average exchange rate for FY2025.

Disclosure 202-2 Proportion of senior management hired from the local community

Across all three reporting entities, which are defined as Faital Group's significant locations of operation, 100% of management are hired from the local community. Management is defined as all employees in managerial positions. "Local" is defined as the region in which the location operates, namely Lombardy, Nógrád and the State of New Jersey, and includes individuals born in, or with the legal right to reside indefinitely in, that region. The percentage is calculated on the basis of full-time employees.

GRI 205 Anti-corruption

Disclosure 3-3 Management of the material topics - Anti-corruption

Anti-corruption is managed via the Code of Conduct and the Business Conduct Policy. No corruption was identified during the company operation. Our target is to maintain this performance. These policies and our procedure and mindset seem to be effective because we are succeeding in our commitment.

Disclosure 205-1 Operations assessed for risks related to corruption

During FY2025, all the Faital Group's operating sites were assessed for corruption-related risks, integrated into the Group's overall enterprise risk assessment. Risk criteria applied included site location, business activity, and sector exposure: no significant risks identified.

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. According to the Code of Conduct, we strictly refuse gifts and hospitality without any boundary. In FY2025, no confirmed incidents of corruption or bribery were reported.

Disclosure 205-2 Communication and training about anti-corruption policies and procedures

The Group's anti-corruption-related/containing policies and procedures were communicated to 100% of governance body and 100% of employees, for all regions and entities, find more in GRI 404. Anti-corruption values are highlighted in the Code of Conduct published on the website and Alps Alpine Group European affiliates' policy about Business Conduct is available here.

Disclosure 205-3 Confirmed incidents of corruption and actions taken

Not a piece of report and confirmed incidents of corruption were identified during the reporting period.

GRI 206 Anti-Competitive Behaviour

Disclosure 206-1 Legal actions fo anti-competitive behaviour, anti-trust, and monopoly practices

No legal actions regarding anti-competitive behavior, anti-trust, or monopoly practices were pending or completed during the reporting period in which the Group was identified as a participant.

GRI 207 Tax

Disclosure 207-1 Approach to tax

Taxes are recognized under the laws and rates of each jurisdiction where the Faital Group operates, based on a realistic assessment of taxable income. Deferred tax assets and liabilities are recognized for significant temporary differences at enacted or substantively enacted rates.

The Group follows the tax management policy of its Ultimate Parent Entity, ALPS ALPINE Co., Ltd. Compliance with tax laws and appropriate payment of taxes in each jurisdiction, with tax risk minimised and no tax planning that departs from the purpose of the law. The policy is publicly available here, and reflects both Faital and Alps Alpine business and sustainability strategies.

The Group applies the OECD Pillar Two framework, adopted in Italy, Hungary, and Japan (UPE jurisdiction), but not the United States. The FY2025 preliminary assessment (March 2026) identified no top-up tax impact.

Disclosure 207-2 Tax governance, control, and risk management

At UPE level, the CFO, a Board member of ALPS ALPINE Co., Ltd., is accountable for tax governance; the tax affairs department manages daily administration, Group companies report corporate tax returns for monitoring, and the CFO escalates major tax risks to the

Board. Transfer pricing follows the OECD Guidelines on the arm's length principle. Tax-related integrity concerns can be raised via the Faital Group's whistleblowing mechanism (see 2-26).

Disclosure 207-3 Stakeholder engagement and management of concerns related to tax

The Group provides information to tax authorities on request and resolves differences through constructive dialogue.

Disclosure 207-4 Country-by-country reporting

CbCR is prepared by the Ultimate Parent Entity, ALPS ALPINE Co., Ltd. (Japan). Faital Group is not the CbCR-responsible entity and does not compile jurisdiction-level data.

EU Taxonomy Report

Following its endorsement of the Paris Agreement, the EU committed to ambitious climate targets and sustainable economic transition. As part of the European Commission's Action Plan on Financing Sustainable Growth, the EU established a unified classification framework for environmentally sustainable economic activities - the "EU Taxonomy"- through Regulation (EU) 2020/852, which entered into force on 12 July 2020.

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.

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

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

I. Process of the assessment

The assessment process involves two phases. First, identify whether company activities align with those in Commission Delegated Regulations (EU) 2021/2139 and 2023/2486.

Second, for eligible activities, evaluate alignment against three criteria: technical screening criteria (substantial contribution to objectives), DNSH requirements (no adverse environmental impact), and minimum social safeguards (MSS—compliance with international human rights and labour standards). Both eligibility and alignment are assessed under Regulation (EU) 2021/2139.

II. Disclosure Obligations

Faital Group is not subject to Article 29a of Directive 2013/34/EU. It voluntarily discloses, in line with Regulation (EU) 2020/852, the extent to which its economic activities are Taxonomy-eligible and Taxonomy-aligned, together with its compliance with the minimum safeguards. The disclosures cover the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with these activities and are based on the consolidated data of the reporting entities, following the methodology of Delegated Regulation (EU) 2021/2178.

III. Eligibility Assessment

Using a top-down approach based on activity descriptions and NACE codes, Faital Group identified taxonomy-eligible activities for 2023. This screening was rolled forward and no new activities entered scope in FY2024–FY2025

IV. Alignment Assessment

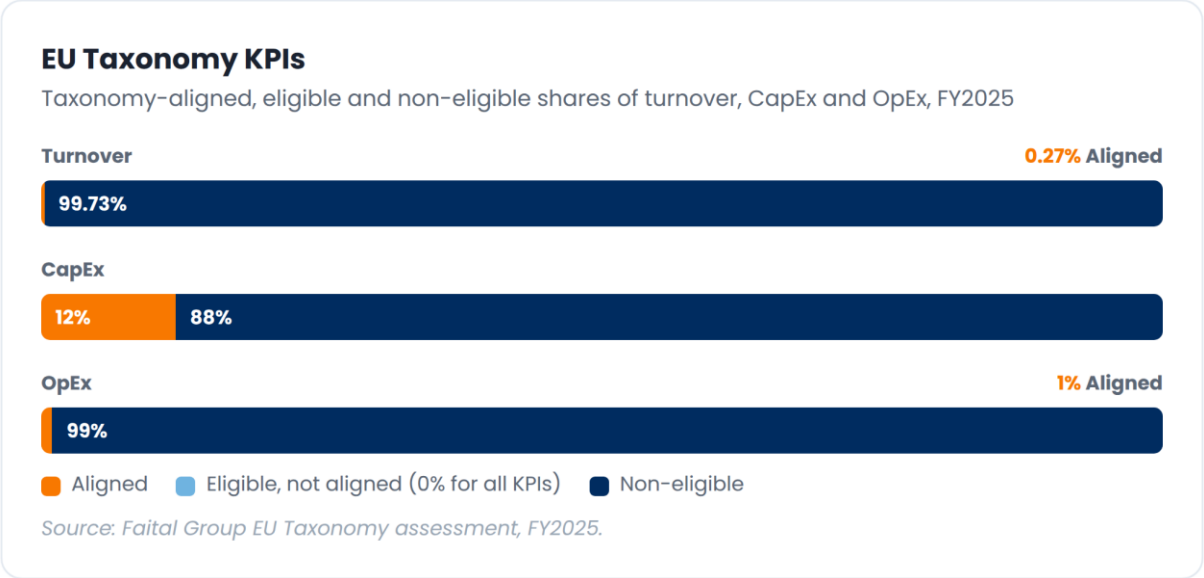
Eligible activities were evaluated against technical screening criteria: Substantial Contribution (GHG thresholds and others, assessed at subsidiary/activity level) and DNSH (ensuring no adverse environmental impact, linked to EU directives and national legislation).

Two activities were identified as aligned: solar photovoltaic electricity generation (4.1) and energy efficiency improvements (7.6).

V. Minimum Safeguards (MSS)

Faital Group commits to international standards (OECD Guidelines, UN Guiding Principles, ILO core conventions, International Bill of Human Rights). Internal human rights due diligence (HRDD) audits reviewed Group-level documents and subsidiary compliance.

VI. Result



Turnover from EU Taxonomy activities:

For Fiscal year 2025, 99.73% of the Faital Group's turnover came from non-eligible activity. From aligned activity (selling photovoltaic energy to the grid supplier) (4.1) takes only 0.27% that is 0.13% more than in FY2024. It is thanked to the PV system's expandation.

CAPEX spent on EU Taxonomy activities:

12% of Capital Expenditures were spent on Taxonomy activities. This is the asset turned onto the Photovoltaic system improvements (7.6). The rest 88% is defined as non-eligible expenditures.

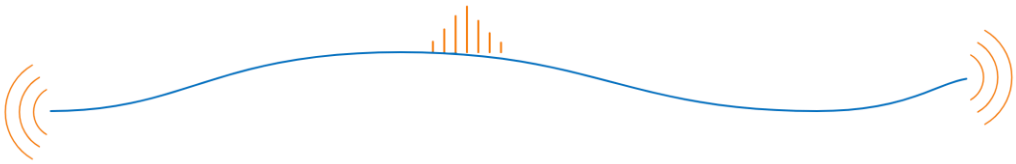
OPEX spent on EU Taxonomy activities:

Only 1% was defined as operational expenditures belonging tot the maintenance of the Solar Panels (7.6). The rest 99% was spent on R&D, servicing and other activities which are not taxonomically aligned activities.

VII. Data source of EU Taxonomy reporting

The data presented in this chapter 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.

DOUBLE-MATERIALITY ASSESSMENT



GRI 3 Material topics

This section presents Faital Group's double materiality matrix, developed in FY2023 and rescoped in FY2024 according to ESRS and then restructured, remeasured in FY2025 through structured stakeholder engagement and expert input with respect to GRI. The material topics identified inform the prioritization of sustainability efforts, the scope of this report, and short-, medium-, and long-term targets. The materiality determination criteria are set out under Step 4 below.

Disclosure 3-2 List of material topics

#	Material topic	Pillar	Impact	Financial	Driver	GRI mapping
2	GHG Emissions	E	24.38	22.5	**Both**	GRI 305, 302, 201-2
3	Energy Management	E	18.25	20	**Both**	GRI 302
9	Material Inflows	E	20.62	18	**Both**	GRI 301-1, 301-2
10	Reclaimed Materials & Circular Outputs	E	18.12	16	**Impact**	GRI 301-3
11	Waste Management	E	21.88	18	**Both**	GRI 306 (2020)
12	Sustainable Procurement	E	21.5	19.5	**Both**	GRI 308-1/-2, 414-1/-2
13	Employee Working Conditions	S	23.75	17.5	**Impact**	GRI 401, 402, 403

#	Material topic	Pillar	Impact	Financial	Driver	GRI mapping
14	Diversity and Equal Opportunity	S	21.25	15	**Impact**	GRI 405, 406, 404
15	Freedom of Association & Labour Rights	S	18.12	13.5	**Impact**	GRI 407, 408, 409, 402
16	Supply Chain Working Conditions	S	25	15	**Impact**	GRI 414-1/-2, 407, 408, 409
19	Consumer Information & Marketing	S	21.43	14	**Impact**	GRI 417-1/-2/-3, 418-1
20	Customer Health and Safety	S	22.14	16	**Impact**	GRI 416-1, 416-2
21	Business Conduct & Culture	G	20.12	18	**Both**	GRI 2-23/2-24
22	Whistleblower Protection	G	18.75	20	**Both**	GRI 2-16, 2-26
23	Supplier Relationships & Payment Practices	G	20.62	18	**Both**	GRI 2-6 (no GRI Topic-Std equivalent)
24	Anti-corruption & Bribery	G	19.38	20	**Both**	GRI 205-1/-2/-3, 206-1
25	Business Continuity Planning	G	21.88	17.5	**Impact**	No GRI Topic Standard

Disclosure 3-1 Process to determine material topics

Step 1 – Identify Impacts, Risks and Opportunities

Data collection from internal and external sources (e.g. stakeholders' sustainable requirements, value chain actors, regulatory bodies etc.). They are 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. Stakeholder and expert views were obtained from employees and employee representatives, customers, suppliers, the Alps Alpine EUSWG, and external experts (EHS, OHS etc.) through surveys, questionnaires and interviews.

Step 2 – Impact materiality assessment

The impacts identified in Step 1 of the Double Materiality Assessment were systematically analysed by the ESG Team in collaboration with other responsible/specialists 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.

Each concern was assigned a weight based on its relevance and influence, which was factored into the impact score calculation.

Impact scores are the product of severity and likelihood, each rated on a five-point scale, giving a maximum score of 25. Topic scores aggregate the weighted impact scores of each topic. A topic is impact-material where its score is above 17.5, i.e. above 70% of the maximum score.

Step 3 – Financial Materiality

As part of the financial materiality process, Impacts, Risks, and Opportunities (IRO) were identified by the ESG Sustainability Specialist in collaboration with the CFO.

The financial assessment of each impact was conducted by the CFO, who evaluated the magnitude, likelihood of occurrence, scope, and the nature of the IROs. The thresholds for financial magnitude were defined in accordance with the Group's financial audit directives.

Financial scores follow the same 25-point logic, combining the magnitude of the financial effect (five tiers, based on percentages of total revenue) and its likelihood. The same cutoff of 17.5 applies.

Step 4 – Determine Double Materiality Matrix

Each topic receives an impact score (horizontal axis) and a financial score (vertical axis), both on a 25-point scale. The cutoff on both axes is 17.5; a score is above the cutoff only if it is strictly greater than 17.5. A topic is classified as material where its impact score is above the cutoff, whether its financial score is. Topics that are financially material only are not classified as material topics in this report.

Double materiality matrix

25 assessed topics; 17 material (impact-led, GRI criterion), of which 9 also financially material; threshold 17.5



Source: Faital Group double materiality assessment, impact and financial scoring. Topic numbers refer to the material topics table.

Sustainability-related Targets and Key Performance Indicators

The following table presents Faital Group-specific GRI material topic disclosures are detailed in the respective GRI Topic Standard sections below

ESRS	Target (base year)	Due (FY)	Status in FY25	SDG relation
Sustainability Governance	Establish ESG Team	2023	Established	
	Reach EcoVadis Silver	2024	Silver	All SDG 2030 Goals
	Reach EcoVadis Gold	2030	Silver	All SDG 2030 Goals

ESRS	Target (base year)	Due (FY)	Status in FY25	SDG relation
	All EcoVadis topic should be above 70 points	2025	4/4	
	Solid ESG policies and processes	2026	100%	
	Prepare for SBTi framework	2027	On-going	
GRI 2-22, 2-23, 2-24	100% compliance in EU Taxonomy ph.18. Minimum Social Safeguards	2025	100%	
GHG Emissions and Energy Management	Reduce annual energy consumption by 10% by base (2021)	2030	-50%	
	100% Renewable electricity	2030	100%	
	Carbon neutrality	2050	In progress	
	Reduce CO_2 (Scope 1 & 2) emissions by 90%	2030	-73.5%	
	Expanding Scope 3 monitoring system to all relevant categories	2025	Completed (all applicable covered)	
	Reduction of total Scope 3 emissions by 25% base year FY24	2030	+13.7%	
	ISO50001 for all factories	2030	1/2	

ESRS	Target (base year)	Due (FY)	Status in FY25	SDG relation
GRI 305, 302	ISO14001 for all factories	2025	2/2	
Pollutions (non-material)	Reduction of VOC emissions base prev. year	2030	-6.4%	
Water Management (non-material)	Conscious water management	2030	In progress	
Biodiversity (non-material)	Volunteer activities to support Biodiversity	2024	Yearly activities	
Materials, Waste & Circular Economy	Reduce the amount of waste generated by 4%, base 2021	2030	+1.4%	
	Use at least 25% recycled material (30% for plastics, 40% for metals)	2030	5%	
	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	
GRI 301, 306	Waste recycling ratio 100%	2030	93.6%	

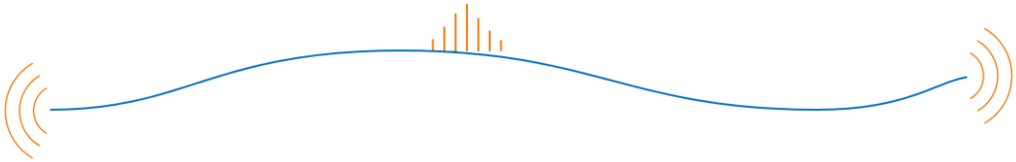
ESRS	Target (base year)	Due (FY)	Status in FY25	SDG relation
Employee Working Conditions & Diversity Metrics	Reach rank 'A' on human rights due diligence by Alps Alpine	2023	50%	
	Keep 0 incidents related to Human Rights	Continuous	1 incident in FY25 at 1 location, 0 sustained.	
	Work-related LTIFR = 0	2024	Completed	
	ISO45001 certification for production plants	2030	1/2	
	Keep 50% female ratio	2050	63%	
	Hold at least 2 healthcare and prevention activity annually	2025	2/2	
	Sustainability performance assessment of 100% of the Supply Chain	2030	100%	
GRI 401, 402, 403, 404, 405, 406	105% of remuneration of the local living wage benchmark to all employees	2040	86.4%	
Supply Chain Working Conditions & Sustainable Procurement	100% CMRT coverage	2023	100%	
	70+ EcoVadis Sustainable procurement score	2024	74	
	100% CSR self-assessment participation rate	2026	76.5%	

ESRS	Target (base year)	Due (FY)	Status in FY25	SDG relation
GRI 308, 414	Response to geopolitical risks and reinforcement of supply chain resilience	2030	In progress	
Customer Health, Safety & Information Security GRI 416, 417, 418	TISAX certification for production plants	2024	2/2	
Business Conduct, Anti-Corruption & 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	
GRI 2-16, 2-23, 2-24, 2-26, GRI 205, GRI 206	Development of Whistleblowing system	2024	Completed	

ENVIRONMENT

GRI 301–308

ENVIRONMENTAL DISCLOSURES



Environmental performance data is collected through the organization's ISO 14001-certified environmental management systems and consolidated in the internal ESG database. Primary data sources include supplier invoices, on-site measurements, power purchase agreements (PPA, GEC, REC), and external service provider records. For outsourced processes such as waste management, data is cross-verified against the contracted partner's reporting. Any deviations from this general methodology are noted under the specific disclosure.

GRI 301-306 Materials, Waste & Circular Economy

Disclosure 3-3 Management of Material topics – Materials, Waste & Circular Economy

Faital Group manages its materials-related impacts through its Sustainable Procurement Policy, Alps Alpine Europe's Circular Economic Policy and internal procedures. Data collection is coordinated via the governance management Microsoft AX system across all operating entities.

Disclosure 301-1 Materials used by weight and volume

Total resource inflows and the share of secondary, reused, or recycled inputs reflect Faital's commitment to reducing our production footprint. Through resource-efficient design and material circularity, we aim to increase the share of lower-impact inputs.

As part of this approach, we are collaborating with Niron Magnetics to integrate Clean Earth Magnets into our product portfolio. These recyclable magnets offer significantly lower environmental impact than traditional rare-earth magnets, which are typically linked to intensive mining and environmental degradation.

Furthermore, Faital has started a collaboration with Rarearth Srl, an Italian company specialized in the recovery and recycling of rare earth materials, with a focus on sustainable supply chains for critical raw materials. The collaboration is intended to provide Faital with privileged access to recycled magnets containing rare earth elements and to establish a

sustainable solution for managing scrap from products incorporating these types of magnets. This initiative supports Faital's approach to more sustainable material use, waste management, and the practical implementation of circular economy principles.

This investment in cleaner materials supports decoupling product performance from resource intensity and advances circular value chains in line with EU Green Deal objectives and our long-term environmental targets.

Disclosure 301-2 Recycled input materials used

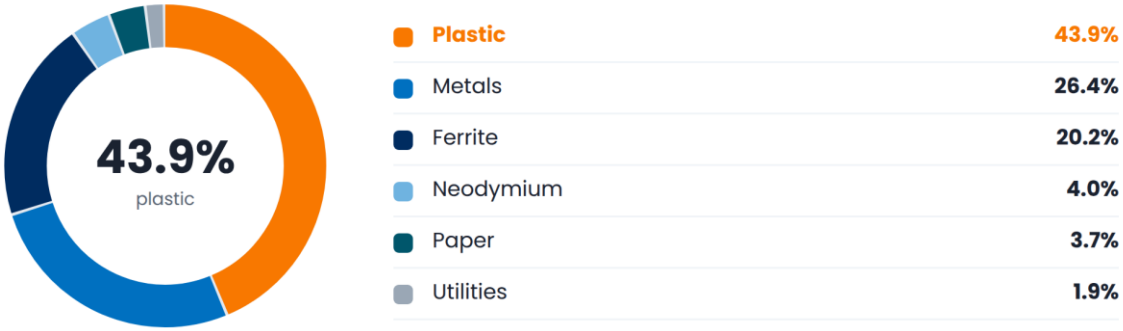
	FY24	FY25
Non-renewable materials used [t]	6041.6	5719.6
Renewable materials used [t]	317.9	301
Overall weight of inflow resources for products [t]	**6359.5**	**6020.7**
RENEWABLE OR RECYCLED INPUT MATERIALS RATIO (RRMR%)	**5%**	**5%**

The secondary reused, or recycled components used in our production processes are predominantly sourced from post-consumer recycled materials. Some of our plastics is derived from re-granulated materials. These re-granulates contain varying levels of recycled content.

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.

Material composition of products, FY2025

Share by material group



Source: Faital Group, Disclosure 301-2.

From environmental point of view, paper and its consumption also define important values and require further commitments.

Disclosure 301-2 Supplementary breakdown

Material type	External / internal supply	Data basis
Raw materials (metals, minerals, wood)	N/A	N/A
Associated process materials	External	Measured
Semi-manufactured goods/components	External	Measured
Packaging materials (paper, cardboard, plastics)	External	Measured

Raw materials enter as semi-finished products to our factory where final (finished) products will be assembled.

Disclosure 301-3 Reclaimed products and their packaging materials

Faital Group does not operate a product or packaging reclamation process. Responsibility for the end-of-life management, take-back, and reclamation of products and their packaging lies with Faital's customers, in line with standard industry practice for the automotive component supply chain. 0% of product and packaging are covered by reclamation but in the future (long term by 2050) we are planning to investigate the opportunities.

Returnable packaging (containers and pallets) is used with both customers and suppliers, but the quantities are not yet measured; Faital Group plans to establish tracking of returnable packaging from FY2026.

Life-cycle Assessment project

Beyond production, we contribute to new product development by selecting and monitoring material usage through a dedicated system. Analysis of this data has driven our Life-Cycle Assessment (LCA) initiative, aimed at improving sustainability and efficiency holistically.

This LCA project requires a Product Carbon Footprint (PCF) metric. Calculating PCF is challenging given our diverse product portfolio and complex supply chain, especially disseminating data requirements to Tier-n suppliers. Prioritizing PCF helps us capture the environmental impact of suppliers within our sphere of influence and take proactive improvement measures. A pilot project was successfully completed with partial stakeholder and supplier engagement. Where supplier data was limited, we supplemented it with transparent public information and recognized third-party databases to ensure a reliable baseline. We are also investing in automation and AI tools to streamline PCF and LCA calculations across our portfolio. A software is under development to support further calculations and assessments.

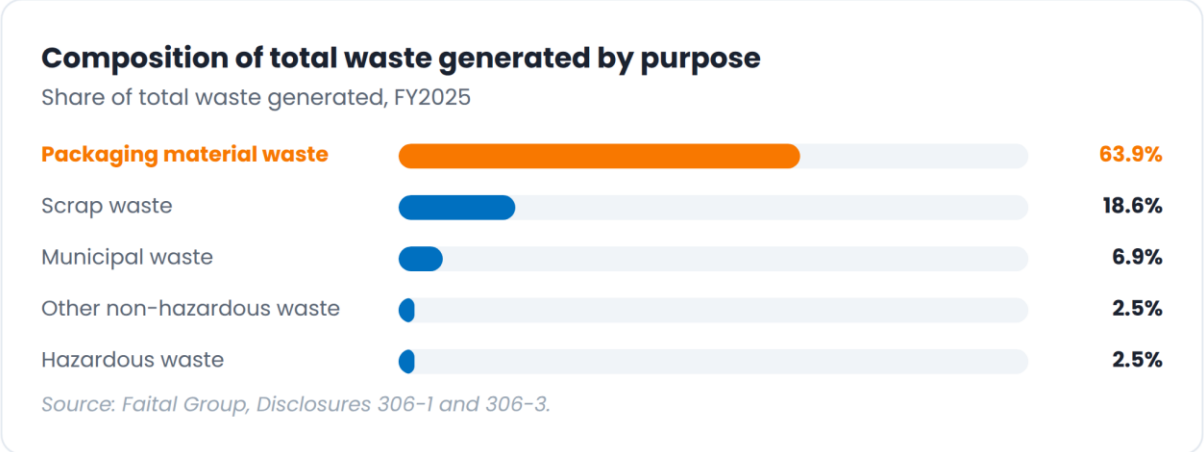
GRI 306 Waste management

Disclosure 3-3 Management of Material Topics – Waste management

Waste management plays a pivotal role in the circular economy paradigm. Waste management is controlled by Faital's Environmental Management Policy and the Alps Alpine Europe's Circular Economy policy. All these policies controlling EMS system which are all audited in accordance with ISO14001 standards. We uphold WEEE Directive principles for responsible end-of-life management for our products. There is no measurable manufacturing waste stream at Faital USA because a few amounts of waste generated at our distribution centre, thus excluded from this GRI section.

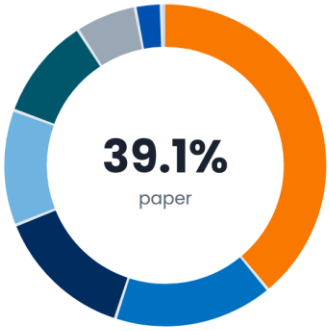
Disclosure 306-1 Waste generation and significant waste-related impacts

Faital Group's waste-related impacts arise predominantly from its own manufacturing activities across the two operating entities. The main input-to-waste pathways are: packaging materials (paper, plastic, wood) entering from upstream suppliers and becoming waste at the point of unpacking and production use; production scrap generated during loudspeaker component manufacturing; hazardous waste streams originating from chemical processes such as foaming, surface treatment, and organic solvent use in component production; and municipal/household waste from facility operations. The organization has identified packaging waste (particularly paper and plastic) as the most significant fraction by volume, and hazardous process waste as the fraction requiring the most active management attention.



Composition of total generated waste by fractions

Share by waste fraction, FY2025



Paper	39.1%
Wood	16.0%
Plastic	13.9%
Metal	11.6%
Other waste	10.3%
Household waste	6.1%
Other hazardous	2.6%
Electronic equipment	0.3%

Source: Faital Group, Disclosures 306-1 and 306-3.

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 FY2025 is visualized above, offering key insights that support our waste reduction strategies and continuous improvement efforts.

Disclosure 306-2 Management of significant waste-related impacts

Faital Group has committed to a 4% annual reduction in total waste volume generated at its facilities, using 2021 as baseline, and targets a 100% waste recycling ratio by 2030. FY2025 waste recycling performance: 93.6%. Circularity measures applied include the R9 strategy (Refuse, Rethink, Reduce, Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle) for metal and magnetic waste reduction, and a transition from cardboard packaging to reusable plastic boxes for closed-loop logistics.

Disclosure 306-3 Waste generated			
	2021	**FY24**	**FY25**
Total waste [t]	**331.9**	**381.5**	**336.5**
MHG [t]	216.4	221.7	187.3
Faital S.p.A. [t]	115.5	159.8	149.2
Disclosure 306-4 Waste diverted from disposal			
Preparation for reuse	Not measured	Not measured	Not measured

Disclosure 306-3 Waste generated			
	2021	FY24	FY25
Recycled non-hazardous [t]	275.4	336.96	306.1
Recycled Hazardous [t]	16.6	10.28	8.7
Other recovery	-	-	-
Total recycling rate [%]	**88**	**91**	**94**
Disclosure 306-5 Waste directed to disposal			
Incineration [t]	Not measured	11.9	8
Incineration [%]	Not measured	3.1	2.4
Landfill [t]	Not measured	22.4	13.7
Landfill [%]	Not measured	5.9	4.1

100% of these wastes are treated offsite. All recovery operations are performed by the external waste management partner off Faital's premises or ensured external treatment is ensured via national waste management company. Faital is not on track comparing to 4% waste reduction target as +1.4% surplus were generated in this reporting period. Recycling rate reaches 93.6 % for the whole group. For the Italian operation plant, this rate is 100%.

GRI 302 Energy

Disclosure 3-3 Management of material topics - Energy

Energy is a material topic in the double materiality assessment, reflecting both operational cost exposure and automotive-customer decarbonization expectations. Energy management is embedded in the Group environmental framework: MHG operates a certified ISO 50001 energy management system, all manufacturing sites operate under ISO 14001.

Efficiency measures include LED lighting with motion sensors, daylight redirection in offices, heating-system modernization and continued expansion of on-site solar generation. Purchased electricity is sourced from renewable supply across the European sites (long-term PPA in Italy, Green Energy Certificate in Hungary and USA). At Chieve the solar system now generates more than the plant consumes for much of the year, and the surplus is exported to the regional electricity trader. Science-based target setting under the SBTi framework is in preparation.

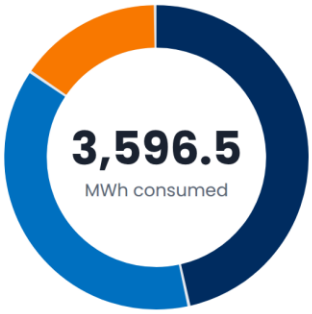
Disclosure 302-1 Energy consumption within the organization

	2021 (MWh)	FY2024 (MWh)	FY2025 (MWh)	Fuel types / notes
a. Non-renewable fuel consumed	3075	1747	1679.5	Petroleum products + natural gas
Petrol (motor gasoline)	232.2	178.6	96.1	Vehicle fleet
Diesel (vehicle)	541.8	294.5	135.5	Vehicle fleet
LPG (GPL)	-	14.9	3.4	Vehicle fleet, Chieve
Heating diesel (gas oil)	-	425.4	477.9	Chieve boiler
CNG (methane)	-	35	15	Vehicle, San Donato
Natural gas (heating)	2301	798.6	951.6	San Donato, MHG, Faital USA boilers
b. Renewable fuel consumed	0	0	0	No direct biomass/biofuel use
c. Electricity consumption	2649	1544	1184.6	Grid, 100% RE (PPA / GEC), All sites
Electricity purchased	2155	0	0	All sites
Electricity purchased (renewable)	197	1121	631.2	All sites
Self-generated renewable (PV) consumed	297	423	553.4	On-site solar
Heating / cooling / steam purchased	0	0	0	No purchased heat/cool/steam
d. Electricity / heat / cooling / steam sold	0	0	178.8	N/A
e. Total energy consumption	**5724**	**3291**	**2864.1**	**-12.9% year on year**

Electricity and self-generated PV are recorded natively in MWh and require no conversion. Fuel volumes and natural gas volumes are converted to energy using net calorific values. Self-generated non-fuel renewable electricity consumed on site is added to total consumption.

FY2025 energy mix, consumed

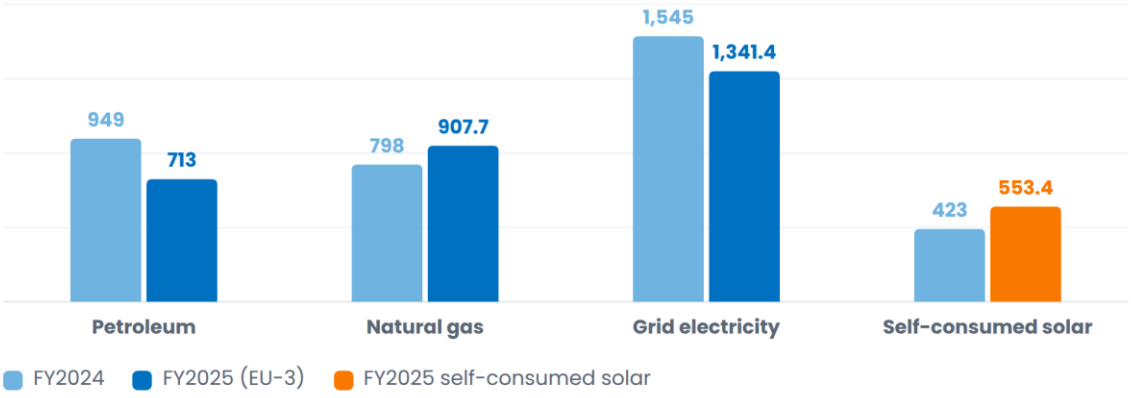
Four entities, total 3,596.5 MWh



Non-renewable fuel	1,679.5 MWh · 46.7%
Purchased grid electricity	1,363.6 MWh · 37.9%
Self-consumed solar	553.4 MWh · 15.4%

FY2024 vs FY2025 by energy category

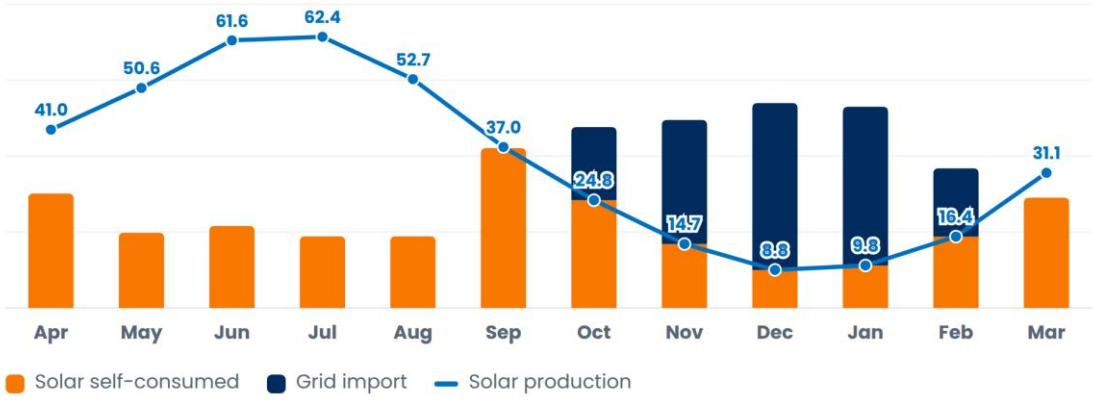
EU-3 like-for-like basis (Chieve, San Donato, Salgótarján)



Source: GRI 302 energy workbook FY2025 (Scope 1 fuels, Scope 1 heating, Scope 2 electricity); fuel energy converted with DEFRA 2025 Net CV factors.

Chieve monthly solar: on-site use, grid import and exported surplus

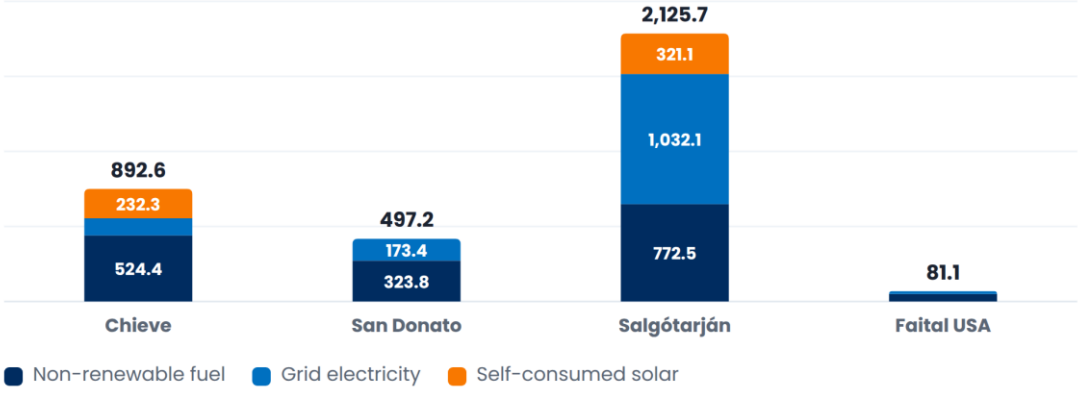
FY2025; production above self-consumption is exported. Chieve ran fully on its own solar in April–September and March.



Source: GRI 302 energy workbook FY2025 (Scope 1 fuels, Scope 1 heating, Scope 2 electricity); fuel energy converted with DEFRA 2025 Net CV factors.

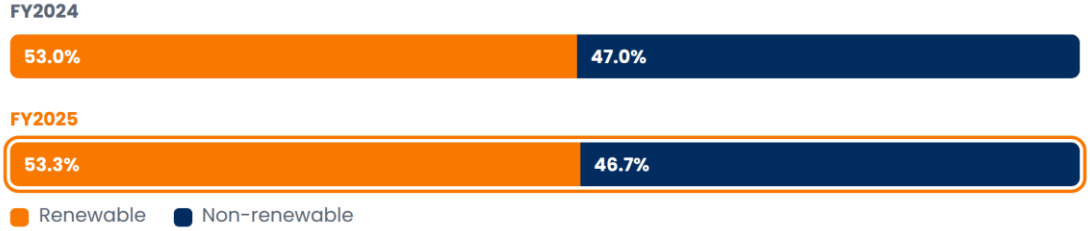
Energy consumed by site

FY2025, by energy source



Renewable vs non-renewable share of total energy

FY2024 and FY2025



Source: GRI 302 energy workbook FY2025 (Scope 1 fuels, Scope 1 heating, Scope 2 electricity); fuel energy converted with DEFRA 2025 Net CV factors.

Two distinct metering patterns apply. At Chieve, metered site consumption already includes the on-site solar it uses, so PV self-consumption is embedded within consumption, and any surplus is exported (178.8 MWh) and excluded from consumption. In Salgótarján, metered consumption is grid draw only. On-site solar is fully self-consumed with no export and is added on top (321.1 MWh). Group-wide, self-generated solar consumed (553.4 MWh) is counted once, avoiding double counting. Total on-site solar generation was 732.2 MWh. As a result of these efforts and the PPA, REC/GECs, the entire Faital Group now operates exclusively on electricity derived from renewable sources. Due to reaching this 100% renewable electricity source ratio, we can proudly declare that our products are manufactured using 100% Renewable Electricity.

Disclosure 302-3 Energy Intensity

Element	Value
b. Denominator	Net revenue, million EUR
c. Types of energy included	All (fuel, grid electricity, self-consumed solar)
d. Basis	Within the organization
Numerator (FY2025)	2864.1 MWh
FY2025 net revenue	43 678 879 EUR
FY2025 energy intensity	65.6 MWh/Million €

Disclosure 302-4 Reduction of energy consumption

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 a diesel-fired boiler, 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. Operational areas are heated via gas-based 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 'EU Taxonomy Report'. 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.

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. These activities approximately resulted in 20% of the total 50% energy consumption usage between 2021 and 2025.

Disclosure 302-5 Reductions in energy requirements of products and services

Faital designs several energy-efficiency features into its loudspeaker products at the request of automotive OEM customers. Where specified, a lightweight neodymium-magnet variant is offered as an alternative to the standard ferrite version for the same product type. Loudspeaker efficiency is verified on 100% of finished units to minimize the energy drawn by the associated vehicle amplifier. Separately, an 8-ohm impedance variant can be offered as an alternative to a 2 or 4-ohm version, reducing current draw, heat generation and amplifier stress during use. Both options are evaluated jointly with the customer at project initiation. The percentage of revenue from products with features designed to reduce use-phase environmental impacts is not measured but planned to do in the next reporting period (FY2026).

GRI 303 Water and Effluents

Water and effluents are not material topic for the company, but we are motivated to 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.

Disclosure 303-1 Interactions with water as a shared resource

No marine connection, no water used as a product input, and potable water consumed only for sanitary and social purposes, the organization actively manages water consumption through concrete and monitored actions.

Disclosure 303-2 Management of water discharge-related impacts

Water discharge in our case is meant as sanitary discharge to the grid sewer. No water discharge into green water. These processes are measured according to ISO 14001 and all local applicable regulations.

Disclosure 303-3, 303-4, 303-5 Water consumption, discharge, withdrawal

Water management is embedded in the ISO 14001 certified Environmental Management System (EMS) covering all manufacturing sites. Implemented measures include automated,

sensor-based taps, low-flush toilet systems, and regular employee awareness campaigns promoting responsible water use. Water withdrawal is tracked monthly as a defined EMS objective (target of no more than 0.8 m^3 per worker per month) with a per-site breakdown and is reported annually under GRI 303. Over the 3 most recent reporting periods, total water withdrawal declined from 11 524 m^3 to 5 713 m^3, a reduction of approximately 51 percent, and intensity per employee decreased from 21 to 14 m^3 per person per year, a reduction of 33 percent.

The organization has conducted a formal water risk assessment in March 2026 for all sites using the WRI Aqueduct 4.0 Water Risk Atlas and the WWF Water Risk Filter methodology. The sites were screened as an area of low to medium physical water risks, with drought and seasonal variability of floods identified as the principal watch items. The site's own operational, regulatory, and reputational water risks are assessed as low, reflecting potable-only water use for sanitary purposes and discharge to the licensed municipal wastewater treatment plants.

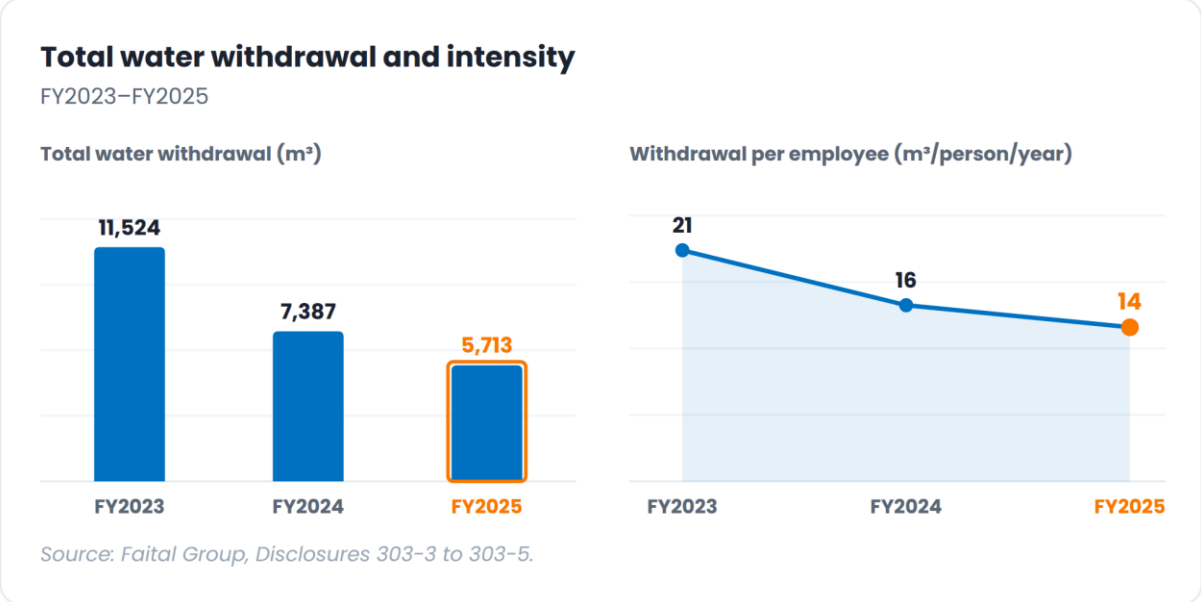
Water management measures			
Measure	**Year of implementation**	**Entity**	**Effect**
Sensor-based taps, low-flush systems	2023	MHG	-5% water withdrawal
Sensor-based taps, low-flush systems	2025	Faital S.p.A.	-5% water withdrawal
Water risk assessment	2026	All sites	water risk categorization
Water withdrawal monitoring monthly	2020	All sites	0.8 m^3/employee/month limit

No water discharge to natural waters and withdrawal processes operated at the Faital Group's entities. Only municipal water is used and discharged to the wastewater grid. Based on municipal water withdrawal within the group, water stress status is the following:

Site	WWF WRF basin (1-5)	Operational exposure (1-5)	Site risk score (1-5)
Faital S.p.A. (IT)	2.88	2.00	2.44 - Low
MHG Kft. (HU)	2.72	2.17	2.37 - Low
Faital USA (US)	2.48	1.83	2.19 - Low

Water withdrawal data are the following by sites and by the ratio with employees:

Process indicator				
Years		**FY23**	**FY24**	**FY25**
Total water withdrawal	**m³**	11 524	7 387	5 713
Water withdrawal per employee	**m³/person**	21	16	14



The amount of water recycled and reused is 0 m^3 in FY2025. Water recycling and reuse is not possible in our case because we do not use water for production, only municipal use is measurable.

GRI 305 Integrated GHG report

Disclosure 3-3 Management of Material Topics – GHG emissions

Faital Group manages its emissions-related impacts as part of the Alps Alpine Group decarbonization framework. The Group maintains a GHG inventory covering Scope 1, 2 and 3, prepared in line with the GHG Protocol's Corporate and Corporate Value Chain Standards and verifiable against ISO 14064-1:2018. Near-term commitments are a 90% reduction of Scope 1 and 2 emissions by 2030 against a 2021 base year, and a 25% reduction of Scope 3 emissions, on the pathway to carbon neutrality by 2050. Faital Group uses carbon credits and green energy certificates (GEC/REC) as part of its climate strategy.

Pollution

In alignment with the Alps Alpine Code of Conduct's "Love the Planet" principle (Section 2-3: Pollution Prevention), we responsibly manage all chemical substances in production, with strict protocols to prevent leakage or environmental harm. These standards extend to our

supply chain through our Supplier Guidelines, and all suppliers are expected to meet the same requirements.

All manufacturing sites are ISO 14001 certified. Our products comply fully with the RoHS 2 Directive and REACH Regulation. Suppliers must meet these same regulatory standards without exception. We continuously reduce Volatile Organic Compound (VOC) emissions year-over-year.

GHG Boundaries

This report will account and report the six greenhouse gases described by the Kyoto Protocol (Perfluorocarbons, Carbon Dioxide, Nitrous Oxide, Methane, Sulphur Hexafluoride, Hydrofluorocarbons) however PFCs, SF6 and were screened and found not applicable due to technology gap. The section refers to all four sites, following GHG Protocol's operational control methodology. 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 will be also disclosed.

Inclusions and exclusions

GHG Type	Category	Description OR reason for exclusion (if any)	Sources of emissions
Scope 1	-	Direct emissions	Heating and cooling systems, mobile consumptions
Scope 2	-	Indirect emissions	Market-based and local emissions
Scope 3	-	Other indirect emissions	-
	Cat 1 Purchased Goods and services	Emissions from sub-parts, packaging etc, manufacturing	Material balance system
	Cat 2 Capital goods	Emissions from capital goods such as new production lines	New production line
	Cat 3 Fuel and energy-related activities	Emissions from use of electricity and fuels used in operations	WTT emissions
	Cat 4 Upstream transportation and distribution	Incoming and outgoing transports paid by the company	Trucks, flights, vans, ships etc. notes
	Cat 5 Waste Generated in Operations	Waste generated and their treatment	Municipal, industrial, packaging

GHG Type	Category	Description OR reason for exclusion (if any)	Sources of emissions
	Cat 6 Business travels	All travels for business purposes by the company	Flights, cars, trains and hotel nights
	Cat 7 Employee commuting	Commuting to workplace by the employees	Cars, public transport
	Cat 8 Upstream Leased Assets	Excluded - N/A	N/A
	Cat 9 Downstream Transportation and Distribution	Downstream transport	Trucks, ships, flights
	Cat 10 Processing of Sold Products	Excluded - N/A	N/A
	Cat 11 Use of Sold Products	Excluded - N/A	N/A
	Cat 12 End-of-life Treatment of Sold Products	Excluded - N/A	N/A
	Cat 13 Downstream Leased Assets	Excluded - N/A	N/A
	Cat 14 Franchises	Excluded - N/A	N/A
	Cat 15 Investments	Excluded - N/A	N/A

Methodology

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

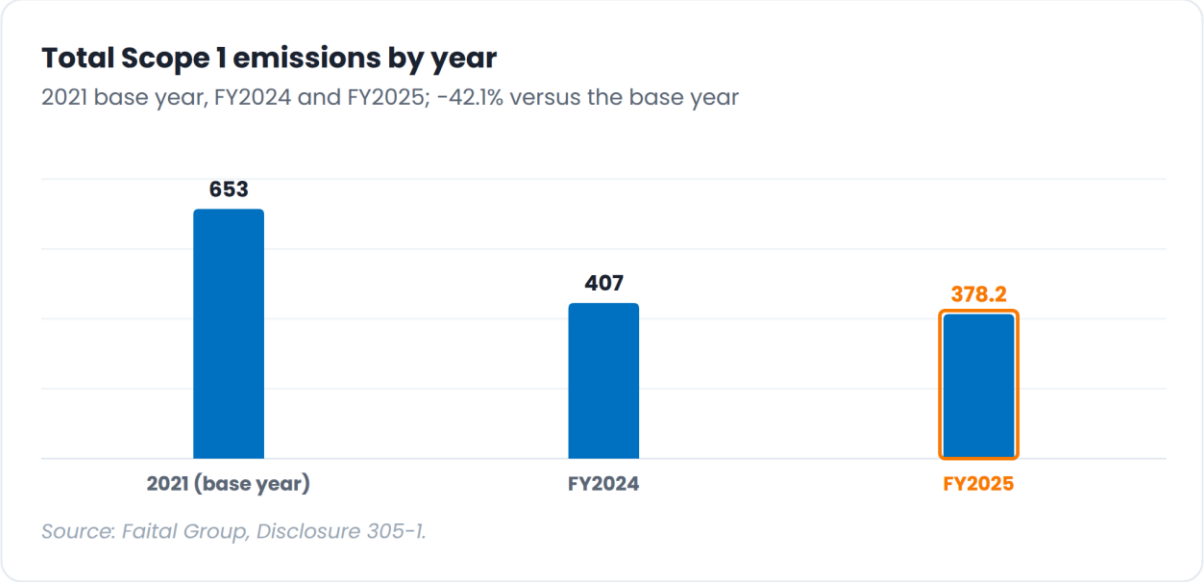
Emission (tCO_2 eq./CO_2/CH_4/N_2O) = Activity value [MWh/km/tonnes etc.] × Emission Factor [kg CO_2 eq./ unit of denominator]

Results

Disclosure 305-1 Direct (Scope 1) emissions				
	tCO_2e	tCO_2e of CO_2 per unit	tCO_2e of CH_4 per unit	tCO_2e of N_2O per unit
Scope 1 fuels	61.27	60.65	0.09	0.51
Scope 1 heating	316.91	314.93	0.30	1.67

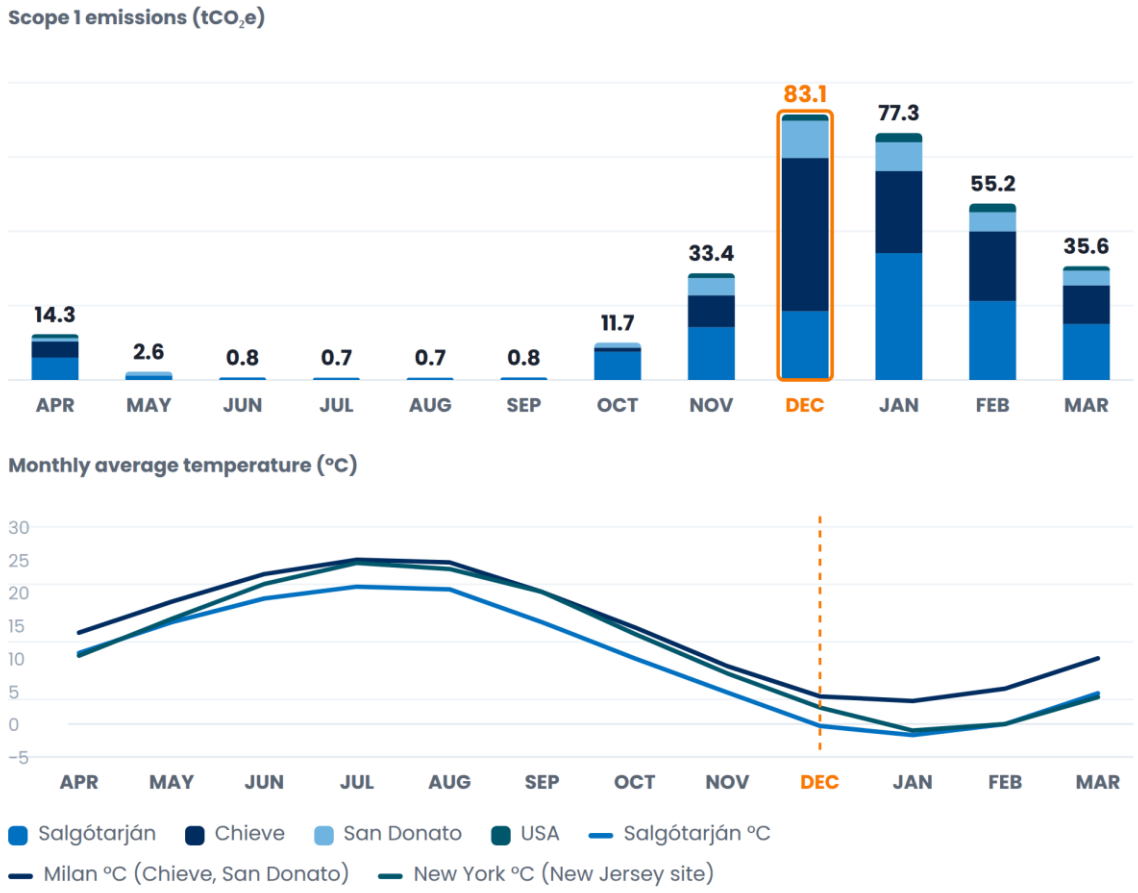
Disclosure 305-1 Direct (Scope 1) emissions				
	tCO_2e	tCO_2e of CO_2 per unit	tCO_2e of CH_4 per unit	tCO_2e of N_2O per unit
AC leakage	0	0	0	0
Total	**378.18**	**375.59**	**0.40**	**2.19**

The chart below compares the results with the 2021 base year. In FY25, Scope 1 emissions decreased by 7.1% compared with FY24 (restated, see Disclosure 2-4) and by 42.1% compared with the base year (FY2021 = 653 tCO_2eq). The decrease was driven by lower vehicle fuel consumption (-52%, from 523 MWh to 250 MWh), which more than offset higher heating fuel consumption (+17%, from 1,224 MWh to 1,430 MWh) during a colder winter. Emission factors are taken from DEFRA 2025, with GWP-100 values from the IPCC. Air-conditioning units are regularly leak-tested; no measurable leakage was found, as reflected by the zero value in the table above.



Scope 1 emissions by month and location

Heating-related Scope 1 emissions per site (tCO_2e) and monthly average temperature (°C), April 2025 – March 2026



Source: Scope 1 combustion emissions from heating, per site per month. Temperatures: monthly climate normals (climate-data.org / weather-atlas); New York used as proxy for the New Jersey site, Milan for Chieve and San Donato; Salgótarján values are a regional climate estimate.

Disclosure 305-2 Indirect (Scope 2) emissions				
Scope 2 emissions	tCO_2e	tCO_2e of CO_2	tCO_2e of CH_4	tCO_2e of N_2O
Market-based	0	0	0	0
Location-based	241.36	238.48	1.23	1.66

Scope 2 market-based 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.

Disclosure 305-3 Other indirect (Scope 3) emissions	FY24	FY25	
	$tCO_2eq.$	$tCO_2eq.$	EF/GWP source
Scope 3 total	**42533.5**	**48377**	
Cat 1 Purchased goods (services excluded)	39909	42160	Carboncloud Worldsteel DEFRA 2025
Cat 2 Capital goods	731.7	1669	Exiobase 3 (2022)
Cat 3 Fuel and energy-related activities	396.8	139.2	DEFRA 2025
Cat 4 Upstream transportation and distribution	122.4	2710.1	DEFRA 2025
Cat 5 Waste Generated in Operations	19.6	7.1	DEFRA 2025, Omnisys
Cat 6 Business travels	112.8	110.6	DEFRA 2025
Cat 7 Employee commuting	770.5	737.3	DEFRA 2025
Cat 9 Downstream Transportation and Distribution	470.7	843.7	DEFRA 2025

Scope 3 emissions increased by 13.7% between FY24 and FY25. In FY25, Category 1 was calculated for the first time. For comparability, the FY24 value was calculated retrospectively using the same method and is included in the FY24 figure above. No calculation methodology was changed. The main drivers of the change were Category 4 (+2,588 tCO_2e, the increased distance of logistic routes are the driver), Category 1 (+2,251 tCO_2e, the weight of purchased goods built into the products has increased, bigger and heavier products), Category 2 (+937 tCO_2e, higher capital expenditure due to a new production line) and Category 9 (+373 tCO_2e, the increased distance of logistic routes).

However, some Scope 3 categories have shown decrease some main ones produced huge increases that pushed the pendulum of Scope 3 emissions site towards an increase. Thanks to the punctually collected transport data with a complex system behind it, also there was a big cashflow on capital investments' side.

Performance in numbers

Disclosure 305-4 GHG emission intensity			
	2021	FY24	FY25
Total GHG Intensity (Scope 3 included)	Not measured	922 tCO_2e/million EUR	1116 tCO_2e/million EUR
	Not measured	93 tCO_2e/employee/year	117 tCO_2e/employee/year
Scope 1 & Scope 2 intensity	30.5 tCO_2e/million EUR	8.7 tCO_2e /million EUR	8.7 tCO_2e/million EUR
	2.6 tCO_2e./employee/year	0.88 tCO_2e/employee/year	0.91 tCO_2e/employee/year

Intensity ratios are calculated using net revenue and year-end headcount. Scope 2 emissions are included on a market-based basis.

Category	Performance
Scope 1	Compared with FY24 (restated), Scope 1 emissions decreased by 7.1% in FY25, as lower vehicle fuel consumption more than offset higher heating demand during a colder winter. Compared with the 2021 base year, Scope 1 emissions decreased by 42.1%.
Scope 2	Faital Group has emitted 0 Scope 2 emissions in FY25.
Scope 3	Faital recorded a significant increase in Scope 3 GHG emissions in FY25, also last years' emissions were corrected with Cat.1 emissions.

Internal performance communication

Faital Group monitors climate change and energy efficiency target achievement through a formalised internal review and communication cycle of fixed frequency.

Management review is conducted annually under the EMS (ISO 50001 and 14001), most recently on 2026.02.19. A mandatory agenda item is the comparison of actual energy performance indicator values and emission reduction figures against targets, benchmarked against the energy baseline. Deviations trigger a corrective action recorded in the minutes with an assigned owner and deadline.

The ESG dashboard is updated annually, presenting target and actual values side by side in absolute and intensity terms, with variance against the base year.

Employee communication runs through the Zucchetti platform interface, e-mails, the monthly internal newsletter, and info displays in the production and resting area. Target versus actual performance is communicated to the management daily on daily meetings.

All employees achieve communication on climate and energy efficiency target versus performance once a year last time on 2025 December 14.

Disclosure 305-5 Reduction of GHG emissions

The Group is continued to source electricity from renewable origin in FY2025 through on-site solar generation since 2023. This year 241.36 tCO_2e were reduced comparing to this year's location-based emissions due to the solar panels and the previously mentioned certificates. These investments saved 776 tCO_2 Scope 2 emission comparing to the 2021 base year.

Offset-based reductions are presence at Faital Group because it purchases carbon credits to offset residual emissions associated with waste treatment and transport operations in Italy, as part of a broader commitment to expand high-quality offset credits (hydroelectric power project in India) according to the VCS standard that covers 1.08 tonnes of CO_2, the total Category 5 emissions of the Italian manufacturing plant.

Disclosure 305-6 Emissions of ozone-depleting substances (ODS)

Faital Group does not produce, use, import or export ODS; Disclosure 305-6 is not applicable.

Disclosure 305-7 NOx, SOx and other significant air emissions

	FY24		FY25	
Air pollution chemicals	**Substance handling amount**	**Substance emissions**	**Substance handling amount**	**Substance emissions**
	kg	kg	kg	kg
VOC - volatile organic compounds	15341	10415	30 060.00	9 753.03
NOx - nitrogen oxides	240	240	53 800.00	200

Through handling of 30060 kg VOC containing material and 53 800 kg NOx containing material 9753 kg VOC and 200 kg Nox is emitted to the air in FY2025. In FY2024 the VOC emission was higher even considering that handling amount was fewer than in FY25, and the NOx results show a decrease. This is calculated by the multiplication of measured emissions and operational times that can effect the presented in the table.

GRI 308 Sustainable procurement

Disclosure 3-3 Management of material topics - Sustainable Procurement

GRI 308 is reported in connection with GRI 414, as both are managed through one integrated due diligence framework. The topic is material according to the Double Materiality Assessment.

Faital Group's most significant supply chain environmental impacts are potential on upstream. They concentrate in six commodity groups: metals, rare-earth magnets, chemicals, textiles, electronic components and rubbers. The associated potential impacts are:

- GHG emissions from energy-intensive metal production,
- extraction and refining impacts,
- pollution and hazardous substances,
- water use and chemical discharges,
- e-waste,
- land-use change and deforestation.

Purchased goods and services are the largest contributor to Scope 3 emissions (see GRI 305-3). Despite this impact no other supplier-related environmental impact was identified in FY2025.

The most significant social impacts in Faital Group's supply chain are potential impacts on workers in upstream operations. They include:

- restrictions on labour rights and freedom of association,
- risks of forced and child labour in textile, fibre and agricultural raw material supply chains,
- human rights and traceability risks in mineral extraction and refining,
- occupational exposure to hazardous substances in chemical processing.

The impacts are primarily directly linked to Faital Group's products through first-tier supplier relationships. They may also be contributed through purchasing decisions, set out in the followings:

- Faital Group's Procurement Policy, which includes the requirement for CMRT reporting.
- the Alps Alpine Group's Supply Chain and Responsible Corporate Action Guidelines;
- the General Purchasing Agreement, which embeds sustainability requirements and an annexed CSR and Sustainability Declaration signed by suppliers.

In FY2025 the Group applied a two-step, risk-based sustainable procurement framework.

All active suppliers are assessed on three factors:

- importance to operation,

- country risk (Transparency International CPI and ITUC Global Rights Index),
- commodity risk (from OECD).

Commodity risk is scored on a five-point internal scale. The scores are evidenced by OECD guidance and EU instruments (ESRS, CSDDD, EUDR and the Waste Framework Directive). They cover GHG and energy intensity, pollution, water, biodiversity and land use, waste and circularity, and mineral traceability. Where at least two of the three factors are critical, the supplier proceeds to the next step.

Country risk combines the Transparency International Corruption Perceptions Index (60%) and the ITUC Global Rights Index (40%). It therefore directly reflects workers' rights conditions in the supplier's country of operation. In addition, all suppliers are required to provide the Responsible Minerals Initiative's Conflict Minerals Reporting Template (CMRT).

The next step is a Supplier-specific ESG due diligence. It draws on four sources:

- the CSR Self-Assessment Questionnaire (SAQ), which includes environmental management,
- relevant certifications (ISO 14001, ISO 50001, ISO 14064) and EcoVadis ratings,
- public ESG information,
- controversy screening.

SAQ evidences from a previous campaign were reused. Missing evidence triggered a data-gap penalty. Each supplier was assigned a residual risk class and one of the following actions:

- SAQ request,
- improvement plan or targeted audit,
- monitoring.

The assessment was completed on 5th of March 2026 and screened supplier were contracted to Faital as per the last day of the fiscal year 2025. The Group tracks the following indicators:

Indicator	FY2025
Due diligence suppliers with a valid SAQ	76.5%
Due diligence suppliers with an certifications or ratings	54.3%

Indicator	FY2025
Suppliers in the Critical class	10
Data-gap cases	10
Adverse controversies	0

Target set as 100% SAQ coverage of due diligence suppliers. SAQ must be refreshed every 2 year. The SAQ serves as a two-way engagement channel with key suppliers.

Indicator	FY25	Notes
Suppliers with signed Purchasing Agreement including the CSR and the Sustainability Declaration	100%	The General Purchasing Agreement contains a sustainability clause and an annexed CSR and Sustainability Declaration covering environmental management, conflict minerals, health and safety, child and forced labour, freedom of association, collective bargaining and non-discrimination.
New suppliers screened using environmental and social criteria	0%	No formal pre-contract ESG screening was in place in FY2025. Screening is introduced from FY2026.
Active suppliers screened for inherent ESG risk	139 (100%)	Assessment completed on 5 March 2026.
Suppliers subject to supplier-specific ESG due diligence (desk-based)	81 (58.3%); 71 evidence-based, 10 data-gap	Due diligence was required for 81 suppliers with at least two critical risk factors. All 81 underwent a desk-based review of SAQ results, ESG certifications and public ESG information. For 62 suppliers, valid CSR SAQ evidence was available; these are reported as assessed.
Suppliers in Critical or High residual risk class	33 (10 Critical, 23 High); 23.7%	Five-point residual risk scale. Critical is defined as "significant" for GRI 308-2 and 414-2.
On-site audits performed	0	

Indicator	FY25	Notes
Critical-class suppliers with improvement actions requested / agreed	10 (100%) SAQ requested	FY2025 actions consisted of SAQ requests; completion is scheduled for FY2026.
Due-diligence suppliers with a valid CSR SAQ	76.5 (62 of 81)	Evidence sources: CSR SAQ, ISO 14001/50001/14064 certification, EcoVadis rating, public ESG information, controversy screening.
Due-diligence suppliers with relevant certification or rating	55.6 (45 of 81)	
Adverse controversies identified	0	
CMRT submission rate	100%	RMI Conflict Minerals Reporting Template, required from all suppliers per the Procurement Policy.
Supplier relationships terminated as a result of assessment	0	
Supplier-related reports via the whistleblowing system	0	Only employee reported via the whistleblowing.

The Faital Group whistleblowing channel is open to suppliers and to the workers of suppliers, and it serves as the Group's supplier grievance mechanism. Concerns about environmental harm, labour and human rights, health and safety or business ethics in the supply chain can be raised through it.

Disclosure 308-1 New suppliers screened using environmental criteria

In FY2025, Faital Group did not yet operate a formal pre-contract screening process applying environmental performance criteria to new suppliers; the percentage of new suppliers screened using environmental criteria was therefore 0%. Environmental expectations were nevertheless set at the contracting stage. Under the General Purchasing Agreement, ISO 14001 certification is a preferential criterion in the selection of new suppliers and in the allocation of purchasing volumes. Suppliers also sign a CSR and Sustainability Declaration requiring ISO 14001 certification, a certification plan or an equivalent operational environmental management system, compliance with banned and hazardous substance requirements, and DRC conflict-free sourcing. A formal pre-contract ESG screening of all new suppliers, based on the Group’s supplier risk model, is being introduced from FY2026.

Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken

In FY2025, all 139 active suppliers were screened for inherent ESG risk. 81 suppliers (58.3% of suppliers) had at least two critical risk factors and underwent supplier-specific due diligence. Of these, 62 (76.5%) had a valid CSR Self-Assessment Questionnaire and 45 (55.6%) held a relevant ESG certification; for 71 suppliers the assessment was based on supplier-specific evidence. The remaining 10 suppliers, for which no supplier-specific evidence was available, were conservatively classified as having significant potential negative environmental impacts. A CSR Self-Assessment Questionnaire has been requested from all 19 due-diligence suppliers without a valid questionnaire, with completion scheduled for FY2026. The results reflect of the risk model in March 2026, using CPI 2025 and ITUC Global Rights Index 2026 data.

"Significant" means the Critical residual risk class, the highest class on the five-point scale. Scores are integrated ESG scores, so the same population also underlies Disclosure 414-2. Supplier names are withheld for confidentiality. Impacts identified:

Commodity	Suppliers	Potential impacts	Actions
Textiles and fibres	5	Chemical use, water impacts	SAQ FY2026
Metals	3	GHG intensity, mining pollution	SAQ FY2026
Chemicals	1	Hazardous substances, pollution	On-site audit FY2026
Natural rubber	1	Land use, deforestation	SAQ FY2026

By location, the 10 suppliers are based in Hungary (2), Italy (2), India (2), and China, Germany, Sweden and the United Kingdom (1 each). For all 10, the classification reflects the absence of supplier-specific evidence rather than an identified performance deficiency. SAQ or on-site audit were scheduled for all 10 suppliers, implementation is scheduled for FY2026.

A further 23 suppliers were classified as High residual risk. They are subject to monitoring, improvement workshops or SAQ requests, but are not considered to have significant impacts.

Biodiversity and ecosystems

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 (Natura 2000, WDPA).

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

Beyond the materiality assessment's conclusion that biodiversity does not present a significant risk (no sites are located in or adjacent to biodiversity-sensitive areas), Faital Group has implemented voluntary biodiversity initiatives at site level: bird feeders installed across the plant premises (FY2023 and FY2024) and a landscaped garden integrated into the new facility's parking area to compensate for greenfield land use (FY2025). Trees were also planted in the recent fiscal year, that action will be continued next year.

For 2026, a structured volunteering action plan is in development, covering employee-led environmental initiatives, tree-planting activities (both on-site and encouraged at employees' private residences), and partnerships with local organizations. The Group's longer-term ambition is to extend these compensatory and greening efforts from site level to a regional scale.

Policies

Our policies (Environmental Management policy) partially in touch with biodiversity viewpoints but not having specific policy for biodiversity.

Volunteering actions

In FY2023, 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.

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 FY2025, 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.

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.



SOCIAL

GRI 401–418

SOCIAL DISCLOSURES

GRI 401 Employment

Faital Group manages employment-related impacts through local labor-law compliance at each reporting entity (MHG Kft. under Hungarian labor law, Faital S.p.A. under Italian CCNL).

Disclosure 3-3 Management of Material topics – Employment

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.

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 outlined in the Group Code of Conduct and the Own workforce policy. 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. Stakeholder engagement methodology applicable to employment-related material topics is described under Disclosure 2-29.

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.

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.

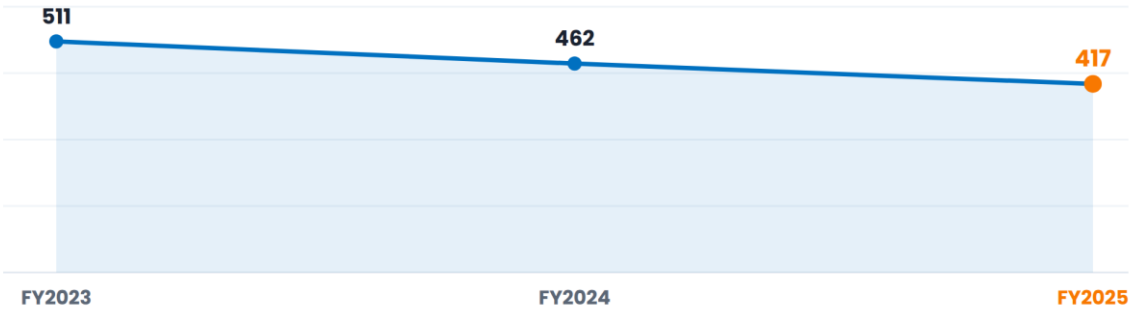
Workers can raise concerns anonymously via the Whistleblowing hotline too, for more see Disclosure 2-26.

Employment

As of the end of FY25, Faital Group employed a total of 417 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. In the base year (2021) we had 544 individuals employed.

Number of employees

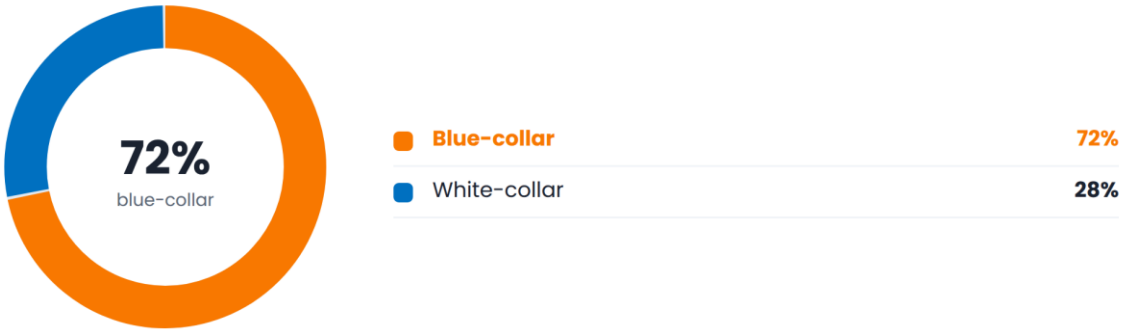
Group headcount, FY2023–FY2025



Source: Internal HR database.

Distribution by contractual type

Blue-collar and white-collar employees, FY2025

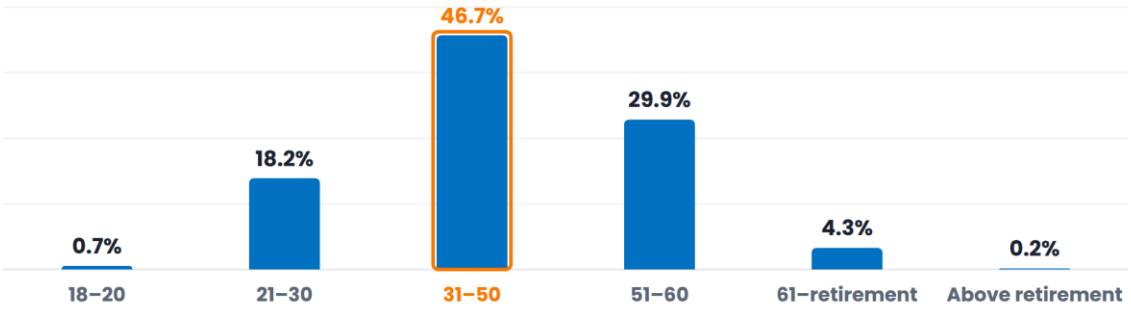


Source: Internal HR database.

Regarding the composition of employment by skill category, blue-collar workers accounted for 72% of the total workforce, reflecting a slight decline from 77% in the previous year. Conversely, the share of white-collar employees increased to 28%, compared to 23% previously. This shift is primarily attributable to workforce optimisation initiatives, which predominantly impacted blue-collar positions, resulting in a rebalanced overall workforce structure.

Composition of employees by age

Age bands, FY2025



Source: Internal HR database.

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. Total employment values are described earlier above and under Disclosure 2-7.

GRI 401-1 a: New employee hires and employee turnover

Entity		<20	21–30	31–50	51–60	61–ret.	>ret.	Total	Rate
MHG Kft.	FY25	1	6	3	3	0	0	**13**	4.9%
	FY24	12	24	25	4	1	4	**70**	22.2%
Faital S.p.A.	FY25	0	4	5	0	1	0	**10**	6.8%
	FY24	0	1	10	1	0	0	**12**	8.2%
Faital USA	FY25	–	-	1	–	–	–	**1**	33.3%*
	FY24	-	1	1	-	-	-	**2**	66.7%
Group	FY25	1	10	9	3	1	0	**24**	5.7%
	FY24	12	26	36	5	1	4	**84**	18.1%

GRI 401-1 b: Empolyee turnover by age groups									
Entity		**<20**	**21–30**	**31–50**	**51–60**	**61–ret.**	**>ret.**	**Total**	**Rate**
MHG Kft.	FY25	2	19	25	13	6	1	**66**	24.8%
	FY24	17	27	35	20	8	5	**112**	35.5%
Faital S.p.A.	FY25	0	2	3	0	2	0	**7**	4.7%
	FY24	0	4	10	2	0	0	**16**	10.9%
Faital USA	FY25	–	1	1	–	–	–	**2**	66.7%*
	FY24	-	1	1	-	-	-	**2**	66.7%
Group	FY25	2	22	29	13	8	1	**75**	18%
	FY24	17	32	46	22	8	5	**130**	28.1%

Disclosure 401-2 Benefits provided to full-time employees not provided to temporary or part-time employees

Faital Group operates atypical part-time arrangements (4h/6h contracts, temporary employees). All of these employees are covered with the local labour decree's requirements e.g. parental leave, retirement provision etc. for all locations. The list of benefits applies to all employees without any exclusions due to full- or part-time positions: life-insurance, parental leave, 2nd-level collective agreements, retirement provision, cafeteria, performance bonuses, mess services, annual bonuses etc.

Disclosure 401-3 Parental leave

All employees have the right to go on parental leave as stated in national and international labour decrees. 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.

GRI 402 Labor/Management Relations

Disclosure 402-1 Minimum notice periods regarding operational changes

Generally, 30-day notice period is followed by the company as stated in our group change policy. 90-day notice period can apply only to key positions (special knowledge, key managerial positions, special skills etc.) identified in the related risk assessment and lies within the statutory limit, as the Labour Code permits the parties to agree on up to six months. It is a bilateral, symmetric agreement based on the concurring intent of the parties, confirmed by a signed contract amendment, not a unilateral employer obligation. The employment may be terminated at any time, only the termination date is postponed by the agreed, proportionate period, so no penalty and no restriction of the freedom to resign applies.

GRI 403 Occupational Health and Safety

Disclosure 3-3 Management of material topics – Occupational Health and Safety

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.

The health and safety management system (OHS) is reviewed by the management that is conducted annually under the ISO 45001 standard in Hungary while Italy and the USA under the local laws and regulations, most recently on 2026.03.17.

Disclosure 403-1 Occupational health and safety management system

Our Hungarian factory operates an ISO 45001-certified health and safety management system with its 100% of activities, territory, roles and employees. Where applicable also compliant with the Legislative Decree 81/2008 and in the USA the OSHA requirements. 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 likelihood. Identified risks are managed using the hierarchy of controls, prioritizing elimination and engineering solutions over PPE.

Our fire and safety policies and procedures are designed to meet the highest standards of workplace protection and risk prevention for all workers.

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 (EHS) and OHS specialists, 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.

Disclosure 403-2 Hazard identification, risk assessment and incident investigation

Hazards are identified through routine workplace inspections, periodic safety audits, and structured employee feedback collected at annual meetings. The company started operating an OHS reporting procedure that can be used by employees to report OHS risk or incident or inappropriate working environment and equipments. This is the OHS Box (closed box) in the production area and next to it there are printed reporting forms and the relevant documentation (e.g. policy, manuals) including for example the right to work refusal etc. Anyone can report by using the form anonymously or with identity. Only the Occupational Safety and Fire Safety Specialist has key to open the box and read the report. The rules to handle a report are as the same as in case of Whistleblowing, feedback of receiving with 7 days, closing within 3 months. This is followed by the procedure (corrective action definition, responsibilities and actions). New activities are assessed using a risk matrix. Incident investigation and continuous improvement of the management system are coordinated by the Occupational Safety and Fire Safety Specialists, with emergency response plans reviewed and simulated annually (fire, environmental, hazardous-material scenarios). Our target is to ensure safety environment for all employees thus our KPI is to close all OHS report within 1 month and keep the report number on 0. We haven't got any reported case since the system's operational launch in FY2024.

Disclosure 403-3 Occupational health services

According to our OHS Policy at least 1 first-aid provider has to be available in every department in every shift at each of the entities. The list of first-aid providers are available in the common halls, canteens and the shop floor so all employees knows who those people are and their managers has to know every first-aid provider to be prepared for emergency.

Item	MHG	Faital S.p.A.	Faital USA
First-aid providers	3.76% trained in FY25 (3.17% FY24; 1.17% FY23)	5.41% trained in FY25 (4.11% FY24; 4.08% FY23)	1

Item	MHG	Faital S.p.A.	Faital USA
Additional health screenings	Two occasions per year since 2023	Two occasions per year since 2023	0

Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety

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. The workers are represented by the labour organization and their direct managers e.g. group, line and shift leaders etc. who represent the workers' voice.

Disclosure 403-5 Worker training on occupational health and safety

According to basic policy, all employees must attend on EHS and fire safety trainings annually, and before started working at the company. The participation rate on EHS and Fire training is 100% at all entities.

Disclosure 403-6 Promotion of worker 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.

Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Occupational health and safety expectations towards suppliers are set in the CSR and Sustainability Declaration of the General Purchasing Agreement, which requires suppliers to implement safe work practices, control exposure to hazardous materials, maintain an emergency response program, train managers and employees, and involve employees in health and safety. OHS criteria will be integrated into the pre-contract supplier ESG screening introduced from FY2026.

Non-Faital personnel (visitors, contractors, suppliers' staff, service providers) must complete mandatory EHS induction and formally acknowledge site rules before facility access. Controls include: no unsupervised lone working (non-employees must be accompanied by a Faital representative). A permit-to-work system requiring prior management authorization for special/high-risk activities; and restricted access control, with keys and passes held securely and not issued to visitors or unescorted third parties.

Rather than a standalone OHS scorecard, pre-contract assessment requires suppliers to acknowledge and comply with the Group Code of Conduct, the Alps Alpine Supplier Code of Conduct, and the Sustainable Procurement Policy, all of which embed OHS expectations alongside environmental and social criteria.

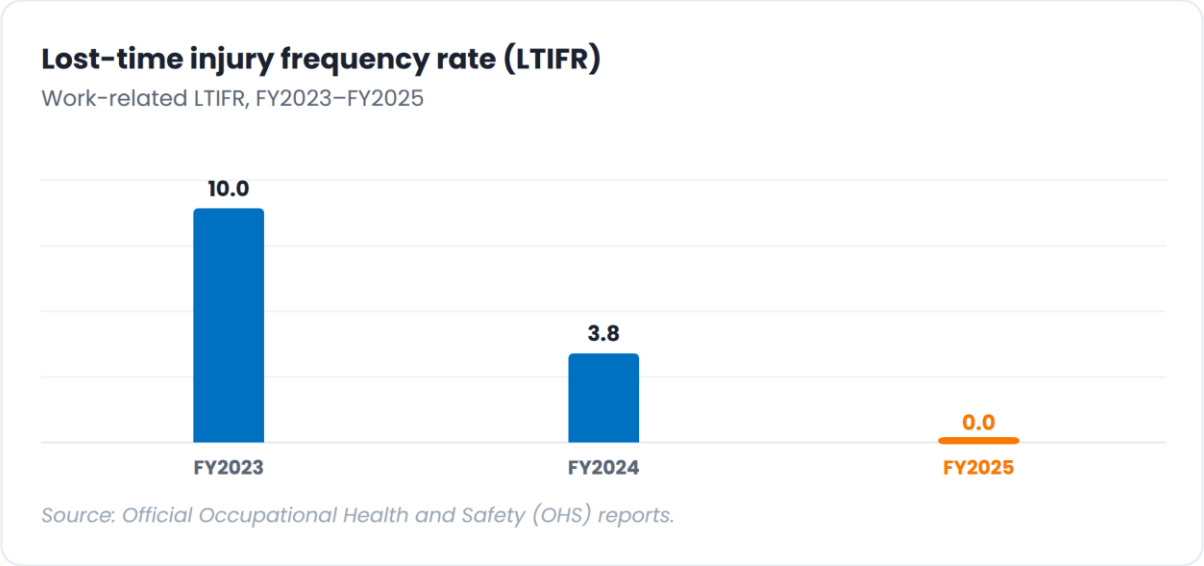
Disclosure 403-8 Workers covered by an occupational health and safety management system

The Hungarian manufacturing plant with its 266 employees is covered by ISO45001 certified OHS management system. This takes 63.8% of the total employment. We have no employment when the workplace or work is not controlled by the organization. Our EHS specialists and consultants organise internal audits for all facilities. Discrepancies are measured and reported to the entity management. Workers who are not employees are also covered by these internally or externally audited systems. They have to know the strict EHS rules before entering the facility.

Disclosure 403-9 Work-related injuries

To evaluate our Health and Safety performance, we monitor indicators such as the Lost Time Injury Frequency Rate (LTIFR) for 1 million working hours. In FY24, we reported 3.8 LTIFR considering only-work related accidents. Thanks to the new ISO 45001 certified OHS system including commitment towards CE safety certification of machines, the conscious safety and fire actions, in FY25 we had 0 work-related accident thus LTIFR is 0.

FY2025	Injury frequency rate per 1.000.000 working hours		
Types/Entity	Faital S.p.A.	MHG Kft.	Faital USA
Recordable work accidents (employees)	0	0	0
Recordable work accidents (non-employees)	0	0	0
High-consequence injuries (number)	0	0	0
Worked hours	214125	447146	5400



Workers who are not employees are included in these numbers. The main type of injuries could not be measured due to lack of lost-time injury. 0 fatalities or high-consequence injuries occurred in FY25. 2023 is the base year in this section as detailed EHS data are not available from 2021.

Disclosure 403-10 Work-related ill health

Considering all employees and workers who are not employees, we had no work-related illness since 2019. No exclusions applied.

FY2025	Recordable work-related ill and types		
Types/Entity	Faital S.p.A.	MHG Kft.	Faital USA
Fatalities	0	0	0

FY2025	Recordable work-related ill and types		
Types/Entity	Faital S.p.A.	MHG Kft.	Faital USA
Work-related ill	0	0	0

GRI 404 Training and Education

Disclosure 3-3 Management of material topics – Training and Education

Training builds employee competence, safety awareness, and compliance capability. Impacts arise directly through the Group's own workforce management, not through business relationships or the supply chain. Managed under mandatory Code of Conduct, NIS2-aligned cybersecurity, and onboarding training. Positive impact reinforced via entity-specific upskilling, product/quality training, and recurring awareness content. No remediation action yet documented for the declining-hours trend.

Tracked through HR training logs and all employees in the group are involved. Data collection is done by each entity then merged by the ESG Specialist and HR responsible.

Disclosure 404-1 Average hours of training per year per employee

In the reporting year, we conducted a total of 1952 training sessions across 14 distinct training types, reflecting our strong commitment to employee development. Our workforce invested over 8000 hours in these training activities, resulting in an average of 20.5 training hours per employee.

Additionally, we allocated 195.5 training hours per million EUR of net revenue, demonstrating the strategic importance we place on continuous learning and capability building within the Faital Group.

Entity	FY2023	FY2024	FY2025
MHG Kft.	53.2 h	34.6 h	**22.5 h**
Faital S.p.A.	23.2 h	34.2 h	**17.1 h**
Faital USA	–	–	**13.3 h**
Group	**–**	**–**	**20.5 h**

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.

100% of the targeted employees (all with access to local information system e.g. managers, coordinators etc.) successfully completed the IT, Cybersecurity training, ensuring full coverage among those with digital access and responsibilities. It supported our alignment with the NIS2 directive.

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.

Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

Training category (% of headcount)	MHG Kft.		Faital S.p.A.		Faital USA	
	Headcount	Ratio (%)	Headcount	Ratio (%)	Headcount	Ratio (%)
IT / Cybersecurity*	40	100	148	100	2	100
Onboarding	13	4.8	10	6.7	1	33
Compliance / CSR (incl. Code of Conduct, diversity and sustainability traning)	285	100	148	100	3	100
Product training	211	79.3	3	2	-	-
Leadership	-	-	3	2	-	-

Training category (% of headcount)	MHG Kft.		Faital S.p.A.		Faital USA	
	Headcount	Ratio (%)	Headcount	Ratio (%)	Headcount	Ratio (%)
Technical	19	7.1	5	3.4	-	-
Quality assurance (QA)	41	15.4	8	5.4	-	-
Sales	-		1	0.7	-	-
Soft-skills / language	-		8	5.4	-	-
Team training	40	15	11	7.4	-	-
Safety / EHS / OHS	266	100	148	100	3	100
Upskilling	15	5.6	101	68.2	-	-
Reskilling	-	-	-	-	-	-
External education	-	-	-	-	-	-
Total training hours (FY2025)	**5 975 h**	**-**	**2 525 h**	**-**	**40 h**	**-**
Avg. hours/employee (404-1)	**22.5 h**	**-**	**17.1 h**	**-**	**13.3 h**	

All employees complete mandatory CSR and Sustainability training upon joining, with annual refreshers, supported by ongoing awareness initiatives promoting environmentally conscious behaviour at work and beyond.

Transition assistance is provided by the national system due to GDPR reasons. In some cases, the values exceed the workforce because some of the leavers got the specific training and thus counted in the participation measures.

*IT/Cybersecurity training is only mandatory for those employees who have access to the local information management system. This is why their participation rate is meant 100%.

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

100% of our employees are measured by regular performance and career development reviews made by the HR department no matter if white- or blue-collar employees. Everybody is measured at least once in a year. Quantified participation rates on trainings are reported under Disclosure 404-1.

GRI 405 Diversity and Equal Opportunity

Disclosure 3-3 Management of material topics – Diversity and Equal Opportunity

Faital Group is committed to upholding internationally recognized human rights standards, as set out in our Code of Conduct and Own Workforce Policy. These commitments align with the UN Guiding Principles on Business and Human Rights (UNGP) 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.

We implemented a series of targeted actions, with the objective of improving our assessment outcome.

	Rank in FY24	Rank in FY25
Faital S.p.A.	B	B
MHG Kft.	A	A
Faital USA	Out of scope of Alps Alpine	Out of scope of Alps Alpine

By embedding these standards across our 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.

Disclosure 405-1 Diversity of governance bodies and employees

Metric	MHG Kft.		Faital S.p.A.		Faital USA	
Years	FY25	FY24	FY25	FY24	FY25	FY24
Women, % of workforce	72.9	74	45.9	46.3	33	33
Women in management (headcount / % of total workforce)	1 / 0.38%	1/0.32%	1 / 0.68%	1/0.68%	0/0%	0/0%

	MHG		Faital		Faital USA	
	White-collar	Blue-collar	White-collar	Blue-collar	White-collar	Blue-collar
Rate (%)	11.7	88.3	55.4	44.6	66	33

Employment distribution by age (%)	<20	21-30	31-50	51-60	61-ret	>ret
MHG	1.1	18.1	46.2	30.1	4.5	0
Faital	0	17.6	48.6	29.7	4.1	0
Faital USA	0	33.3	66.7	0	0	0

Disclosure 405-2 Ratio of basic salary and remuneration of women to men

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 the gender-pay gap must exceed to zero.

Employee category	Region	Ratio of Basic Salary (Women : Men)	Ratio of Total Remuneration (Women : Men)
Blue collars	Faital S.p.A.	1:1	1:1
Blue collars	MHG	1:1	1:1
Blue collars	Faital USA	N/A	N/A

To protect privacy and data protection rights (GDPR), we do not publish the salary ratios for white-collar workers, as the low number of employees would make individual salaries identifiable. At Faital USA, the blue-collar category includes only men, thus the ratio is therefore not applicable. The ratio for white-collar employees is omitted due to confidentiality constraints, as the category comprises two employees and the ratio would disclose individual remuneration.

GRI 406 Non-discrimination

Disclosure 3-3 Management of material topics - non-discrimination and harassment

The Own Workforce Policy, and the Code of Conduct state that the company respects the human rights, equal opportunity and treatment for 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.

Disclosure 406-1 Incidents of discrimination and corrective actions taken

Entity	Reported cases	Decision of Whistleblowing Committee
MHG	1	Unfounded
Faital	0	N/A
Faital USA	0	N/A

MHG got a report via the whistleblowing system where discrimination issues can be reported. These reports are evaluated by the independent whistleblowing committee. Based on their investigation they found that the report was unfounded because the reported labour process was completed according to all local laws and directives. The investigation and the whole process was closed within 3 months as required by the EU Whistleblower Directive (Directive (EU) 2019/1937).

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.

GRI 407 Freedom of association and Collective Bargaining

Disclosure 3-3 Management of material topics – Freedom of association and Collective Bargaining

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. 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.

Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Collective bargaining coverage and the applicable agreements per entity are reported under Disclosure 2-30. The same on suppliers is disclosed in GRI 414, that describes the measures taken on suppliers in relation to CSR values which contain right to freedom of association and collective bargaining agreements. Also the supplier contracts' CSR section states requirements toward them.

Suppliers commit, through the CSR and Sustainability Declaration, to respect workers' freedom to join organisations of their choice and their right to collective bargaining, without interference or discrimination.

GRI 408 Child labour

Disclosure 3-3 Management of the material topic – Child Labour

Faital Group is committed to the effective abolition of child labour across its operations and value chain, consistent with ILO Conventions 138 and 182 and the prohibition of child and forced labour set out in the Alps Alpine Responsible Corporate Action Guidelines and the Group's Code of Conduct. We hold training annually from the Code of Conduct's content, all employees must attend, further details in GRI 404. Find information about CSR training session including Code of Conduct's content.

Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour

Faital Group operations located in Italy, Hungary, and the United States, is not assessed as carrying significant risk for incidents of child labour or of young workers being exposed to hazardous work. In these locations the statutory minimum working age exceeds the requirements of ILO Convention 138 and the Code of Conduct forbids employment under

age of 18. The Group's manufacturing activities fall outside the sectors of most associated with child labour risk. No incident of child labour was identified within Group operations or found through supplier monitoring during the FY2025 reporting period.

Measures include contractual requirements in the General Purchasing Agreement's CSR and Sustainability Declaration, which prohibits child labour, and obliges suppliers to take remedial action in consultation with Faital if child labour is identified, as well as risk-based CSR Self-Assessment Questionnaires refreshed every two years. Another requirement to obtain Conflict Minerals Reporting Template (CMRT) submission through the Responsible Minerals Initiative, supporting responsible sourcing from conflict-affected and high-risk areas. Suppliers' risks are measured under chapter GRI 414 described in 414-2.

GRI 409 Forced Labour

Disclosure 3-3 Management of the material topic

Faital Group prohibits all forms of forced or compulsory labour, including debt bondage, the withholding of identity documents, and coerced overtime, consistent with ILO Convention 29 and the labour-rights commitments set out in the Alps Alpine Responsible Corporate Action Guidelines and the Group's Code of Conduct. We hold training annually from the Code of Conduct's content, all employees must attend, further details about CSR training sessions including Cod of Conduct's content (incl. forced labour) in GRI 404.

Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

No Faital Group operation located in Italy, Hungary, the US is assessed as carrying significant risk for incidents of forced or compulsory labour. These are classified as low-prevalence by recognised international sources such as the Global Slavery Index. No incident of forced or compulsory labour was identified within Group operations or reported through supplier monitoring during the FY2025 reporting period.

Measures include contractual requirements in the General Purchasing Agreement's CSR and Sustainability Declaration, which prohibits child labour, and obliges suppliers to take remedial action in consultation with Faital if child labour is identified, as well as risk-based CSR Self-Assessment Questionnaires refreshed every two years. Another requirement to obtain Conflict Minerals Reporting Template (CMRT) submission through the Responsible Minerals Initiative, supporting responsible sourcing from conflict-affected and high-risk areas. Suppliers' risks are measured under chapter GRI 414 described in 414-2.

GRI 414 Supplier Social Assessment

Disclosure 3-3 Management of the material topic – Supplier Social Assessment

Faital Group manages social and environmental impacts in its supply chain regarding the Alps Alpine Responsible Corporate Action Guidelines and the Group's Code of Conduct, which set out expectations on human and labour rights, occupational health and safety, and environmental responsibility. Management of this material topic can be found in GRI 308 Disclosure 3-3 Management of the material topic – Sustainable Procurement. Stakeholder engagement methodology applicable to supplier-related material topics is described under Disclosure 2-29.

Disclosure 414-1 New suppliers that were screened using social criteria

In FY2025, no formal pre-contract screening using social criteria was applied to new suppliers; the percentage of new suppliers screened using social criteria was therefore 0%. Social expectations are set contractually through the General Purchasing Agreement and its CSR and Sustainability Declaration, covering child labour, forced labour, freedom of association, collective bargaining, non-discrimination and occupational health and safety. From FY2026, all new suppliers will be screened before contracting using the Group's supplier risk model, whose country risk factor combines the Transparency International CPI (60%) and the ITUC Global Rights Index (40%). The most recent CSR Self-Assessment Questionnaire campaign took place between FY2023 and FY2024.

Disclosure 414-2 Negative social impacts in the supply chain and actions taken

Faital Group assesses social impacts in its existing supply chain through the following mechanism: an ESG-based supplier risk assessment covering social and human rights criteria and then the critical-risk ones are forced to submit CSR SAQ or participate in on-site audits in the next financial year (FY2026). During the FY2025 reporting period, 100% of suppliers were assessed for social impacts with this mechanism.

In FY2025, all 139 active suppliers were screened for inherent ESG risk. 81 suppliers (58.3% of suppliers) had at least two critical risk factors and underwent supplier-specific due diligence. Of these, 62 (76.5%) had a valid CSR Self-Assessment Questionnaire and 45 (55.6%) held a relevant ESG certification; for 71 suppliers the assessment was based on supplier-specific evidence. The remaining 10 suppliers, for which no supplier-specific evidence was available, were conservatively classified as having significant potential negative social impacts. A CSR Self-Assessment Questionnaire has been requested from all 19 due-diligence suppliers without a valid questionnaire, with completion scheduled for FY2026. The results reflect the update of the risk model in March 2026, using CPI 2025 and ITUC Global Rights Index 2026 data.

A further 23 suppliers classified as High residual risk are subject to improvement plans, targeted audits or SAQ requests, but are not considered to have significant impacts:

Commodity	Suppliers	Potential social impacts	Actions
Textiles and fibres	5	Labour rights, forced and child labour risk	SAQ FY2026
Metals	3	Human rights in mining, mineral traceability	SAQ FY2026
Chemicals	1	Worker exposure to hazardous substances	On-site audit FY2026
Rubber	1	Agricultural labour conditions	SAQ FY2026

By location, the 10 suppliers are based in Hungary (2), Italy (2), India (2), and China, Germany, Sweden and the United Kingdom (1 each). For all 10, the classification reflects the absence of supplier-specific evidence rather than an identified performance deficiency. SAQ or on-site audit were scheduled for all 10 suppliers, implementation is scheduled for FY2026. Further 23 suppliers were classified as High residual risk. They are subject to monitoring, improvement workshops or SAQ requests.

GRI 416 Customer Health and Safety

Disclosure 3-3 Management of the material topic – Customer Health and Safety

Faital Group manufactures loudspeakers that are integrated into larger systems by its business customers or directly the customer. In most cases the Group has no direct interaction with end-users. Product health and safety is nonetheless managed systematically across the product life cycle through the Group's Quality Management Systems, certified to ISO 9001 and IATF 16949, and through adherence to applicable product safety regulations and customer-specific requirements. Product safety is embedded from design and development through to delivery, with dedicated quality and compliance teams overseeing internal audits, root-cause analysis, and corrective actions. All Faital affiliate has their own quality and product policies plus the common Consumers and End-Users Policy (Disclosure 2-23). The policy's purpose is to ensure 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.

Disclosure 416-1 Assessment of the health and safety impacts of product and service categories

Health and safety impacts are assessed for improvement across 100% of the Group's significant product categories. Assessment is conducted within the ISO 9001 and IATF 16949

quality management frameworks and against applicable product safety regulations and customer qualification requirements, covering the design, development, and production stages of the product life cycle.

Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

During the FY2025 reporting period, Faital Group identified no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of its products, in respect of which the Group was determined to be at fault. This covers incidents resulting in a fine or penalty, or in a warning, and incidents involving voluntary codes. Incidents relating to product labelling are reported separately under Disclosure 417-2.

Negative impacts as a responsible supplier to globally recognized customers, two-way communication channels are maintained via e-mail and online portals to ensure that any concerns or grievances are effectively received, evaluated, and addressed.

GRI 417 Marketing and Labelling

Disclosure 3-3 Management of Material topics

Faital Group manages product information, labelling, and marketing integrity through its Quality Management System framework and the Code of Conduct, which set requirements for accurate, non-misleading product information across the group's three operating entities.

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

Disclosure 417-1 Requirements for product and service information and labelling

Faital Group applies a standardized product identification procedure across its manufacturing sites. Where the component surface allows, product information is laser-engraved directly onto the product. Where direct marking is not feasible, a dedicated label is applied. Labels are produced on waterproof, high-contrast material and are tested for aging resistance to ensure that product information remains legible throughout the product lifecycle. As a final control, a 100% visual check is performed and no product may be shipped without a label bearing complete and readable product information.

Each product identifier carries a defined data set, including customer part number, country of production, nominal electrical characteristics (power and impedance), supplier code,

hardware code, serial number, generation index, and a Data Matrix code for traceability. All products (100%) are covered with this procedure.

417-1 (a) information type on label	Required by procedure	Basis
Sourcing/origin of the product	Yes	"Country of Production" field
Safe use of the product	Yes	Nominal power and impedance, usage with datasheets
Traceability	Yes	Serial number, index, HW code etc.

Disclosure 417-2 Incidents of non-compliance concerning product and service information and labelling

During the FY2025 reporting period, Faital Group identified no incidents of non-compliance with regulations or voluntary codes concerning product and service information and labeling, whether resulting in a fine or penalty, a warning, or a breach of voluntary codes. Incidents in which the Group was determined not to be at fault are excluded from this figure.

Disclosure 417-3 Incidents of non-compliance concerning marketing communications

During the FY2025 reporting period, Faital Group recorded no incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship. This is consistent with the prior reporting period, in which no marketing or external communication non-conformities were registered.

GRI 418 Customer Privacy

Disclosure 3-3 Management of Material Topics – Customer privacy

Faital Group manages customer privacy and information security through a formal Information Security Management System (ISMS) also maintaining Quality and Information Security Policy which emphasises product safety and quality by adhering to legal and industrial standards, aligned with TISAX requirements, and in full compliance with the EU General Data Protection Regulation (GDPR) for the personal data it processes. During FY2025 the Group strengthened this framework by obtaining audited compliance with the EU NIS2 Directive (Directive (EU) 2022/2555), completed in autumn 2025.

Governance rests with a cross-functional Information Security Team (Quality, HR, IT) responsible for ISMS performance, corrective actions, and awareness. Information security training is mandatory for new hires and refreshed annually for personnel with access to information systems or personal data. The protection of confidential customer business

information (technical drawings, specifications, commercial data) and of personal data is thereby embedded in both certified management systems and audited controls.

Faital Group follows the Consumer and End-Users Policy established by the Alps Alpine European affiliates EUSWG. 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.

Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

418-1 requirement	FY25	FY24
Substantiated complaints from outside parties	0	0
Complaints from regulatory bodies	0	0
Identified leaks, thefts, or losses of customer data	0	0

During FY2025, Faital Group received no substantiated complaints concerning breaches of customer privacy, either from outside parties or from regulatory bodies, and identified no leaks, thefts, or losses of customer data. The Group's incident detection and reporting procedures, independently audited alignment in FY2025 under the NIS2 framework, provide assurance that any such events would have been recorded. None of the reported figures relate to preceding years.

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

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 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.

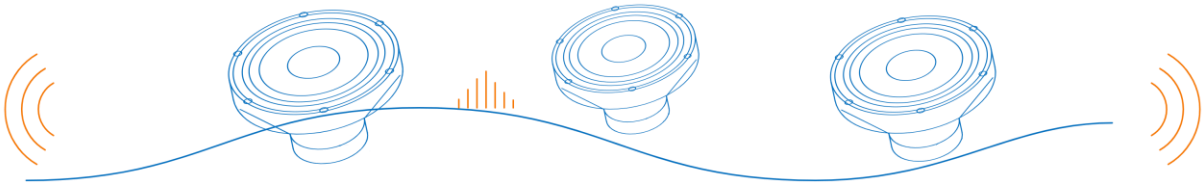
Remediation and Human Rights Safeguards

In cases involving human rights or social impacts, Faital Group acts in full alignment with the EU Taxonomy's Minimum Social Safeguards, see chapter 'EU Taxonomy Report'. Our grievance mechanisms are ready to ensure preparedness and responsiveness for raised social-related concerns.

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.



IMPRESS

Faital S.p.A.
Fabrica Italiana Altoparlanti
Via B. Buozzi 12
20090 San Donato, Milanese (MI)
Italy

E-mail: info@faital.com
Tel: +39 02 5277031

Magyarországi Hangszórógyártó Kft.
Faital Hungary (MHG)
Patak út 5-8
3100 Salgótarján
Hungary

E-mail: mhg-info@faital.com
Tel: +36 32 506 501

faital.com faitalpro.com

Document and content

Name: Dániel Péter
Position: ESG Sustainability Specialist
E-mail: dpeter@faital.com