



Emak[®]

our **power**, your **passion**



Consolidated Non-Financial Statement 2023



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Prepared pursuant to Italian legislative decree 254/16

This report was approved by the Board of Directors of Emak S.p.A. on the 14th March 2024.

Index

Letter to the Stakeholders.....	3
Method of preparation.....	4
1. The business of the Group	7
1.1 The Group at a glance	7
1.2 History.....	13
1.3 Governance structure	14
1.4 Ethics, integrity and compliance	23
1.5 Climate Change	26
2. Approach to Sustainability	27
3. The priorities of the Group	33
3.1 Social responsibility	33
3.1.1 The people in the Group	33
3.1.2 Training and wellbeing of employees	34
3.1.3 Diversity and equal opportunities	36
3.1.4 Health and safety	37
3.2 Product responsibility.....	40
3.2.1 Supply chain	40
3.2.2 Research and development.....	42
3.2.3 Product quality and safety	45
3.3 Economic responsibility	48
3.3.1 Economic value created and distributed.....	48
3.3.2 Tax system.....	49
3.3.3 EU Taxonomy	50
3.4 Environmental responsibility	55
3.4.1 Energy consumption	55
3.4.2 Emissions.....	56
3.4.3 Water withdrawals	57
3.4.4 Waste.....	58
4. Performance indicators.....	60
GRI Content Index.....	74
Report of the independent auditor	79

Letter to the Stakeholders

(GRI 2-22)

Dear all,

2023 presented significant challenges but, thanks to everyone's efforts, we managed to make it through the turbulent waters. We can now look to the future with confidence: the diversification of our activities is one of our greatest strengths. This strategy allows us to explore and exploit a vast range of opportunities in different sectors, guaranteeing, at the same time, a certain stability in times of uncertainty.

Sustainability remains a cornerstone of our modus operandi. In the environmental field, we have continued to implement initiatives aimed at reducing our impact. We have invested and will continue to invest in technologies to make our products ever more eco-compatible and we have also continued interventions to improve the efficiency of our buildings. These efforts not only relate to our ecological footprint, but also represent an investment in the health of our planet for future generations. In the social field, we continue to put great emphasis on the wellbeing of our employees. Working in a context that values each individual and supports a balance between work and personal life is an absolute priority. We have improved our policies for a correct work-family balance and have continued to invest in training and development programmes to ensure that every member of our team feels valued and an integral part of our success. From a governance point of view, sustainability is a key criterion in our business decisions. Our Board of Directors has adopted new policies that reflect a risk-weighted approach, always with attention towards ethics and responsibility. In addition, collaboration between the various companies in the group is continuously evolving, especially on themes of common interest. We are continuing to invest in the digitalisation of our processes, a fundamental step to remain competitive in a world increasingly driven by technology.

We are facing big challenges, but also extraordinary opportunities. With the support and commitment of everyone, I am convinced that we will continue to stand out in our sector.

Chief Executive Officer
Luigi Bartoli

Method of preparation

(GRI 2-2; 2-3; 2-4; 2-5)

This document is the Consolidated Non-Financial Statement (hereinafter referred to also as the “NFS”) of the Emak Group prepared pursuant to Legislative Decree no. 254 of 30 September 2016 (“Decree” or “D.lgs 254/2016”).

As provided for by art. 5 of the Decree, this document is a separate report marked by a specific wording in order to identify it as the Non-Financial Statement provided for by the legislation.

The Emak Group NFS has been drawn up to the extent necessary to ensure understanding of the Group's business, its performance, its results and its impacts. The document covers the issues deemed relevant and envisaged by Art. 3 of Legislative Decree. 254/16, with reference to the 2023 financial year (from 1 January to 31 December, in line with the Annual Financial Report). In particular, the definition of the relevant aspects for the Group and its stakeholders took place on the basis of a materiality analysis process described in the chapter “Approach to sustainability”.

The Group prepares the NFS on an annual basis. The main objective of the document is to respond to expectations of the stakeholders, setting out in a transparent manner and according to the guidelines recognised at international level, the sustainability-related work carried out by the Group in a view of continuous improvement.

The Investor Relations (IR) Department has been responsible for the collection of the data and the preparation of the Report, involving in every phase the competent corporate structures of Group companies included in the perimeter mentioned below.

The NFS is subject to a limited audit (“limited assurance engagement” according to the criteria set out by the ISAE 3000 standard Revised) on the part of Deloitte & Touche reported at the end of the document. In this regard, it should be noted that the limited examination of this Consolidated Non-Financial Statement carried out by the Auditing Firm does not extend to the information on the EU Taxonomy.

The Board of Directors of Emak S.p.A. has approved the report on March 14th, 2024.

The NFS is published on March 29th, 2024 in the same manner prescribed for the annual financial report, including the www.emakgroup.com website, in the “Sustainability” section. Clarifications and further information can be requested via the following e-mail address: info@emak.it.

REPORTING STANDARD

This NFS has been prepared in compliance with the “Global Reporting Initiative Sustainability Reporting Standards”, defined by the Global Reporting Initiative (GRI). With regard to the Universal Standards GRI 1 (Foundation), GRI 2 (General Disclosures) and GRI 3 (Material Topics), the most recent 2021 version was adopted. It should be noted that there are no GRI Sector Standards applicable to the sector in which the Group operates. Moreover, where appropriate, the guidelines of the EU 2017/C215/01 Guidelines have also been taken into account. The “GRI Content Index” section, in which full disclosure of coverage of the GRI indicators associated with each issue emerging as material is given, is part of this document.

ADAPTATION TO THE CSRD

On 10 November 2022, the final text of EU Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD), the result of the agreement between EU Parliament, Council and Commission, was approved. The New Directive requires sustainability information integrated into the Management Report in line with the requirements of the CSRD and with the new reporting standards, the European Sustainability Reporting Standards - ESRS, prepared by EFRAG and adopted by the European Commission through Delegated Act dated 31 July 2023.

The New Directive applies to the Emak Group starting from the financial year starting on 1 January 2024.

In this regard, starting from December 2023, the Group has launched a specific project aimed at defining a path for compliance with the new legislation. In particular, a first gap analysis phase was launched aimed at identifying the detailed information that the Group will have to integrate with reference to the 2024 financial year, in order to correctly report the new ESRS Standards into its disclosure.

REPORTING PERIMETER

With regards to economic-financial data, the reporting perimeter is the same as for the Consolidated Financial Statements of the Group. With relation to information regarding social aspects, the parent company and its subsidiaries which are fully consolidated¹ in the Consolidated Financial Statements of the Group have been included in the reporting perimeter.

With regards to information relating to environmental aspects, the reporting perimeter of energy consumption and greenhouse gas emissions includes all the companies fully consolidated within the Annual Financial Statements of the Group. The figures relating to other polluting emissions into the atmosphere other than greenhouse gas emissions, water consumption and waste refer only to companies that carry out production activities, excluding therefore commercial companies, as they are considered not relevant in order to ensure an understanding of the Group's business activity and its impact. It is believed that the reporting perimeter is sufficient to ensure a correct representation of the Group.

On 1 February 2023, Valley Industries LLP, a subsidiary of Comet S.p.A., completed the acquisition of the business of Bestway AG, headquartered in Hopkinsville (Kentucky), operating in the manufacturing and marketing of spraying and weeding equipment used in agriculture.

The company is recognized as a key player in the U.S. market for the production and marketing of sprayers, equipment for agricultural applications with its own brand spraying tanks, and for the sale of pumps and accessories from other leading market brands.

This operation is part of the Group's growth strategy through external lines by expanding and completing its product range, specifically in the "Pumps and Water Jetting" segment. Thanks to this acquisition, the North American agricultural market can be reached and served more thoroughly by the Group, allowing for commercial synergies. The company's energy consumption data refer to the period from 1 January to 31 December 2023. Data on staff turnover, accidents, and training, however, refer to the period after the acquisition date.

The complete list of significant non-recurring transactions that occurred during 2023 is reported in the Annual Financial Report.

For the purpose of permitting comparability of the data over time, comparison with data relating to 2022 has been reported. Restatement of previously published comparative data shall be clearly indicated as such. To guarantee the reliability of the data, the use of estimates has been limited as far as possible, and is appropriately indicated in the document where present.

The preparation of the Consolidated Non-Financial Statement is regulated by a reporting procedure which defines roles, responsibilities and timelines.

The Board of Directors of Emak S.p.A. approved the three-year plan of the Group and of the individual business units in December 2023. As an integral part of the plan, the plan of activities foreseen by the main companies of the Group to improve their environmental impact, their social performance and governance was presented to the Board. In fact, the Group has the objective of creating value over the long term in the belief that for sustainable success over time it is necessary to combine economic sustainability with social and environmental sustainability, so as to reconcile the needs of all its stakeholders. The investments and costs incurred in product research and innovation, in interventions aimed at saving energy, in solutions aimed at protecting the health and guaranteeing the safety of employees, in systems and certifications which certify the transparency of governance are proof of the importance of aspects of sustainability in the Group's actions.

¹ For the list of fully consolidated Group companies, reference should be made to paragraph 2.2 – Principles of consolidation – of the Notes to the Consolidated Financial Statements of the Emak Group

SUMMARY OF THE TOPICS PROVIDED FOR BY ART. 3, PARAGRAPH 1, OF LEGISLATIVE DECREE 254/16

The Emak Group has undertaken a path of continuous improvement as part of the analysis of risks generated or suffered regarding the issues provided for by Art. 3 of Leg. Dec. 254/16 and the development of relative management policies. In this context, the Group has adopted an updated version of the Code of Ethics, approved by the Board of Directors of the parent company Emak S.p.A., since 2021. The document is made available to all internal and external collaborators as well as on the website www.emakgroup.com in both Italian and English.

It stands out in particular:

Environmental issues

The Group oversees the issue by complying with national and international regulations and, if any, with the requirements of specific certifications. Through the work of the Operations & Procurement Committee, the Group oversees and monitors its work in this area.

It should be noted that the company Emak S.p.A. has a Management System certified according to the standard UNI EN ISO 14001: 2015. Furthermore, in order to identify, monitor and reduce the environmental impacts resulting from its activities, the company has adopted an environmental policy as part of the integrated company policy.

Social and staff-related issues

The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

Staff-related issues are dealt with through the Group's HR department, which supervises and guarantees the correct performance of all HR processes. In order to have greater control and coordination of issues relating to human resources, the Group has set up a committee composed by the members of the Human Resources departments of each Italian company, responsible for coordinating and supervising all activities relating to the respective foreign staff. Through this structure, the Group intends to promote an ever greater sharing of personnel management practices at Group level.

The parent company Emak S.p.A., in order to protect, enhance and optimize personnel management, has adopted a safety policy as part of the integrated company policy.

Human rights

The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

As a further confirmation of its commitment, the Group has drawn up a human rights policy extended to all subsidiaries, in particular to those located in countries where local legislation is less stringent than Italian, through its integration into the Group's Code of Ethics disseminated to all companies. Furthermore, the parent company Emak S.p.A., in order to declare, disseminate and promote ethics inside and outside the organization, has adopted an ethics policy as part of the integrated company policy.

Combatting corruption

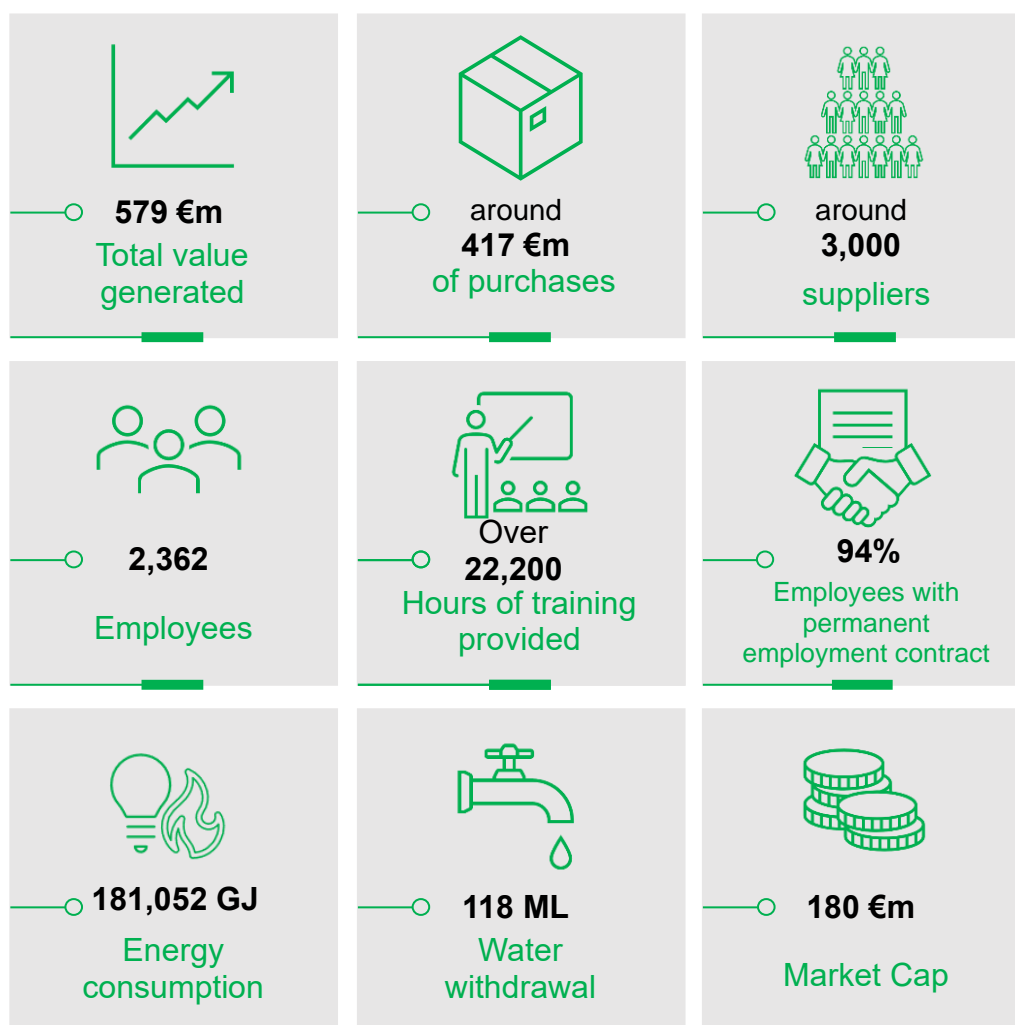
The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

In confirmation of its commitment, the Group has also drawn up an anti-corruption policy with the aim of further strengthening its system for preventing corruption and extortion. In order to ensure maximum dissemination to all Group companies and to external parties who have relations with it, this policy has been integrated into the Code of Ethics.

1. The business of the Group

The Emak Group is composed of 40 companies operating in the development, production and marketing of a wide range of products divided into three business segments: **Outdoor Power Equipment**, **Pumps and Water Jetting** and **Component and Accessories**.

1.1 *The Group at a glance*



Vision and values

(GRI 2-23)

“We intend to be one of the leading players at world level in the development, production and distribution of machines, components and accessories for gardening, agriculture, forestry and industry, offering innovative products and services, making the activities of our consumer and professional customers more efficient and enjoyable, guaranteeing them the best possible value.

We offer consumer and professional customers innovative products of unquestionable quality and reliability, which stand out for performance, comfort of use and design, through appropriate investments in research, technology and organisation.

We promote a strong selection, integration and development of the distribution network at a global level, ensuring a constant presence of company staff in the field.

We establish clear relations with our customers, helping them to access information and we guarantee an excellent service in terms of times of response, delivery and pre and post-sales support.

We wish to «engage», motivate and orientate all people towards the centrality of the customer so that every action is oriented towards creating and transferring value.

We invest in the development of people through training, teamwork, and the integration of external partners.

We encourage the contribution of everyone through listening, involvement and the constant sharing of objectives and results.

We want people who act with passion. We promote a sense of belonging and meritocracy so that everyone sees their contribution recognised and their expectations and aspirations satisfied”.

The values on which Emak Group’s operations are based, and which have been applied ever since its foundation are:

- **correctness**, that is, compliance with rules, transparency, the safeguarding of the rights of persons and of the environment;
- **expertise**, that is, continuous learning and the improvement of professional skills;
- **team spirit**, that is, working in a team to achieve shared goals, the respect of roles and trust in others;
- **innovative spirit**, that is, new and challenging objectives, innovative solutions, new ideas, openness to change.

Well aware of its role in the social and economic context, Emak pursues its future development and the creation of value by combining:

- **economic sustainability**, that is, a commitment to investing in the growth of the Group, guaranteeing its continuity into the future through a strategic plan based on the fundamental critical factors of success;
- **social sustainability**, intended as the willingness to take on board the legitimate expectations of the stakeholders and to redistribute the value created for the common interest;
- **environmental sustainability**, through the identification, regulation, control and progressive reduction of environmental impacts deriving directly or indirectly from the activities of the enterprise.

The structure of the Group

(GRI 2-1; 2-6)

Emak is an international Group operating in three business sectors: Outdoor Power Equipment, Pumps and Water Jetting and Components&Accessories.

Outdoor Power Equipment (30% of total Group sales)

The **Outdoor Power Equipment** segment is involved in the development, manufacture and marketing of products for gardening and forestry activity and small machines for agriculture, such as brushcutters, lawnmowers, tractors, chainsaws and motor hoes. The Group is a leader in the European market, in which it operates with sales branches in the major markets, and is supported by a vast network of independent importers in the remaining ones. At global level, the Group has a network of 150 distributors in over 115 countries. Given the technical contents of the products, sales are mainly made through the network of specialised distributors, characterised by a high-level pre- and after-sales service, while the mass retail channel is used only in a few countries. Online sales occur through a dedicated proprietary portal, agreements with sector market places and through platforms developed by its network of distributors.

The Group distributes its products under the main brands Oleo-Mac, Efco, Bertolini, Nibbi and, only for the French market, Staub. The Group's offer is aimed mostly at private users and a residual part at professionals. In this sector the Group concentrates its resources on product innovation (electrification and the development of clean motors, safety and comfort) and process innovation, on the strengthening of its market position and on the penetration of new markets with a high potential for development.

Demand in the sector is generally linked to the economic trend and to users' available income. The sales trend, finally, depends on the weather: over the year, in fact, the business has a seasonality that is heavily weighted in the first half of the year; a spring season with a more or less favourable climate can lead to a different trend in the demand for gardening products.

Pumps and Water Jetting (43% of total Group sales)

The Pumps and Water Jetting segment brings together the development, manufacturing and marketing of three product lines: (i) agriculture (around 41% of the segment turnover), a complete range of centrifugal pumps, diaphragm pumps, piston pumps, sprayers and products for irrigating and weeding; (ii) industry (around 21% of the segment turnover), with a complete range of pumps at low and high pressure (up to 2,800 bars), hydrodynamic units (so-called installations) and accessories for water blasting and machines for urban cleaning; (iii) washing or cleaning (around 38% of the segment turnover), with a complete offer of pressure washers, for domestic and professional use, floor washing-drying machines and vacuum cleaners. The Group markets its products with the Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment, Lavor, Poli, Valley and Bestway brands. Distribution of the products occurs through its sales branches and independent distributors in over 130 countries throughout the world. The type of clientele and sales channel varies depending on the products: the agriculture line is sold to manufacturers of spraying and weeding machines, directly to final users (mainly farmers) or through a network of specialised dealers and importers; the range for industry is sold to manufacturers of pressure washers and hydrodynamic units, to contractors/users of the complete system or through specialized dealers; the cleaning line is sold through specialized dealers, mass retail, online and to contractors.

In this sector, the Group focuses its activities on product innovation, the extension of its offer, both in terms of product and sectors of use, besides on the maximization of the synergies deriving from acquisitions made over the years.

Demand for agriculture and industry products is generally linked to the trend in the different sectors/fields of application; the one for washing products is mainly related to the economic cycle trend, people's available income and any increase in hygiene standards.

Components&Accessories (27% of total Group sales)

The Components and Accessories segment is related to the development, manufacture and marketing of products intended for the outdoor power equipment sector (equal to around 55% of the segment turnover), agriculture (equal to around 25% of the segment turnover) and washing (equal to around 20% of the segment turnover). Within the wide offer range, the most representative products are wire and heads for brushcutters (which together compose the cutting system); chain sharpeners for chainsaws; guns, valves and nozzles for pressure washers for industrial washing and for agricultural applications; precision products and solutions for agriculture (precision farming). In this segment, the Group operates partly through its own Tecomec, Geoline, Agres, Mecline, Markusson, Sabart and Trebol brands, and partly supplying products with third-party brands. The Group serves the major manufacturers of machines for gardening, agriculture and cleaning, through a network of specialised distributors and has consolidated relationships with the largest mass retail chains.

In this sector, the Group focuses its resources on product innovation, on the strengthening of its partnerships with leading manufacturers and on the extension of its offer.

Demand for the products of this segment follows the trends of the other businesses in which the Group operates. In the world of Outdoor power equipment, the weather and the available income of final users can influence the sales of machines and their use, contributing to the sale of products for original equipment and for spare parts respectively. In the agricultural and washing sectors, the raw materials trend, government policies and the general economic situation can influence the levels of investment of market operators.

In general, the Group's business is influenced by the seasonality of the demand. Sales of products intended for gardening, agriculture and cleaning are concentrated in the first half year, a period in which gardening, land cultivation and the cleaning of outdoor spaces are carried out. Less seasonal is, instead, the demand for products for industry, thanks to the diversity of the target sectors and their numerous applications. The three segments guarantee the group the possibility to diversify risk and exploit opportunities with a view to long-term sustainable growth. The meeting point of the three businesses is the sharing of market knowledge, the distribution channels and the technologies that characterize the Group's target sectors: gardening, agriculture and washing.

The Group's objective is the creation of long-term value for all its stakeholders, in the knowledge that this can only be achieved by combining economic aspects with social and environmental ones.

The group's strategy is based on four cornerstones:

- Innovation, in relation to both product and process. In a dynamic and competitive scenario like the one in which it operates, the Group pays great attention to the development of its own range of products, in terms of both extension and evolution. Research and development are focused on the reduction of the products' environmental impact through new technologies (range electrification), reduction in the emissions of endothermic motors and the use of recycled materials. A further line of development is the extension of applications and of the sectors of use of its products (e.g., industrial pumps in agriculture). With regards to processes, drivers of innovation relate to methodological research and digitalisation aimed at improving the efficiency of internal processes.
- Distribution, considered, on the one hand, as the strengthening of its position in the distribution network and, on the other hand, as business growth achieved in high-potential markets, in order to obtain the right balance of distribution in different geographical areas.
- Efficiency, considered as continuous improvement in its processes and in the management of its activities, aimed at the generation of resources to be allocated to the Group's medium and long-term development initiatives.
- Acquisitions, considered as growth by external means, to strengthen the businesses with greater profitability, increase the weight of sectors characterised by greater resilience and medium/long-term stability, re-equilibrate the weight of reference markets at geographical level, and, finally, acquire new know-how and complete product ranges.

Productive structure

The Group concentrates its investments on phases of high added value in the manufacture of its products. From the point of view of economic efficiency and value creation, the Group focuses on Research and Development, engineering, industrialization and assembly activities. The supply chain is strongly integrated and involved in the development of its products according to the principles of the extended factory.

The production plants have been subject to specific rationalization projects over the years, with a revision of the production layouts based on a “lean manufacturing” approach, and the involvement of all the employees taking part in various ways in the product creation process, from development to manufacture.

Outdoor Power Equipment

The Group utilises four production sites: two in Italy and two in China. The parent company plant deals with the production of portable products, such as semi-professional and professional brush-cutters and chainsaws. The production model is focused on assembly: the products are entirely developed and designed internally, the components are produced according to the technical specifications provided. The Pozzilli factory is dedicated to the production of wheel-based products such as lawnmowers and small tractors. The production model for this range of products provides for the purchase of the motor from leading world producers and the internal assembly of the machine. With particular reference to the lawn-mower range, the shell is produced internally with a vertical process which includes sheet metal stamping, welding and painting. The Chinese production facility of Jiangmen replicates that of the parent company, making products intended for both price sensitive markets such as the Far East, South-East Asia and South America, and mature markets to complete the offer. The second Chinese factory, in Zhuhai, is specialised in the production of cylinders for the two-stroke motors of the Group’s portable products.

Pumps and Water Jetting

The manufacture of products in this segment is carried out in four Italian factories, one Chinese, two Brazilian and four in the United States. The plants are specialized in the production of specific product lines. Pumps for the agricultural sectors, those for industrial applications up to 1,200 bars, machines in the cleaning sector such as semi-professional and professional high-pressure water jet machines and urban cleaning equipment are manufactured in Italy. The Chinese plant is mainly dedicated to the production of machines in the cleaning segment such as high-pressure water jet machines and vacuum cleaners aimed at serving the most competitive markets. The Brazilian factories are dedicated, one to the production of very high pressure pumps (up to 2,800 bars) and related accessories for various sectors such as the oil & gas, the transformation of sugar cane, shipbuilding and automotive sectors; and the other to the manufacture of machines in the cleaning segment (such as high-pressure water jet machines) for the South American market. The American plants carry out the production of sprayers and of a vast range of equipment, machines, systems and devices for agricultural applications.

Components and Accessories

The Group has a total of eight factories for manufacturing the products of this segment, located in different countries, focused on specific products and with different production processes.

Most of the facilities (France, USA, Chile, South Africa) are dedicated to the production of nylon thread for the brush-cutters, in the face of the need to have the production process close to the outlet markets. The production of monofilaments, in fact, follows an entirely vertical process, from the purchase of the raw material to processing and to the packaging of the final product.

The Chinese factory is mainly dedicated to the production of heads for brush-cutters and pistols for high-pressure water jet machines. These products require high intensity of internal production, relating to the molding of plastic material and assembly processes.

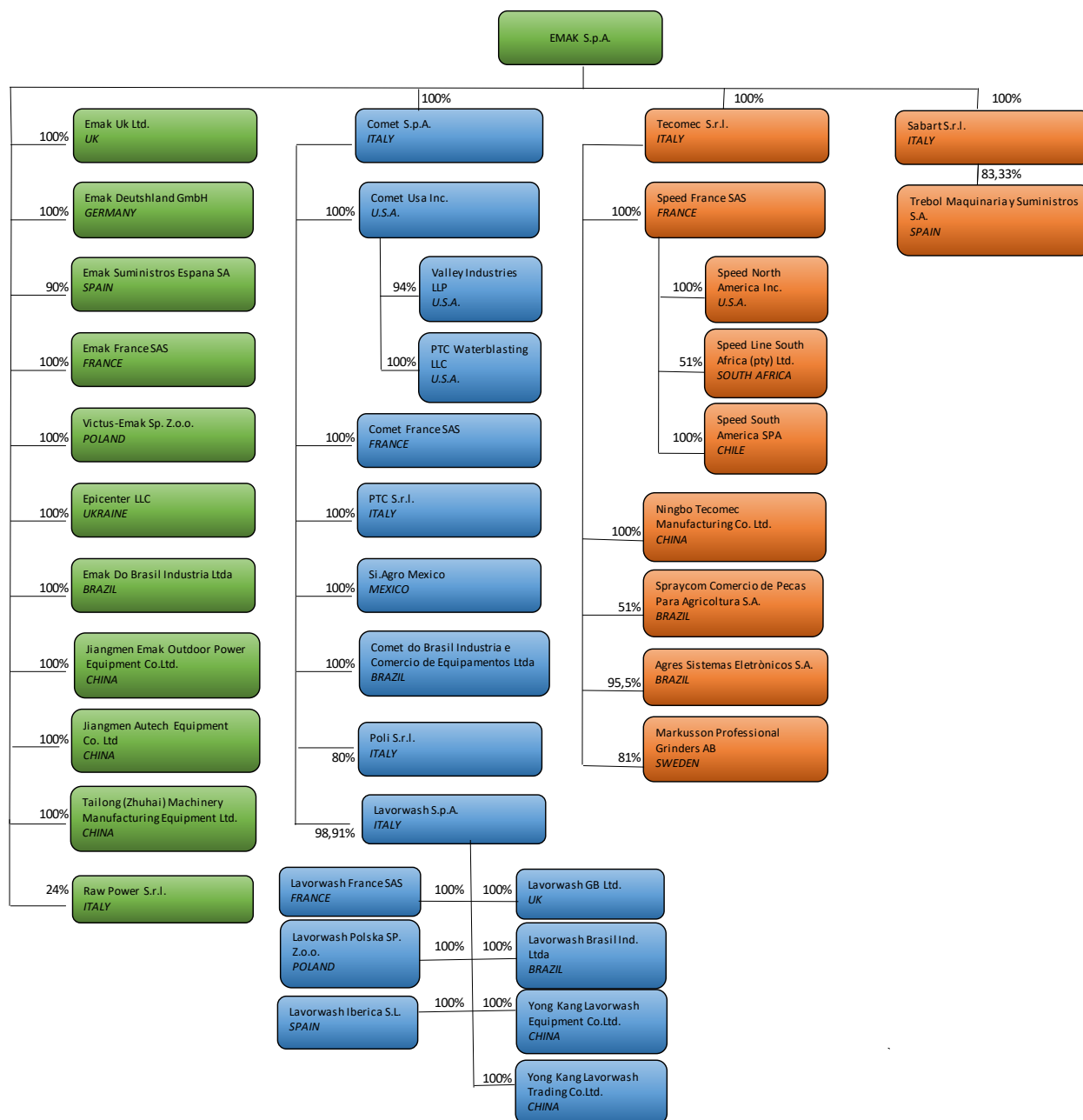
The line of products intended for *precision farming* is produced in Italy and in Brazil and include the design of both mechanical and electronic parts and software development; the added value activities of the products, all carried out internally.

The significant products of the forest line are designed, developed and produced by the Group, which assembles the components, partly made externally, in the factories located in Italy and Sweden, making use of specific skills.

Overall, the production volumes are adjusted to the demand and needs of the market, thanks to the flexibility and functionality of the processes implemented in the various plants.

The composition of the Emak Group at 31/12/2023*

(GRI 2-1)



* The companies included in the reporting perimeter of the NFS 2023 are set out in the “Method of preparation” in this document.

For a more detailed description of the business segments and relative quantitative economic data, reference should be made to the Annual Financial Report 2023 published on the website www.emakgroup.com.

1.2 History

The Group began its activity at the beginning of the 1970s with the companies Oleo-Mac and Efco, two important companies specialised in the production of machines for gardening and the forestry sector and operating in the province of Reggio Emilia.

The two companies merged in 1992 giving rise to Emak. In 1998 the company was listed in the Milan Stock Exchange and completed the first phase of its internationalisation, setting up its two sales branches in Europe through the acquisition of importers in the major markets. The first Chinese company, Jiangmen Emak Outdoor Power Equipment, dedicated to the production of hand-held products intended for price-sensitive markets, was established in 2004. The range dedicated to outdoor power equipment was extended in 2008 with the acquisition of the Bertolini company, the historical producer of small machines for agriculture.

2011 was a year of transformation for the Group, diversifying its activities with its entrance into the Pumps and Water Jetting (PWJ) and Components and Accessories (C&A) segments. In the following years, the strategy of acquisitions to support growth was implemented through a series of operations in the PWJ and C&A segments aimed at completing the offer and reinforcing the Group's position in fragmented markets with high growth potential.

1.3 Governance structure

(GRI from 2-9 to 2-21)

1.3.1 Governance structure and composition

(Disclosure 2-9)

Emak has a traditional type of governance structure, characterised by the presence of the following bodies: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors, regulated by the relative applicable laws. The statutory audit is performed, in accordance with the law, by an audit firm.

The Board of Directors in office was appointed by the Shareholders' Meeting upon the approval of the financial statements for the year ended 31 December 2021. On that occasion, the shareholders established the number of directors as 13 (thirteen) and the period of office (2022-2024). It should be noted that among the appointed directors 2 are executive directors, 3 are non-executive and independent and 8 are non-executive and non-independent.

Qualification	Members	Year of birth	Gender	Date first appointed	In office since	In office until	Executive	Non executive	Independent	No. other offices
Chairman	Livatino Massimo	1964	M	23/04/2013	29/04/2022	App. Financial Statements 2024		X		9
CEO	Bartoli Luigi	1966	M	30/04/2004	29/04/2022	App. Financial Statements 2024	X			1
Director with powers	Becchi Cristian	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024	X			-
Director	Iotti Elena	1979	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X	X	5
Director	Lanza Alessandra	1971	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X	X	1
Director	Grappi Silvia	1976	F	29/04/2022	29/04/2022	App. Financial Statements 2024		X	X	-
Director	Baldi Francesca	1969	F	23/04/2013	29/04/2022	App. Financial Statements 2024		X		-
Director	Bartoli Ariello	1937	M	24/04/1998	29/04/2022	App. Financial Statements 2024		X		1
Director	Becchi Paola	1967	F	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1
Director	Ferrari Giuliano	1950	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		-
Director	Salsapariglia Marzia	1961	F	22/04/2016	29/04/2022	App. Financial Statements 2024		X		-
Director	Spaggiari Vilmo	1940	M	30/04/2004	29/04/2022	App. Financial Statements 2024		X		1
Director	Zambelli Paolo	1973	M	29/04/2022	29/04/2022	App. Financial Statements 2024		X		1

All the members of the Board of Directors were proposed by the majority shareholder Yama S.p.A., which still held 65.181% of the share capital. In the last electoral round, no shareholder with a qualified shareholding presented alternative lists.

The list submitted obtained a favourable vote of 96.042% of the share capital represented in the Shareholders' Meeting.

None of the directors has ceased to hold office subsequent to the renewal of the management body.

The Board of Directors of Emak is composed of directors with adequate skills and professionalism for the tasks entrusted to them. The Board of Directors, with its resolution of 29/4/2022, immediately after their appointment, assessed the independence requirements with relation to three non-executive directors, Elena Iotti, Silvia Grappi and Alessandra Lanza, providing information through a press release. The assessment is repeated annually, most recently on 30/1/2024.

With regards to the independence requirements, Emak applies what is prescribed for statutory auditors by art. 148, third paragraph, of the Consolidated Finance Law. At the same time, it adopts the criteria established by the Civil Code, interpreting and applying them taking account of the substance rather than the form, evaluating any possible disapplication in consideration of the position and individual and professional characteristics of the individual director. In this last regard, the Company considers a director to be non-independent:

- if they are a significant shareholder of the company;
- if they are, or have been, in the previous three financial periods, an executive director or an employee:
 - of the company, of its subsidiary with strategic importance or of a company subject to shared control;
 - of a significant shareholder of the company;
- if, directly or indirectly (for example, through subsidiaries or of which they are an executive director or, as a partner of a professional firm or of a consultancy firm), they have, or have had in the last three financial periods, a significant commercial, financial or professional relationship:
 - with the company or with its subsidiaries, or with the relative executive directors or top management;
 - with a party that, also together with others through a shareholder agreement, controls the company; or, if the controlling party is a company or a body, with the relative executive directors or top management;
- if they receive, or have received in the previous three financial periods, from the company, its subsidiary or the parent company, a significant remuneration in addition to the fixed fee for the office and that

envisaged for participation in the committees recommended by the Civil Code or provided for by the laws in force;

- e) if they have been a director of the company for more than nine financial periods, also non-consecutive, in the last twelve financial periods;
- f) if they hold the office of executive director in another company in which an executive director of the company holds the office of director;
- g) if they are a shareholder or director of a company or body belonging to the network of companies appointed for the statutory audit of the company;
- h) if they are a close family member of a person who is in one of the situations referred to in the previous points.

The quantitative and qualitative criteria for evaluating pertinent circumstances pursuant to letters c) and d) above have been defined by the Board of Directors in the regulations for its operation. Unless specific circumstances occur, to be concretely evaluated at the beginning of its mandate, the Board:

- considers, as a rule, commercial, financial or professional relationships to be significant if the consideration invoiced for each year, also in only one of the three previous financial periods with respect to the verification date, exceeds at least 15% of the personal annual income of the director or the annual turnover of the company over which said director has control, or 20% of the annual turnover of the company whose Top Management they are a member of or of the professional firm or consultancy firm of which they are a partner or associate;
- considers an additional remuneration to be significant if it is greater than the fee fixed for the office and that for taking part in Committees.

EMAK's Board of Directors establishes a maximum limit of the number of offices that every director may hold in other companies. This is in order to safeguard the significance, effectiveness and continuity of the contribution of the activities and expertise of each director, as well as to guarantee that their role is covered by individuals able to dedicate the necessary time to the performance of the duties assigned. The criterion adopted for defining the limit conforms exactly to that which current law envisages for each member of the board of statutory auditors that holds offices in more than one enterprise.

The Board of Directors periodically verifies that all its current Members comply with the established limit. This evaluation has been carried out with a favourable outcome, the last occasion being on 30.1.2024.

Four Committees with information gathering functions operate within the Board of Directors, set up in order to provide, in the respective contexts provided for and defined by the Corporate Governance Code and by the respective regulations for operation, a proactive and consultative contribution. They are the Remuneration Committee, the Control, Risks and Sustainability Committee, the Transactions with Related Parties Committee and the Appointments Committee.

The Control, Risks and Sustainability Committee has the task of supporting, with adequate information gathering activity, the evaluations and decisions of the Board with regards to the internal control and risk management system, as well as the relating to the approval of reports of a financial and non-financial nature. The Committee is composed exclusively of three independent (and non-executive) directors. Its members as a whole possess adequate expertise in the sector in which the Group operates, necessary to assess the relative risks; by virtue of the professionalism of its members, the Committee has specific experience in accounting and finance and risk management, considered amply adequate by the Board of Directors upon appointment.

The Control, Risks and Sustainability Committee, first and foremost, assists the Board in the performance of the latter's assigned tasks with relation to internal control and risks management. It is also assigned the following tasks:

- a) evaluate, having heard the Manager responsible for drawing up the corporate accounting documents, the external auditor and the Board of Statutory Auditors, the correct application of accounting principles and, with reference to the Group, their uniformity for the purpose of drawing up the consolidated financial statements;
- b) evaluate the suitability of periodic financial and non-financial information, to correctly represent the business model, the Company's strategies, the impact of its activities and the performances achieved;
- c) examine the contents of periodic information of non-financial nature;
- d) express opinions on specific aspects relating to the identification, measurement, management and monitoring of the main business risks;

- e) examine periodic reports relating to an evaluation of the internal control and risk management system, and those of particular importance drawn up by the internal audit department;
- f) monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit department;
- g) request the internal audit department, at its discretion, the carrying out of checks on specific operating areas, simultaneously informing the Chairman of the Board of Statutory Auditors;
- h) report to the Board, on a half-yearly basis, with reference to the adequacy of the internal control and risk management system.

1.3.2 Appointment of the highest governance body

(Disclosure 2-10)

The provisions that regulate the composition, appointment and replacement of directors are set out in article 12 of the current articles of association.

In full compliance with current legal provisions, the articles of association regulations for the appointment of the Board of Directors are based on the list voting mechanism and provides, inter alia, as follows:

- the Company is managed by a Board of Directors composed, at the choice of the Shareholders' Meeting, of 9 (nine) to 15 (fifteen) members;
- the shareholding required for the presentation of lists is that established by Consob as per art. 144-*quater*, RE;
- for the purpose of the group of directors to be elected, account is not taken of lists that have not reached in the Shareholders' Meeting a percentage of votes at least equal to that required for the submission of lists;
- the mechanism prescribed for the election of directors ensures respect of the balance between genders established by law, through appropriate rules on the composition of the lists and through a specific replacement procedure, to be adopted if the mechanism does not naturally lead to a Board composition that complies with legal requirements; by virtue of what is laid down by art-147-*ter*, paragraph 1-*ter*, Consolidated Finance Law, at least two fifths of the elected members are assigned to the less represented gender;
- the mechanism ensures that one member of the Board is elected by designation of the minority, limiting the appointment of candidates by the majority list, in the event of a number of lists, to all places available less one, the remaining one being reserved to the most voted minority list;
- through appropriate rules on the composition of lists, the mechanism guarantees the election of a number of independent directors at least equal to that required by art. 147-*ter*, paragraph 4, Consolidated Finance Law.

For the appointment of the directors, the Articles of Association do not prescribe independence, honourability or professionalism requirements other than those required by applicable legislation. There is also no possibility for the outgoing Board of Directors to present a list.

The report for the shareholders' meeting drawn up by the Board of Directors pursuant to art, 125-*ter*, Consolidated Finance Law, regarding its periodic renewal, traditionally bears the invitation to the shareholders to insert into the lists a sufficient number of independent candidates to meet the more stringent number requirements required as a result of the company's membership of the Euronext STAR Milan segment. For relevant segment companies, it is prescribed that if the Board is composed of up to fourteen members, at least three independent members must sit on the Board.

The majority shareholder, in the formation of its lists of candidates, has always complied with these requirements, respecting in its designations the most stringent conditions of independence prescribed by the codes of behaviour adopted over time by *Borsa Italiana*, having regard for substance over form.

Except for provisions resulting from its status as a STAR issuer, with regards to the composition of its Board, the Company is not subject to further legislative or regulatory constraints with respect to those prescribed by current regulations for listed issuers in general.

It is confirmed that the diversification of gender in the composition of corporate bodies is a criterion already incorporated in EMAK's policy, which has always been in line with the provisions of the law and regulations in force on the matter at the time. The Board of Directors of the Company, in its current composition, fulfils all the most stringent legal provisions aimed at the promotion of gender balance, which provide that at least two fifths of the elected directors must be of the less represented gender.

With regards to other aspects of diversity such as age and educational and professional record, the Company has not adopted specific policies on the question. It is normal practice for EMAK, however, that at the

Shareholders' Meeting convened to renew the corporate bodies, the Board of Directors, having also heard the opinion of the Appointments Committee, recommends to the Shareholders, and in particular the controlling shareholder, Yama S.p.A., in the explanatory report on the agenda, to submit candidates that guarantee a significant, effective and continuous contribution, as well as suitable diversification from the point of view of age, managerial and professional skills and, in the event of reconfirmation, seniority in office. The Shareholders' Meeting, traditionally, has always accepted said indications.

The means of application of the diversification criteria in the composition of the Board of Directors can be deduced from the information relating to each director given above.

With regards to the expertise of single Directors, these are reported in the attachment to the acceptance of the position on the part of individual directors and in the Report on Corporate Governance drawn up annually by the company.

1.3.3 Chairman of the highest governance body

(Disclosure 2-11)

Emak's Board of Directors, with resolution of 29 April 2022, appointed Massimo Livatino as Chairman of the BoD, and Luigi Bartoli as Vice Chairman.

The Chairman is not the primary figure responsible for managing the Company, has not received management delegations or delegations for the drawing up of company strategies and is not a controlling shareholder of EMAK. He performs the role of liaising between executive and non-executive directors, and exercises the functions provided for by the law and regulations in force, as well as by the company's Articles of Association, by the Regulations on the operation of the Board of Directors and by the Corporate Governance Code.

1.3.4 Role of the highest governance body in the control of the management of impacts

(Disclosure 2-12)

The Emak Group has set itself the objective of the creation of value over the long term for all its stakeholders in the firm belief that for sustainable success over time it is necessary to combine economic sustainability and social and environment sustainability, so as to reconcile the needs that emerge from the materiality analysis (for more information, see paragraph 2). In guiding the Group in achieving its objectives, the Board of Directors examines its industrial plans and annual budgets drawn up taking account of the development of the business, the possible strategic risks identified in a structured enterprise risk management process and the initiative and investments aimed at improving its performance in environmental and social terms. In the performance of its activities, the Board of Directors makes use of the contribution of the managing directors and the information gathering activity carried out by the internal board committees, in particular, the Control, Risks and Sustainability Committee. This activity was last performed during the meetings of the BoD of 20/12/2023 and 30/1/2024, with the approval of the budget for the 2024 financial year of the Group, of the parent company and of the single business units and of the three-year plan drawn up on a consolidated basis. The Board of Directors, moreover, approves annually the list of non-financial issues – including sustainable development issues – which are significant and subject to reporting in the Non-Financial Statement. This last occurred during the board meeting of 14/11/2023, in which the Board confirmed, following a favorable opinion expressed by the Control, Risks and Sustainability Committee, the list emerging from the materiality analysis carried out in 2022.

During the financial period, the Board monitors on a quarterly basis the implementation of the industrial plan, assessing the general operating trend and comparing the results achieved with those planned, deduced from the annual budget approved by the BoD before the end of the financial period.

The Board of Directors establishes the nature and level of risk compatible with the Group's strategic objectives, including in its evaluations all the elements that may be significant with a view to the sustainable success of the Company and its subsidiaries. The formal representation of the logic and principles that guide the Emak Group in making decisions is contained in the Risk Appetite Framework of the Emak Group, last updated in the Board meeting of 14/11/2023. This document describes the duties and responsibilities of the various subjects of the organization of the internal control and risk management system, the main determinants of the Group's risk profile, the risk propensity for macro-categories of corporate objectives (strategic, operational, financial, compliance) and the related mitigation strategies adopted at Group level. Risk management in the Emak Group requires, in particular, that the ERM of the Company and of its subsidiaries of strategic importance is updated periodically, with a precise assessment of the impending strategic risks and of the actions for their mitigation and management in order to support the activity of drafting the budgets and three-year plans of the

business units. Relative assessments, proposals and opinions are provided by the risk owners directly in the management of the different risks; in-depth discussions of the main risks also occur in the meetings of the Control, Risks and Sustainability Committee, as well as in board meetings.

The risks considered significant and connected with the Group's activities and more closely linked to the issues dealt with in this document are set out below.

Technological evolution of products - Time to market and new technologies; Compliance with product regulations.

The Group operates in sectors in which product development in terms of innovation, reliability, safety and functionality is an important driver for the maintenance and growth of its market shares. The Group's products are also subject to different regulations, including those regarding emissions and safety. The Group manages said risk with constant investments in research and development with the use of adequate skills and resources in order to guarantee its customers an offer of innovative and competitive products in line with their requirements and expectations.

Supply chain.

The Group is exposed to risks connected with the conduct of suppliers and the possible lack of visibility and control over suppliers' practices, with particular reference to questions of compliance with environmental and social legislation and to questions regarding the quality control of products received. With the aim of managing said risk, the Group performs periodic audits on its suppliers (a more detailed description of the methods of analysis and assessment of suppliers is reported in chapter 3.2).

Liability to customers and third parties.

The Group is exposed to potential risks of liability to customers and third parties connected with possible product liability due to potential design and/or manufacturing defects of the Group's products, also attributable to third parties such as suppliers and assemblers. In addition, if the products are defective, or do not conform to technical and legal specifications, the Group, also further to the request of supervisory authorities, could be obliged to withdraw said products from the market. With the aim of managing and reducing said risks, the Group arranges for the type approval and certification of its products by an independent body and has also taken out a master Group insurance coverage which minimizes the risks to the insurance deductibles only.

Personnel and workplace health and safety

This area concerns the risks linked to a non-adequate management of the processes for the attraction, selection, development, motivation and retention of key professional figures inside the Group and risks connected with the possible occurrence of injuries and near misses in workplaces and the accidents and the occurrence of occupational diseases. The Group applies personnel policies in line with what is prescribed in the Ethical Code for the purpose of evaluating its internal human resources and to attract external ones. With regards to health and safety in the workplace, policies are in force aimed at complying with legislative requirements. With particular reference to jobs more linked to production, measures are adopted to facilitate the work of operators, and go beyond legislative provisions. There is also a specific special part within the Model pursuant to Leg. Dec. 231/01.

Compliance

The Group is obliged to comply with legislation not only regarding products, but also with specific reference to environmental issues (e.g., environmental damage, acoustic pollution, emissions, waste and discharges), human rights and corruption. The Group manages the risk of non-compliance with legislation through internal procedures (including, where present, those relating to certifications), and compliance with the specific special part of the Model pursuant to Leg. Dec. 231/01 and, in general, the principles set out within the Ethical Code.

Information Technology

For several years, the Group has automated through its IT systems most of the operational processes to support its business, continuing a progressive and constant digitalization process, subsequent the exponential technological evolution in place. IT systems malfunction and crashes can have a direct impact on most business processes.

In the current economic and social context the risks of cyber security are increasing, especially because of cyber attacks.

If successful, such attacks could adversely impact the Group's business operations, financial condition or reputation. Also due to the recent investment of the Group in new and updated information systems, the Group has started the necessary activities to keep the systems protected and to guarantee their recovery following emergencies, as well as an adequate data storage capacity; furthermore, activities were started on the

enhancement of skills in the field of IT security, as well as awareness and training on information security. In parallel with the provisions of the European Regulation (GDPR), the Group constantly monitors the protection of rights in relation to the personal data processed.

The recent and rapid evolution of AI (Artificial Intelligence) technologies raises the issue of their impact on company business models and operational processes, with a general effect on competitiveness and efficiency. The group closely monitors the technology's evolution and continually evaluates its applications within its business model, in order to develop an appropriate investment plan, both in terms of resources and human capital, to seize opportunities and minimize adverse effects.

An update on the impacts of the Russian-Ukrainian conflict and further risks, principally connected with the achievement of economic-financial objectives, relative analysis and management policies, are set out in the Annual Financial Report.

With the support of the Control, Risks and Sustainability Committee, the Board has evaluated the adequacy of the organisational, management and accounting structure of EMAK and its subsidiaries with strategic significance, according to the guidelines it has established, with particular reference to the internal control and risk management system, as implemented by the managing directors.

1.3.5 Delegation of responsibility for the management of impacts

(Disclosure 2-13)

Emak and its subsidiaries have an internal control and management system which is considered by the Board of Directors of the parent Company to be adequate for the dimension and nature of the activity exercised, suitable for effectively monitoring the main areas of risk typical of the activity and appropriate for contributing to the sustainable success of the Group.

EMAK's Board of Directors, with the resolution passed on 29/4/2022, confirmed two executive directors assigned with supervising the functioning of the internal control and risk management system, with the aim of better monitoring the respective areas of responsibility:

- Luigi Bartoli (CEO) with regards to all the governance of all the controls that make up the internal control system and, in particular, those relating to the management of strategic, operating, compliance, protection of corporate assets and the reliability of information of a financial nature, supplied to the corporate bodies and to the market, with the exception of the area of responsibility indicated below;
- Cristian Becchi (CFO) with regards to the risks linked to the reliability of financial disclosures.

Each assigned director, each according to their area of competence,

- takes care of the identification of the major risks, taking account of the activities of the Issuer and of its subsidiaries, submitting them to the examination of the Board of Directors, which is supported in this activity by the Control, Risks and Sustainability Committee (Recommendation 34, a);
- implements the guidelines established by the Board of Directors, taking care of the design, development and management of the control and risk management system, constantly verifying its adequacy and effectiveness (Recommendation 34, b);
- adapts the system to take account of operating dynamics and legislative and regulatory evolution (Recommendation 34, b);
- assigns the Internal Audit department the performance of checks on specific operating areas and on compliance with internal rules and procedures in the execution of business operations, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors (Recommendation 34, c);
- promptly refers to the Control, Risks and Sustainability Committee with regards to significant issues emerging in the performance of their activity or which he has become aware of, so that the committee can take appropriate initiatives (Recommendation 34, d);
- proposes to the Board of Directors, in agreement with the assigned colleague, the appointment, removal and remuneration of the internal audit department manager.

1.3.6 Role of the highest governance body in sustainability reporting

(Disclosure 2-14)

The Board of Directors annually examines and approves the list of significant issues reported in the document, and on a two-year basis, its updating on the basis of the results of the materiality analysis. The consolidated

report of a non-financial nature is approved by the management body with the same timing as envisaged for the approval of the annual financial statements. In the fulfilment of its prerogatives, the Board is supported by the information gathering activity performed by the Control, Risks and Sustainability Committee, which has the task of examining the contents of periodic information of a non-financial nature. The Investor Relations office is assigned with the drawing up of the Non-Financial Statement through the gathering and analysis of data and information provided by the individual companies in the Group. The process of drawing up Emak's Non-Financial statement is regulated by a specific procedure, which prescribes the necessary steps and the parties involved.

1.3.7 Conflicts of interest

(Disclosure 2-15)

The Board of Directors has approved specific procedures aimed at ensuring that operations in which directors have an interest in conflict with the Company are resolved following a transparent and correct procedure, in both formal and substantial terms. These procedures were most recently updated with a resolution of the Board of Directors dated 20/12/2023. The identification of operations in conflict of interest is facilitated by the personal acquaintance that exists between the members of the Board, and by periodic monitoring by the board itself of the significant relationships held by each director with other companies inside and outside the Group of which Emak is a member.

Emak has established identification, approval, control and communication procedures for transactions entered into with related parties both directly and through subsidiaries.

The procedures were last updated by resolution of the Board of Directors on data 12 May 2021 and are available in Italian language on the company website in the section: "Investor relations" – "Corporate governance" – "Other documents", at the address: <https://www.Emakgroup.it/it-it/investor-relations/corporate-governance/altri-documenti/>.

The procedures deal, firstly, with extraordinary transactions, that is, non-recurring, of major or minor importance according to the law, entered into with related Parties, both when set up by Emak and when set up by subsidiaries. The various preliminary phases, the methods of approval and transparency of operations are all regulated.

When carrying out transactions of greater importance with related parties, the Group is obliged, according to the regulations, to draw up an informative document to make available to the public at the company's registered office, on the company website and on storage mechanisms, within seven days from approval of the operation on the part of the competent body or, if the competent body resolves to present a contractual proposal, when the contract, also of a preliminary nature, is concluded on the basis of the applicable regulations. Observations made by the independent directors and by the independent experts are disclosed together with the document. With regards to ordinary operations with and between Related parties, EMAK has adopted a second level procedure which takes the form of a framework resolution, approved by the Board of Directors, which identifies the dynamics, programmatically defines the goals and regulates the conditions under which current, that is, usual, operations are carried out, forming part of ordinary industrial activity, regulated at conditions aligned with those of the market.

1.3.8 Communication of critical areas

(Disclosure 2-16)

The Group's activities are subject to continuous monitoring by the Board of Directors through the activity performed by internal committees and through the reporting of executive directors on the exercise of their powers. As well as updates of business trends, any extraordinary activities and significant initiatives, any critical areas emerging and detected in daily work activities and worthy of attention on the part of the Board as a whole, are subject to board discussion.

No critical areas requiring a specific resolution by the management body have been reported to the Board during the financial period.

1.3.9 Collective expertise of the highest governance body

(Disclosure 2-17)

The Chairman of the Board of Directors, in their role of liaising between the executive and non-executive directors, ensures that all members of the management and control bodies can participate in initiatives aimed at their adequate knowledge of the sectors in which the Group operates, of the business dynamics and their evolution, also with a view to sustainable success as well as to the principle of the correct management of risk and to the reference legislative and self-regulatory framework.

1.3.10 Performance appraisal of the highest governance body

(Disclosure 2-18)

The self-appraisal of the Board of Directors refers to the dimension, composition and concrete functioning of the Board and of its Committees, considering also the role that it has played in the definition of strategies and in the monitoring of the operating trends and the adequacy of the internal control and risk management system. Self-appraisal occurs in Emak on a three-yearly basis, in view of the renewal of the Management Body.

The last self-appraisal, performed by the retiring Board of Directors, was completed on 28.2.2022 following an information-gathering exercise conducted by the Appointments Committee. It was performed, without making use of external consultants, on the basis of a questionnaire submitted to each director.

In the first section of the questionnaire, submitted to all members of the Board, the following areas were referred to:

- the characteristics of the directors, the Board and the Committees;
- the adequacy of the board induction activity on significant issues;
- the programming of board meetings;
- the information provided before the holding of board meetings;
- the proceedings of the board meetings.

The questions included in the second section, reserved for executive and independent directors, referred, instead, to the functioning of each advisory Committee and the coordination between the parties involved in the Internal Control and Risks Management System.

At the conclusion of the above-described self-appraisal process, the Board evaluated positively the dimension, composition and functioning of its structure and its activity; similar conclusions were reached with reference to its Committees. The overall favourable evaluation expressed by the Board of its structure and its functioning accompanies a similarly positive evaluation on the frequency, significance and productivity of board discussions, as well as on the level of reciprocal and constructive control that the different components of the Board exercise on each other.

1.3.11 Remuneration rules

(Disclosure 2-19)

The goals pursued by Emak's Board of Directors in the definition of remuneration policy is that of attracting, retaining and motivating company management, so as to align with its interests in the sustainable success of the enterprise, which takes the form of long-term value creation to the benefit of the shareholders, taking account of the interests of other significant stakeholders for the company.

The specific strategic objectives, which the shareholders' meeting has traditionally assigned to the Board of Directors and which are traditionally shared by it, are aimed at a balanced, lasting and constant development, pursued in compliance with the ethical principles that has traditionally guided the company's actions.

Attention is particularly focused on a constant and balanced improvement in results, in a dynamic and highly competitive context, with the requirement to obtain significant resources sufficient to foster both organic growth and external growth in the diversified sectors in which the Group carries on its business.

Emak's remuneration policy has been defined according to a time period of three financial periods, coinciding with the duration of the current board mandate and the timescale of the industrial plan used to establish objectives.

In the context of its Board of Directors, Emak attributes variable remuneration components to only executive directors. In their favour, in line with current best practices on the question and on the basis of a benchmark analysis, for the remuneration of executive directors, the following has been established:

- a fixed component, recognized in composite form as executive remuneration and position allowance;
- a short-term variable component;
- a medium-term variable component.

The criteria established for a correct balance between the fixed component and the variable component, which is adequate and consistent with the Company's strategic objectives and risk management policy, provide, however, that the variable part represents a significant part of the overall remuneration; maximum limits to the disbursement of the variable components; predetermined performance targets, measurable and linked to a large degree to a medium-long-term timeframe, consistent with the company's strategic objectives and aimed at promoting sustainable success; an adequate deferment period – with respect to the time of accrual – for the payment of a significant part of the variable component, consistent with the characteristics of the enterprise and with the connected risk profiles.

The medium-long term incentive remuneration involves two mechanisms for ex post corrections of fees previously set aside:

- the subjection of the annual incentives set aside in the financial periods of the three-year plan to a final adjustment, upon the expiry of the directors' mandate, so that the medium-long-term (three-year) incentive component is calculated definitively on the basis of final data at the end of the three-year period;
- the provision that the resignation or forfeiture of a director occurring before the natural expiry of the mandate implies the revocation of the long-term incentive benefit.

No reimbursement mechanisms are envisaged for incentives already accrued, as it is considered that there are sufficient safeguards against the undeserved receipt of rewards.

The variable components of the remuneration of executive directors correspond to the achievement of certain short and medium-long term financial objectives.

Specifically, the indicators chosen for determining the variable component of remuneration are the following:

- short-term financial objectives: turnover, EBITDA, working capital;
- medium-long-term objectives: the creation of value generated on the basis of the relative three-year plan coinciding with the board mandate. The reference value at the beginning and end of the period is measured in terms of a multiple of EBITDA, +/- the net financial position, with relative adjustments for non-recurring and/or extraordinary transactions.

Considering the characteristics of the sectors in which EMAK operates, the profitability targets that its management must aim for are linked to the consistency of results, rather than their momentary intensity, as well as the consolidation of the conditions necessary for preserving their stable future consistency. As a result, emphasis is given in the plans to product and process investments, to the control of costs and funding, to growth for external lines. The relationship, constantly confirmed over the years, between incentivising rewards to top management on the one hand, and gross profitability and net financial position, on the other hand, reflected in the plans, is considered to be for Emak a strategic factor for success.

1.3.12 Procedure for determining remuneration

(Disclosure 2-20)

The remuneration policy currently adopted by EMAK was introduced following the renewal of the corporate bodies resolved by the shareholders' meeting of 29 April 2022, applying to the entire mandate which will terminate with the approval of the financial statements for the 2024 financial year. On the same occasion, the shareholders' meeting established the maximum remuneration of the control body with a unanimous vote.

In complying with the remuneration limits set by the shareholders' meeting, the remuneration committee subsequently drew up a detailed proposal for the distribution between the directors of fixed fees and the attribution of variable fees; it then submitted it to the board, taking account:

- of the general and specific aims of the different types of remuneration;
- with regards to the distribution of the fixed components of remuneration between directors, of the specific offices and attributions assigned to each of them, and the level of commitment, responsibility and professionalism respectively required of each of them, in particular, of the independent directors, in the performance of their tasks;
- with regards to the incentivising variable components, of the Board of Directors' chosen policy on the question of targets as represented in the multi-year plan, drawn up for the 2022-2024 term of office;
- of the practices in use within the Company;
- of the personality of the executive directors, of the respective professional profile, of the values and management style characterizing each one.

The Board of Directors evaluated the proposals of the committee and resolved, with regards to the distribution of fixed fees attributable to the directors for the entire term of office on the board, on 15/5/2022. On the same date, the Board of Directors has extended the incentivising medium-long-term remuneration model provided for executive directors also to certain top-level managers, although not holders of strategic responsibilities, engaged in various corporate functions.

During the shareholders' meeting that last examined Emak's remuneration policy, held with the intervention of only one designated representative, it was not possible to develop any sort of discussion on the issue. No questions had been made to the company before the meeting, however. The only indication that the Shareholders expressed on that occasion was, therefore the vote on the proposals formulated by the board.

The shareholders' meeting, by a unanimous vote, expressed its binding opinion in favour of the remuneration policy; it also approved with a unanimous constitutive vote the second section of the report regarding a description of the fees effectively paid during the financial period.

1.3.13 Total annual remuneration ratio

(Disclosure 2-21)

For the purpose of calculating the annual pay ratio, the basic salary and any allowances, bonuses, commissions and variable MBOs disbursed during the year to employees in force as at December 31, 2023, net of hires in 2023, were considered. Long-term incentives according to the accrual basis, even if not yet accrued, were also included.

Ratio of the annual total compensation for the organization's highest-paid individual ² to the median annual total compensation for all employees (excluding the highest-paid individual)	13.6
Ratio ³ of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	NA ⁴

For a more detailed description of the Committees in the Emak Group, reference should be made to the Annual Financial Report for the year ended 31 December 2023 and the Corporate Governance Report and Ownership Structure 2023, published on the www.emakgroup.com website.

1.4 Ethics, integrity and compliance

(GRI 2-23; 2-24; 2-25; 2-26)

In the performance of its activities and in the conduct of business, the Emak Group ("the Group" or "Emak") adopts conduct characterised by high ethical standards, on the basis of absolute correctness, in full respect of the rights of others, and in compliance with the laws in force and the principles of Group membership.

The Emak Group carries out its activity based on correctness, meant as respect for the rules, transparency, safeguarding the human rights and the environment, in order to protect not only the image of all the companies of which it is composed, but also their stakeholders.

The Group companies have activated preventive insurance coverage and put in place at least the measures required by the applicable legislation to cover the possible emergence of negative impacts related to the material topics.

The Italian companies of the Group have adopted and implemented an **Organisation, Management and Control Model** on the basis of Leg. Dec. 231/2001, considering their dimensions and degree of risk in relation to the violations contemplated by the Decree. The Model, besides to comply with a legislative requirement, is an instrument which allows to properly manage the complexity of situations in which the company has to operate, clearly defining a series of principles and values to guide its activities.

In line with the adoption of the Organisation, Management and Control Model, the Group has adopted an **Ethical Code**, shared with all the companies of the Group, periodically updated and shared with all the employees and the various subjects which collaborate with the companies. The Code establishes the corporate principles and values that inspire the companies of the Group in the performance of their activities and which form the identity of the enterprise, constantly orienting strategic choices and policies in the businesses in which it operates. Group companies adopt adequate measures to promptly discover and eliminate risk situations, preventing illicit behavior or in any case contrary to the principles expressed in the Code of Ethics by any person acting for the Group.

The inspiring corporate principles and values are as follows: fairness, competence, team spirit, innovative spirit, impartiality and honesty, fight against corruption, respect for people, transparency in relationships and confidentiality, combining economic, social and environmental sustainability.

² The highest-paid individual is the Group Chief Executive Officer.

³ For the calculation of the median percentage increase in annual total compensation of employees, employees hired in 2022 and 2023 were excluded, in order to be able to compare the remuneration of employees in force in both years.

⁴ Requirement b of information 2-21 is not applicable as the numerator presents a percentage decrease in total annual remuneration. However, the denominator showed a percentage increase of 6%.

Emak's Code of Ethics also defines the areas of application and the commitments of the Group in internal and external relations. It represents the moral commitment to the various stakeholders, including collaborators, shareholders, customers, suppliers, institutions, the financial community and the Public Administration.

The recipients of the document are all those who work in the name and on behalf of Emak (employees, directors, administrators, consultants, collaborators, etc.), who are required to know its content, to contribute to its implementation and to the dissemination of the principles formalized therein, also requesting respect from all those with whom they have business relations. A correct and effective application of the Ethical Code is possible only through the commitment and contribution of the entire structure of the Group, which has the task of making all conduct consistent with the principles expressed.

The Code of Ethics is widely disseminated to all recipients, also by including it in the "Sustainability" section of the Group website www.emakgroup.com, in Italian and English.

The Code and any future updates thereof are defined and approved by the Board of Directors of the Parent Company Emak S.p.A. based on the context in which the Group operates and its evolution.

The companies that adopt the 231 model undertake to train new hires on the issues set out in the Code of Ethics and in the Model: new hires are given a summary information set that ensures the knowledge considered to be of primary importance.

In companies that have not adopted the Organization, Management and Control Model, full compliance with local regulations and, if more restrictive, with the rules of conduct of the Code is guaranteed.

Each recipient who finds or suspects a breach of the Ethical Code is obliged to report to the Department Head, to the Supervisory Body of the respective Parent Company or to use the channels specifically set up for the communication of reports relating to breaches of the Ethical Code. Communication and dialogue channels are also active, through which Stakeholders can send reports or complaints to Group companies, which are then examined by the competent internal functions. In compliance with the law, the Italian companies of the Group have adopted a procedure and set up suitable information channels for the communication of any reports of non-compliance regarding the administrative liability of the organization. In compliance with the provisions of current legislation, the Group has also implemented a specific whistleblowing procedure.

It is emphasized that Emak S.p.A. adopts a **Management System** inspired to the SA 8000: 2014 (Social Accountability) standard with the aim of ensuring the ethics of its production processes and, indirectly, of its supply chain. The fulfillment of the requirements is verified through internal audits and the performance expectations are measured through indicators in line with the standard in question.

Anti-corruption

(GRI 205-3)

The Emak Group pays great attention to the issue of the prevention of risks linked to corruption. In general, all those who act in the name and on behalf of the Emak Group are required to adopt an ethical behaviour, respectful of applicable laws, based on full correctness, transparency and integrity, as required by the principles of conduct contained in the Group's Ethic Code.

With particular regard to the relationships and behaviours put in place with external subjects, are prohibited illegal, collusive, or potentially such practices and behaviours, illicit payments, instigations to corruption, corruption, favouritism, solicitations, direct or through third parties, of advantages for themselves or for others, contrary to the laws, regulations and the provisions of the Ethic Code. This prohibition includes the offer, direct or indirect, of goods and services, aimed at influencing decisions or transactions.

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

This Model is aimed at the prevention of offenses belonging to various categories, including corporate crime, extortion, undue inducement to give or promise utilities and corruption. In addition, a system of procedures, both manual and computerised, has been set up as a guideline to follow in relevant company processes and to provide for specific points of control, with the aim of guaranteeing the correctness, effectiveness and efficiency of company activities.

No cases of corruption and/or relevant reports were registered in 2023.

Anti-competitive behavior

(GRI 206-1)

In 2023, there were no cases of anti-competitive behavior and / or reports on the matter.

Since February 2021 there has been a dispute related to a hypothesis of violation of industrial property rights concerning a subsidiary company.

Human rights

(GRI 2-23)

The Emak Group supports and complies with human rights and promotes compliance of applicable employment regulations. The Group considers the impartial treatment of people as a fundamental value within the sphere of every relationship both internal and external and considers the individual, their values and their rights, as values to be safeguarded. The conduct of every employees and freelance worker must conform to the legislative and contractual regulations governing employment relations.

All the companies in the Group are subject to the provisions of the Code of Ethics based on the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions and the UN Convention on the Rights of the Child.

Through the dissemination of the Code of Ethics, the companies have set up a means of oversight with the aim of guaranteeing compliance of human rights, also in areas of greater potential risk with relation to these issues.

In addition, the implementation of an integrated Management System inspired to the SA8000:2014 demonstrates the concrete commitment of the parent company Emak S.p.A., to adopt socially responsible behaviours, as well as its focus on quality and continuous improvement and on the protection and safeguarding of human rights, besides mere legal compliance. In consideration of this, in Emak S.p.A 100% of the activities are subject to checks on the respect of human rights or assessment of the impact on human rights.

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

1.5 Climate Change

Climate change carries with it two types of risk: (i) transition and (ii) physical.

Transition risks derive from the transition towards a low carbon and climate-resilient economy to meet climate change mitigation and adaptation requirements (policy, legal, technological, market and reputational risks). The main transition risks include, by way of example and not in exhaustive terms: transfer to alternative energy sources; electrification of buildings and industrial activities; technological change; change in consumer preferences towards more sustainable products; carbon pricing.

Physical risks derive from the physical effects of climate change (acute and chronic) and can have financial implications for organizations.

Management carries out assessments regarding the impacts on business activities of risks linked to climate change, both regarding the transitional and physical types. Within its Enterprise Risk Management model, the main risks associated with climate change have been mapped, figures responsible for their monitoring have been identified and initiatives to combat any negative impacts have been implemented. The model, as a living management tool for Group activities, is periodically updated by the Risk Management department, shared with the Control, Risks and Sustainability Committee and, finally, subject to examination by the Board of Directors. It should be noted that in the drawing up of its industrial plans, the Group formalizes specific sections dedicated to the risks associated with climate change in which the planned initiatives are set out and, where the data is available, the expected investments, costs and revenues are quantified for the planned initiatives. To date, on the basis of the analyses performed and on the nature of the Group's activities, particular attention is focused on the mitigation of transition risks, considered those with the greatest potential impact. In the Management's view, on the basis of prospectively observable information, said risks can have impacts mainly on the Outdoor Power Equipment segment, which represents 30% of Group revenues.

Transition risks are managed inside the Group in day-to-day business activities. The regulatory evolution of Group's products is followed and monitored by the technical structures through membership and participation in meetings of trade associations which provide information on what will be the requirements of the products in the years to come. The Group's research and development activity (see the specific paragraph) is directed on the basis of the regulatory evolution. The evolution of consumer preferences is monitored through the commercial and marketing structure, with constant contact with the distribution network and through the category associations in which the Group participates. With regards to aspects linked to energy procurement, this area is monitored by the purchasing department.

Said risks open up, at the same time, interesting opportunities from both the point of view of business development (e.g., development of electric/battery-run products, growth of the agriculture sector) and with regards to efficiency (e.g., reduction in energy consumption).

With regards to physical risk, the Group is carrying out scenario analyses aimed at identifying and understanding what the effects of a series of climate events could be on company assets. Specifically, the analysis has been performed taking into consideration the Group's production plants and identifying the most relevant risks, their future projection over two time horizons consistent with the Group's business and considers two scenarios (one pessimistic and one optimistic). Finally, the analysis examines the initiatives already undertaken and those planned that can mitigate any negative effects of climate events. The work carried out to date has concerned 4 specific risks and, for each, the companies potentially most impacted, the interventions already implemented in order to mitigate the risk and possible initiatives to be implemented have been identified:

- ✓ water stress: the possible negative impact appears to be mitigated by the limited use of water in the Group's production processes and by the reuse procedures already in place at most of the companies involved;
- ✓ heat stress and change in air temperature: the possible impact linked to the well-being of employees and the economic implications of the phenomenon are mitigated by the use of air cooling systems within the production premises and by the flexible organization of work;
- ✓ river flooding: the possible negative impact linked mainly to economic aspects is mitigated by the limited number of plants potentially affected and, in the most pessimistic hypotheses, by their limited weight on the Group's activities.

The analysis carried out so far has not determined the need for interventions by the Group. Through dedicated departments, the Group will continue its monitoring of the scenarios and their evolution so as to always have updated bases for risk assessment and any implementation of mitigating actions.

2. Approach to Sustainability

In the light of its reference context and with increasing awareness of the importance of adopting an integrated and synergic approach, the Emak Group has undertaken a programme of assessment and reflection regarding the issues of sustainability with the aim of identifying a set of issues relevant both to the Group and to its stakeholders.

Identification of the stakeholders

(GRI 2-29; 2-28)

The Group has implemented a mapping and identification process of the main categories of stakeholder, through benchmarking and an analysis of the reference context of its activities. This made it possible to define a map showing the main reference stakeholders:



For each category of stakeholder, the Group has identified the thematic areas of specific interest and the main communication channels in order to establish a constructive relationship between the parties capable of satisfying each other's needs in the medium to long term. The following table summarizes the results of this process.

Stakeholder	Thematic area	Main instruments of dialogue
Employees and freelance workers	<ul style="list-style-type: none"> - Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare 	<ul style="list-style-type: none"> - Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Support to employees' recreational facility
University and Research Centres	<ul style="list-style-type: none"> - Transparency - Research, development and innovation 	<ul style="list-style-type: none"> - Communications with top management - Financial relations - Scientific publications - Tenders and competitions - Training apprenticeships / internships/ thesis preparation support
Customers (B2B)	<ul style="list-style-type: none"> - Anticipation and understanding of customer expectations and needs - Customer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of customer satisfaction - Management of claims - Pre and post-sale customer service - Commercial communications - Participation in trade fairs and events
Consumers (B2C)	<ul style="list-style-type: none"> - Consumer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events
General Public	<ul style="list-style-type: none"> - Relations with the general public - Attention towards respect of the territory - Support of social initiatives - Support to employment - Legality 	<ul style="list-style-type: none"> - Institutional website - Meetings and events in the territory - Press releases - Activities to support the artistic-cultural heritage in sites of public interest - National and regional research projects - Support to charities and the voluntary sector - Sponsorships
Institutions and regulatory bodies	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Legality - Relations with institutions 	<ul style="list-style-type: none"> - Institutional website - Information provided further to request - Reports and Statements - Shareholders' meetings - Press releases
Suppliers	<ul style="list-style-type: none"> - Transparency - Ethical responsibility - Human rights and working conditions - Continuity in relations - Qualification and assessment - Negotiating conditions - Development of partnerships 	<ul style="list-style-type: none"> - Institutional website - Participation in initiatives and events - Negotiation reports
Shareholders and investors	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance 	<ul style="list-style-type: none"> - Institutional website - Financial reports - Road shows (meetings with the community) - Shareholders' meetings - Press releases

The Emak Group, both in Italy and abroad, participates in the activities of various associations and organizations in order to stay up-to-date on the latest developments and trends in the sector. After evaluating the strategic interest, the Group plays an active role in the projects or committees promoted by the various entities.

Specifically, the Group companies participate in the following associations:

Body/Association	Description	Company
ABIMAQ	Brazilian Association of Machines and Equipment	Lemasa; Agres; Tecomec S.r.l Lavorwash Brasil
ABRALIMP	Brazilian Association for professional cleaning market	Lavorwash Brasil
AEA	English Trade Association for manufacturers and importers of agricultural machinery and outdoor power equipment	Emak UK
AEF	Agricultural Industry Electronics Foundation	Agres
AEFIMIL	Spanish Association of Manufacturers and Importers of Industrial Cleaning Equipment	Lavorwash Iberica
ANSEMAT	Spanish Association for manufacturers and importers of machinery for agriculture and green care	Emak Suministros Espana S.A.
APIINDUSTRIA CONFIMI MANTOVA	Association for small and medium enterprises of Mantua	Lavorwash S.p.A.
APLA	Latin American Petrochemical and Chemical Association	Lemasa
AXEMA	French Association for manufacturers of machinery for agriculture and green care	Emak France SAS
CCI-Competence Center ISOBUS	Association for cross-manufacturer co-operation in the field of high-tech and agriculture	Agres
CETA	Association of manufacturers of cleaning machinery	Valley Industries LLP
CGPME	French association of small and medium sized enterprises	Speed France SAS
CICC	Italian Chamber of Commerce in China	Tailong (Zhuhai); Jiangmen Lavorwash Equipment Lavorwash Trading
ConectarAGRO	Association that aims to guarantee 4G internet access in all rural areas in Brazil, thus promoting Agriculture 4.0	Agres
CREA	Regional Council of Engineering, Architecture and Agronomy in Brazil	Agres
EGMF	Federation of European manufacturers of machines for gardening, forestry and green care	Emak S.p.A.
EUCCC	European Union Chamber of Commerce in China	Jiangmen
EUROMOT	European Association of Internal Combustion Engine Manufacturers	Emak S.p.A.
FACC	French-American Chamber of Commerce	Speed North America Inc.
FederUnacoma	Italian federation of manufacturers of agricultural machinery	Emak S.p.A.; Tecomec S.r.l
FIEP	Federation of Industries of the State of Parana	Agres
Företagarna	Swedish Federation of Business Owners	Markusson
Highway 23 Coalition	Group of community leaders advocating for the connection of commerce in Greater Minnesota through improved roadways	Valley Industries LLP
ICA	International CarWash Association	Valley Industries LLP
INDICOD-ECR	Italian association for the diffusion of barcodes	Lavorwash S.p.A.
ISSA & AFIDAMP FAB	Worldwide association for the cleaning industry & Italian Association of Manufacturers of Machinery, Products and Equipment for Professional Cleaning and Hygiene	Lavorwash S.p.A.
MANTOVA EXPORT	Consultancy Consortium for companies in Mantua for import-export	Lavorwash S.p.A.
OPEAA	The Outdoor Power Equipment Aftermarket Association	Speed North America Inc.
Paynesville Area Chamber of Commerce	Paynesville Area Chamber of Commerce	Valley Industries LLP
PCASA	Plastics Convertors Association of South Africa	Speed Line South Africa Ltd.
SEBRAE	Brazilian Service of Support for Micro and Small Enterprises	Agres
SEDEX	Supplier Ethical Data Exchange	Speed Line South Africa Ltd.
Unindustria Reggio Emilia	Industrial association of Reggio Emilia	Emak S.p.A.; Comet S.p.A.; Tecomec S.r.l.; Sabart S.r.l.
WJTA	Water Jet Technology Association	Lemasa; PTC S.r.l.
Wooster Area Chamber of Commerce	Wooster Area Chamber of Commerce	Speed North America Inc.

Materiality analysis

(GRI 3-1; 3-2; 3-3)

The Group periodically carries out a materiality analysis, which is subject to specific approval by the Board of Directors, in order to identify the social, environmental and economic topics to be included in the NFS.

The topics are selected taking into consideration their influence on stakeholder decisions and assessments and on the basis of actual and potential, positive and negative impacts on the economy, the environment and people, including impacts on human rights, deriving from the activities of the Group and its business relationships. The list of topics thus selected includes what is specifically required by the applicable legislation on NFS (Article 3 of Legislative Decree 254/2016), by the indications of the GRI standards and by sector best practices. It also takes into account the relevance given to the various topics by the current external context.

During 2023, no significant changes such as to change the strategic and operational approach of the Group occurred. The topics that emerged as relevant from the 2022 materiality analysis were found to be in line with the priorities of the Group and its stakeholders also for this reporting year.

The list of material topics was identified through a process that was divided into two phases.

The first phase concerned the definition of potentially significant non-financial topics for the Group. This definition took place through a benchmark analysis, aimed at identifying the main impacts generated by the Group, conducted by examining the reporting guidelines and publications of the main international organizations (S&P Global, SASB, GRI, etc.); this analysis was completed by integrating it with the information reported in public documents by the ten main players in the sectors in which the Group operates. In addition, global sustainability trends were also considered, taking into consideration, for example, press reports and regulatory updates, as well as the Group's business relationships.

The second concerned the prioritization of the topics to be reported.

To this end, both the stakeholders and the governance bodies of the Group were involved in a survey. Both categories were asked to answer the questions contained in a specific questionnaire, updated and enriched on the basis of the results of the benchmark analysis carried out and the evaluations and suggestions provided by the Control, Risks and Sustainability Committee. The questionnaire was administered to both categories of respondents at the same time, so that their assessments were not influenced by a particular sensitivity of the moment to the topics covered.

As for the stakeholders, the questionnaire was administered to employees and collaborators, customers, suppliers, investors and consultants. The responses received were analyzed together with the results of the benchmark analysis described above.

As for the governance bodies, the same questionnaire was administered to the members of the Board of Directors, the Board of Statutory Auditors and the Group's top management.

The joint analysis of the results revealed a marked coherence between the topics considered to be priorities by the Stakeholders and those on which the Group focuses mainly. The topics most closely connected with Emak's business, strategy, mission and values were in fact assessed by both categories as those with the greatest impact: "Economic value creation and distribution", "Technology development and innovation", "Product quality and efficiency", "Occupational health and safety protection" and "Product safety".

The following table shows the list of material topics, their description, the Group's involvement in the impacts and the reference GRI Aspect. Emak's involvement refers to the type of impact and can be classified as "caused by the Group", "directly linked to the Group through its business relationships", or "to which the Group contributed" on the basis of the role that the organisation has in the generation of the impact.

Material topic	Impact's description	Impact's nature	Emak's involvement	Aspect GRI
Economic and business responsibility				
Economic value creation and distribution	Positive impacts deriving from the creation and distribution of economic value among the various categories of Stakeholders through the achievement of positive economic-financial results in the short/medium/long term	Positive Actual	Caused by the Group	201
Compliance with tax legislation	Positive impacts deriving from the contribution to the economies of the countries in which the Group operates through compliance with current tax legislation and the adoption of good tax practices	Positive Actual	Caused by the Group	207
Fight against corruption	Corruption incidents	Negative Potential	Caused by the Group	205 206
Sustainable procurement practices	Positive impacts deriving from the selection of suppliers on the basis of fair and transparent procedures, supporting local suppliers where possible	Positive Potential	Caused by the Group	204
Social responsibility				
Occupational health and safety protection	Promotion of workers' health and safety through compliance with regulatory requirements and signed agreements and the promotion of dedicated interventions and practices	Positive Potential	Caused by the Group	403
Employment creation and maintenance	Creating and maintaining jobs, attracting new talent, and providing fair working conditions	Positive Potential	Caused by the Group	401
Training and instruction for workers	Improvement of the skills of staff and consolidation of the required professionalism through the offer of development and training programmes	Positive Actual	Caused by the Group	404
Improvement of employee well-being	Improvement of the well-being of employees through the promotion of dedicated interventions and practices	Positive Actual	Caused by the Group	N/A
Supplier assessment applying social criteria	Negative impacts related to the procurement of goods and services from suppliers, in particular the impacts generated by them on social aspects	Negative Potential	Directly linked to the Group through its business relationships	414
Promotion of diversity and equal opportunities	Diversity, inclusion and equal opportunity in the workplace	Positive Actual	Caused by the Group	405
Fight against episodes of discrimination	Potentially negative impacts deriving from episodes of discrimination in its operations involving internal and/or external stakeholders	Negative Potential	Caused by the Group	406
Respect for human rights in business activities	Respect and protection of human rights and working conditions in carrying out the activities	Positive Potential	Caused by the Group and directly linked to the Group through its business relationships	408 409
Prevention and fight against child labor	Potentially negative impacts deriving from the exploitation of child labor in the context of its activities and through its relationships with third parties (e.g. customers, suppliers)	Negative Potential	Caused by the Group and directly linked to the Group through its business relationships	408

Prevention and fight against forced or compulsory labor	Potentially negative impacts deriving from any form of forced or compulsory labor within the scope of its activities and through its relationships with third parties (e.g. customers, suppliers)	Negative Potential	Caused by the Group and directly linked to the Group through its business relationships	409
Protection of freedom of association and collective bargaining	Potentially negative impacts deriving from the failure to protect workers' rights to exercise freedom of association and collective bargaining	Negative Potential	Caused by the Group	407 402

Environmental responsibility

Sustainable energy management	Negative impacts caused by the use of energy	Negative Actual	Caused by the Group and directly linked to the Group through its business relationships	302
Waste reduction and circular economy	Negative impacts caused by the generation of hazardous and non-hazardous waste	Negative Actual	Caused by the Group	306
Emissions reduction	Generation of direct and indirect energy GHG emissions	Negative Actual	Caused by the Group	305
Sustainable water management	Use of water in production processes with consequent negative impacts on the environment	Negative Actual	Caused by the Group	303
Supplier assessment applying environmental criteria	Negative impacts associated with the procurement of goods and services from suppliers, in particular the impacts generated by them on environmental aspects	Negative Potential	Directly linked to the Group through its business relationships	308

Product and service responsibility

Technology development and innovation	Design of innovative products through targeted research and development activities	Positive Actual	Caused by the Group and to which the Group contributed	N/A
Product quality and efficiency	Offer of products with high quality and efficient characteristics with consequent positive impacts on customer satisfaction	Positive Potential	Caused by the Group	N/A
Product safety	Incidents of non-compliance in the field of product safety	Negative Potential	Caused by the Group	416
Customer service	Offer a good level of customer service	Positive Actual	Caused by the Group	N/A
Sustainable products	Offer of increasingly sustainable products both in terms of materials and consumption, and implementation of product life cycle analyzes to quantify potential impacts on the environment	Positive Potential	Caused by the Group	305

**The Group has identified the categories of other significant non-employees workers with regard to health and safety issues (temporary workers involved in the production process, stable maintenance staff and shipment/logistic cooperatives) and reports the accident data of these workers who operate at the Group's premises and / or under the control of the Group, following the assessment of the quality and accuracy of such data over which it does not exercise direct control.*

3. The priorities of the Group

The following chapter focuses on the priorities of the Emak Group, defined on the basis of materiality and the main strategic interests, grouped in the macro areas of social, product, economic and business, environmental responsibility.

3.1 Social responsibility

3.1.1 The people in the Group

(GRI 2-7; 402-1; 2-30)

In line with the values of expertise and team spirit at the basis of its own conduct, the Emak Group aims for excellence through the continuous improvement of its professionalism and the extensive involvement of staff at all levels. The staff and collaborators involved in the Group's activities are a strategic and precious resource, and for this reason the Group undertakes to guarantee respect of their rights, fostering their wellbeing and promoting their professional development.

Given the organisational structure of the Group and its strong presence both in the Italian territory and abroad, in order to manage in a harmonious and homogeneous manner all the activities related to staff's control and management, the Group has set up a committee composed by the members of the Human Resources departments of each Italian company, who are responsible for coordinating and supervising the activities relating to the staff of the respective foreign subsidiaries. Since 2021 the global HR platform is being implemented, a software solution that will allow the standardization and improvement of the Human Resources management process at Group level, in particular as regards performance evaluation, selection and onboarding of staff and succession plans. The platform increases the Group's identity and the sense of belonging of people, who will be able to communicate globally through a common tool.

At 31 December 2023 the Group's workforce numbered 2,362 persons, an increase of 3.42% compared to the previous year (2,284 employees in 2022). The acquisitions of Bestway (included in the Pumps and Water Jetting segment) led to an increase in the workforce of 81 employees. Excluding this change, in 2023 the workforce would amount to 2,281 employees, a slight decrease compared to the previous year (-0.13%), mainly as a consequence of the reduction in production volumes. Male employees account for 65.8% of staff (65.3% in 2022), and female 34.2% (34.7% in 2022). It should be noted that the Group headed by Lavorwash S.p.A. records a percentage of women greater than 50%.

The distribution of employees by business segment and geographical area is shown below:

	OPE		PWJ		C&A		Not allocated		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Europe	537	552	502	498	285	288	9	9	1,333	1,347
Americas	16	15	365	274	262	248			643	537
Asia, Africa, Oceania	172	180	92	101	122	119			386	400
Total	725	747	959	873	669	655	9	9	2,362	2,284

Geographically, the majority of the company population is concentrated in Europe, with 1,333 persons employed (1,347 in 2022), equal to 56.4% of the total (59.0% in 2022). In the Americas 643 persons are employed (537 in 2022), equal to 27.2% of the total (23.5% in 2022). In the Rest of the World, lastly, 386 persons are employed (400 in 2022), equal to 16.3% of the total (17.5% in 2022).

Below is shown the distribution of employees by country at 31 December 2023 compared to the previous year:

Employees at	31.12.2022	Change in scope of consolidation	Other movements	31.12.2023
Italy	1,072	-	(13)	1,059
France	163	-	(1)	162
UK	10	-	1	11
Spain	35	-	-	35
Poland	38	-	-	38
Sweden	5	-	-	5
China	390	-	(25)	365
Usa	138	81	56	275
Ukraine	24	-	(1)	23
South Africa	10	-	11	21
Brasil	356	-	(29)	327
Mexico	20	-	-	20
Morocco	-	-	-	-
Chile	23	-	(2)	21
Total	2,284	81	(3)	2,362

With regards to the breakdown of staff by age group, most employees are concentrated in the 30 to 50 group (53% with 1,255 people); 32% of staff are over 50 years old (760 people), while 15% are under 30 (347 employees).

Confirming the Group's wish to create strong and long-lasting professional relationships, the permanent contract remains predominant with 94% of permanent contracts, in slight increase compared to the previous year.

Some companies have an ongoing employer branding campaign in order to increase the company's attractiveness towards the outside and reduce turnover.

The Group is also committed to promoting dialogue with its employees, with the aim of reconciling people's needs with the Group's growth objectives. This commitment means entering into different categories of contracts: from national and/or sector bargaining, to collective and/or company contracts, to individual contracts. 76% of employees were covered by collective bargaining agreements in 2023.

The notice period provided to employees prior to the implementation of significant operational changes is defined in the Italian companies of the Group by the collective bargaining agreements and can vary from a minimum of 7 days to a maximum of 4 months based on the type of collective bargaining agreement applied, the professional category and the seniority. For the foreign companies of the Group, a minimum notice period is applied in compliance with the provisions of local legislation or collective agreements, if any.

During 2023 no disputes relating to employees were reported.

3.1.2 Training and wellbeing of employees

(GRI 404-1; 404-2; 403-6)

The Emak Group invests in the development of its people through training and orientation towards precise objectives, through dedicated courses and updating, with the aim of strengthening the specific skills of every member of staff inside the organisation. During 2023, training expenses amounted to around € 378 thousand.

The definition of training and skills development projects is defined on the basis of the corporate strategies to be pursued. The different companies in the Group carry out every year an assessment of the performance of employees, through interviews or questionnaires, with the aim of identifying any professional gaps, which results lead, together with an analysis of specific training needs and specific requests for professional updating, to precise training programmes to implement during the following year.

22,220 hours of training and skills development activities have been provided during 2023, in slight decrease compared to the 23,895 hours of 2022. Average per head was 9.4 hours, compared to 10.5 hours in the previous year.

In 2023, 33.9% of the training hours provided concerned health and safety issues (37.0% in 2022), 2.5% anti-corruption issues (2.4% in 2022) and the remaining 63.6% other topics (60.5% in 2022).

Main types of training and instruction organised include:

- **language training**, aimed at improving language skills and achieving the certificates;
- training on **health and safety** issues, that is, relating to the learning of legal and/or company rules and regulations on the issue of safety;
- **training on model 231**, on the issues of **anti-corruption** and on compliance with local legislations;
- **technical and specialist** courses, relating to both IT issues (e.g. courses on Excel, Word and Marketing) and to strengthening of the skills that enable jobs to be performed with expertise and safety (e.g. the driving and use of forklift trucks or specific training for product development);
- **management development** courses, that is, continuous improvement in managerial skills and tools for employees that hold positions of responsibility or operate in specific areas (such as logistics, sales and accounts);
- **specific training with internal teachers** thanks to an internal skills mapping activity which favored the exchange of hard skills (for example Excel and product training) and transversal skills (effective communication - youth group);
- **coaching** programmes, both individual and in group, for personal and professional development.

With different frequencies and methods for the various companies, internal climate surveys are carried out to evaluate the level of employee satisfaction and to identify any areas where action could be taken to improve the wellbeing of the people in the Group. Company organization, belonging to the company, relationship with managers, professional development possibilities, health and safety and environmental aspects are among the issues addressed in the analysis.

As regards 2023 in particular, it should be noted that Agres has been confirmed as a Great Place to Work (GPTW) certified company, receiving three awards as best company at State, Sector and Country level. The GPTW Climate Survey is a globally recognized tool that measures the level of trust within a workplace. The survey also collects information on employee satisfaction with benefits, work-life balance, and opportunities for personal and professional growth. When it comes to climate change, some GPTW surveys may include questions related to the organization's efforts to reduce its carbon footprint and promote sustainability. This information can provide valuable insights into workforce attitudes and values and help organizations understand how to create a more environmentally responsible workplace culture.



Among the corporate welfare initiatives, some companies offer employees additional health coverage and access to preventive health services, as well as medical and sports agreements.

In the spirit of attention to the territory and collective well-being, in 2023 the company Tecomec S.r.l. held the first conference for the company population and all stakeholders on the topic of relationships and well-being outside and inside the company, with the collaboration of experts. The pilot project will be stabilized in 2024. Furthermore, aiming at including workers' families, the company organized the first family day and carried out activities aimed at children and relatives of employees through orientation internships as well as orientation activities through individual mentorship interviews.

3.1.3 Diversity and equal opportunities

(GRI 405-1)

The Emak Group, being able to count on a strong global presence, believes that the multiculturalism and heterogeneity that derive from it, represent an important strength.

At 31 December 2023 there were 807 women in the Group, with an incidence of 34.2% out of the total workforce, slightly decreasing compared to the 34.7% of the previous year.

The Group is committed to respecting the individual dignity and the physical and moral integrity of every person, to safeguarding diversity, to guaranteeing equal opportunities and to promoting the personal, professional and cultural development of people, without exercising or supporting any form of discrimination. This commitment, pervasive in daily operations within the Group, is formalized in the procedure "The ethical management of human resources" in force at the parent company Emak S.p.A.. The procedure, aimed at describing the ways in which Emak applies its social responsibility in the management of human resources and at defining the operating methods that govern the entire process, applies to all aspects related to human resources management, both with regard to the employment relationship and with reference to professional development (from skill assessment to training needs analysis).

The parent company Emak S.p.A. has also undertaken the process of voluntary certification for gender equality with the aim of obtaining the IDEM certification by March 2024, issued by the homonymous start-up for Gender Equality of the University of Modena and Reggio Emilia, and by first half of 2025 UniPDR certification. This is a certification recognized for companies that have activated corporate policies aimed at reducing gender differences, from salary imbalances to those relating to career opportunities, up to the protection of parenthood, and any other male-female inequality that can be found in work contexts. The aim of this path is to encourage, at company level, the adoption of policies for gender equality and female empowerment, so as to increase the possibility for women to access the job market and leadership positions, harmonizing life times.

The Group carries out recruitment and selection processes that provide for the inclusion of female candidates in all cases where the profiles are consistent with the ongoing research. For example, when searching for temporary workers, the company Tecomec requires recruiting agencies to receive at least mixed applications and, for greater fairness, the selection part is sometimes carried out through practical tests to verify the specific and technical competence of the candidates.

In order to allow individuals to satisfy the family care needs, several companies have activated individual open-ended smart working agreements for employees with compatible tasks. In case of particular work and/or personal needs, some companies provide the possibility of completely remote working and, particularly in the case of parents with young children, recognize part-time work if requested. For the same purpose, in some companies there is time flexibility for start and end the workday.

Another example of the Group's attention to its employees comes from Agres. In fact, the Brazilian company offers employees who are parents of children with special needs a bonus equivalent to an additional salary, organizes an event to collect essential items and makes work rules more flexible according to specific needs: all measures that go beyond the provisions of the local legislation.

Agres is also enrolled in the "Programa Empresa Cidadã". The Program, established by Law no. 11.770/2008, is intended to extend the duration of maternity leave by sixty days and by fifteen days, in addition to the five already established, the duration of paternity leave (Law no. 13.257/2016). The track record shows that the return to work after leave is 100%.

The companies of the Group facilitate also the inclusion of people with disabilities within their business activities in accordance with the provisions of their respective national laws, such as Law 68/99 and subsequent amendments in Italy and the indications of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, policies are broader than regulations. The companies Emak S.p.A., Tecomec and Comet, for example, have developed over the years an increasingly close collaboration with a social cooperative that employs disabled people, which consists in the outsourcing of assembly/bagging activities. Furthermore, during 2023 Comet S.p.A. hired the student of the ENAIP "Don Magnani" Foundation

course in Reggio Emilia, aimed at the social inclusion of young people with disabilities, who had previously completed a training internship at the company as part of a project funded by the Emilia-Romagna Region.

In line with the Group's commitment to enhancing diversity and promoting equal opportunities, in 2023 the company Tecomec started a pilot project in partnership with the Oscar Romero Social Solidarity Consortium, located in Reggio Emilia, which allows employees to volunteer at the "Nobody Excluded" socio-employment center during working hours, carrying out creative activities alongside users of the cooperative with advanced disabilities.

The Brazilian company Agres supports through donations, volunteering or in-kind contributions from employees *Coração Acolhedor*, a non-governmental organization based in Curitiba that provides sports, education, leisure activities and assistance to the most needy children and their families.

The companies Emak, Comet, Tecomec and Sabart confirmed also for 2023 the donation to support the activity of "Università Ventuno" Onlus, an association based in Reggio Emilia that allows people with cognitive-behavioral disabilities to fully experience the academic world, transforming the University into a space of inclusion through personalized university pathways.

3.1.4 Health and safety

(GRI 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9)

Occupational health and safety are a priority for the Emak Group. Through continuous risk analysis and training, the Group is committed to creating a safe and healthy work environment for its people, with the adoption of appropriate measures and procedures aimed at preventing accidents and damage to health.

The companies of the Group undertake to comply with the requirements of national regulations on health and safety at work (for example in Italy the Legislative Decree 81/08, in Brazil PCMSO - Programa de Controle Médico de Saúde Ocupacional and PGR - Programa de Gerenciamento de Riscos Ocupacionais) through the adoption of specific management systems that cover all employees, internal and external collaborators who operate within the Group's workplaces. In some companies, the implemented system is based on the most stringent requirements for specific certifications (eg ISO 45001:2018 certification). In this regard, it should be noted that the Brazilian company Agres obtained the ISO 45001:2018 "Occupational Health and Safety Management System" certification on 18/01/2024.

The management systems are updated in the event of significant changes in company processes, legislative changes and in any case with the minimum frequency required by current regulations. In some Group companies the company management is supported by external consultancy firm for the implementation of the occupational health and safety management system. In order to ensure full compliance with the regulations, internal audits of legislative compliance are carried out on the basis of defined checklists and with reference to the various company procedures.

Company activities are overall oriented towards preventing accidents, injuries and occupational diseases; therefore, the design, operation and maintenance of equipment and systems, including the cleaning activities of the workplace, are addressed to this purpose. In some cases, Italian safety standards have also been applied in countries with less stringent regulations.

All Group companies are committed to identifying and eliminating dangers and minimizing risks, pursuing continuous improvement. For each type of job constant evaluations and analysis are carried out, from which derives the drafting of an adjustment and improvement plan, in which new risks or new situations of potential danger (near misses), the measures implemented by the company to reduce the risk and the residual risk are constantly inserted by RSPP. The reports and the consequent updating of improvement initiatives are analyzed during periodic meetings between the Head of the Prevention and Protection Service (RSPP), workers' safety representatives (RLS) and company management or within specific safety committees. The degree of priority of the interventions is established according to the probability and severity of the possible injury. The functions involved have the task of sharing the proposed improvement/adaptation actions, of bringing any critical or new dangers/risks reported by workers, to disclose the progress of the improvement actions discussed, in order to involve workers on safety and prevention measures.

Italian companies draft the **risk assessment document**, that is updated periodically, and in any case at least every three years, by the employer in collaboration with the members of the Prevention and Protection Service (RSPP, ASPP), with the competent doctor and with workers' safety representatives (RLS). Companies in which

there is no dedicated internal function collaborate with professionals outside the organization in the preparation and implementation of the procedures and activities necessary to comply with local regulations.

Most companies, especially those involved in production activities, therefore more structured and subject to risks and hazards related to health and safety at work, have dedicated committees in which take part, in the largest composition, the workers' representatives for safety; the employer representative; the production manager; the HR manager. During the meetings, workers' notifications and requests, improvement proposals and the progress of planned activities with regards to health and safety issues are analysed.

The companies of the Group undertake to involve and consult workers in the development, implementation and evaluation of the workplace health and safety management system. Relevant information on occupational health and safety (such as the names of emergency personnel [firefighting; first aid]; safety procedures; emergency numbers; IEP [Internal Emergency Plan]) are made public and available for consultation to all workers on company notice boards, company intranet, company newsletters.

All companies of the Group encourage their employees to report work-related hazards and dangerous situations. Workers are required to communicate any accident or potentially dangerous situations that will be evaluated by the competent bodies, and eventually by the external consultants, in order to define the improvement measures to be implemented. In most companies there are formalized and structured procedures that define the methods by which the reports must be made and their evaluation, analysis and closure process. Each worker has the right/duty to report hazards and dangerous situations: notifications are assessed in order to proceed with the suspension of the activity and/or the immediate removal of the risk. Workers can report both anonymously and in person, by contacting a specific telephone number or by consigning specific forms in dedicated boxes or by reporting to persons in charge of health and safety issues, the Health and Safety Manager and the workers' health and safety representatives.

The Group supports the continuous improvement of the health and safety of workers by making available the human, instrumental and economic resources necessary to achieve its objectives. In order to facilitate work activities, in particular in the production departments, improvement actions on ergonomics and risk reduction are continuously implemented, exceeding the legal requirements. Several companies are introducing machines in their production departments to automate certain activities and reduce the manual labor of people. Workplace improvement initiatives are aimed at any type of worker, both employees and temporary workers and trainees.

Particular attention is paid to the training and awareness of staff on health and safety issues with specific reference to the task performed, such as courses relating to the handling of loads, the use of machinery (e.g. forklift), emergency and fire prevention and training of workers' health and safety representatives and of first aid personnel.

Occupational health and safety training is scheduled annually and provided on the basis of legislative requirements. The most involved companies are the production companies, in consideration of the greater risks inherent in their business. In addition to the mandatory courses, internal training is organised in order to reduce any risk situations reported and, in the case of specific risks, individual workers are subjected to targeted training on the basis of their activities. Training activity is addressed to all employees, and in particular to managers, persons in charge of health and safety, emergency teams, workers' health and safety representatives, forklift operators, AED, electrical workers.

In addition to checking the regularity of training and any mandatory updates, every new hire and every external visitor is trained on specific company risks. Occasional external visitors are followed by a contact person during their stay in the company, maintenance workers and companies operating with construction sites are placed under a regular contract in compliance with the law.

In order to increase employee awareness and create a culture of safety within the organization, the Brazilian company Agres carried out each year a week dedicated to the prevention of work-related accidents, organising training sessions and workshops which included for example demonstrations on proper lifting techniques and more interactive moments such as quizzes between employees. During 2023, the company also joined the "*Plano de Auxílio Mútuo (PAM)*", a collaborative initiative between companies and public bodies aimed at sharing knowledge and resources to increase safety against fires and other accidents in company areas. The goal is to bring greater safety to employees and the surrounding population, as well as reduce damage and losses resulting from accidents.

Constant and regular health surveillance is also guaranteed by the Competent Doctor who keeps the anamnestic information anonymously and confidential for the entire duration of the employment relationship,

after which the discharged worker receives the original of his health record by post, while a copy is sent in a sealed envelope to the company for archiving and preservation. The companies also provide Personal Protective Equipment (PPE) to personnel who works in workstations where they are required and prepare every year an evacuation plan for emergencies.

With regard to issues relating to health and safety, and in particular training, health surveillance and the provision of PPE, temporary workers are treated in the same way as employees. In case of contracting companies operating within Group's premises, it is constantly checked that workers are up to date with training, health surveillance and insurance, also with the support of specific management software that automates the collection and control of the related documentation.

In order to facilitate the access of their workers to medical and health care services, some companies in the Group have developed specific Welfare and health coverage programs which include various agreements with private entities as well as with the national health service. Some companies also have a wellness committee that promotes various health promotion activities including but not limited to exercise, healthy eating and mental health. For example, the Brazilian company Agres undertakes to raise employee awareness of the importance of health and personal care by organizing meetings with experts during road accident and cancer prevention campaigns. Some companies have activated agreements for the delivery of healthy and balanced dishes, designed in collaboration with doctors, nutritionists and personal trainers, that workers can eat during their lunch break. In various companies, during safety courses or on specific occasions, topics such as the consequences of bad lifestyles, the risk of injuries and accidents deriving from the lowering of the attention threshold, the risks deriving from smoking (courses to quit smoking) have been covered.

The Group is strongly committed to avoiding and mitigating the negative impacts on health and safety in the workplace directly connected to its activities and products through product and component safety tests, the certification of its products and the selection of its suppliers also on the basis of environmental and ethical requirements, which include issues relating to the health and safety of workers. Furthermore, the machine tools owned by Group's companies that are at the suppliers' premises comply with the safety requirements set by the regulations and are certified. For the maintenance or any critical issues, the company intervenes, directly or through competent external personnel, to restore safety or for specific maintenance of the machine.

With the aim of implementing improvement actions and evaluating the efficiency, episodes of occupational accidents are monitored, comparing the trend of indices from year to year. During 2023, in the Group occurred 38 injuries (of which none fatal), with a recordable workplace accident rate of 8.5, decreasing compared to 2022 (10.0).

On May 5, 2023, the World Health Organization (WHO) declared the end of the state of emergency for Covid-19. Even following this date, the Group companies have maintained some activities with the aim of remaining promptly updated on the evolution of the epidemiological situation and limiting the impacts on human resources, including smart-working and the supply of personal protective equipment to all staff present in the company.

For more details about people in the Group, reference should be made to the "Performance Indicators" section of this document.

3.2 Product responsibility

3.2.1 Supply chain

(GRI 2-6; 204-1)

Emak Group's supply chain is composed of around 3,000 suppliers of direct materials for production, of consumables and indirect materials, of packaging and of finished products. In 2023, the aggregate value of Group purchases was around 417 million euros, of which almost 80% is attributable to production companies. Intercompany purchases represented around 26% of the aggregate value in 2023. Smaller commercial companies purchase marketed products mainly by other Group companies, while they use local suppliers for services.

Common suppliers among more companies are around 18% of the total. The Group, through the Corporate Purchasing Department, implement synergy and optimisation plans of the supply chain aimed at further increasing and consolidating the perimeter of common suppliers.

Supplies are included in a global Group supply context and are governed by common commercial rules and conditions where possible, regulated by framework Agreements, which take into consideration the specific needs deriving from the particular characteristics of the business sectors in which the Group operates.

With regards to geographical area, almost 65% of the supply chain is located within the European Union and the remaining part in Extra EU Countries, largely in the China, Brasil and USA directly serving the Group's production sites. The geographical distribution of the supply chain can vary depending on the specific nature of the single businesses, the mix and the quantity of purchased products. On average, the Group companies rely on local suppliers for about 53% of their purchases, intended as suppliers based in the same country as the individual companies. In Italy the Group maintains part of its suppliers with a site situated at less than 150 km from the Production Site, especially for mechanical processing, surface treatments and assembly works: these are historical suppliers, mainly small and medium-sized enterprises, with a longstanding relationship with the company. Plastic components are usually purchased from local suppliers.

The management of the relationship with suppliers in the Far East is assigned to local teams (Purchases and Quality) present in the various factories with the supervision of the relevant Italian staff: both local control on the part of qualified staff and control at various levels on the part of the Head Office, is therefore guaranteed. In case there is no local staff in the single companies, there are intra-group collaboration and synergy agreements aimed at controlling suppliers using the staff available with information sharing or direct visit.

The main suppliers are classified at Corporate level, according to indicators that assess strategic importance, performance, supply characteristics, supplier replaceability and the level of independence, as well as financial risk, into:

- Partners: suppliers that meet high requirements based on an inter-functional scoring;
- Strategic: important suppliers for which the Group is not a strategic customer. The Group works to ensure that suppliers falling into this category become partners or part suppliers;
- Part Suppliers: suppliers without stable relationships from the relational point of view; for the Group they do not represent a high risk.

The main commodities purchased are those typical for the metal-mechanical sector: plastics, parts made of cast aluminium, parts in moulded and shaped metal, finished products, electric induction and brush motors, metal work, electrical and electronic components and spare parts.

The main raw materials purchased are aluminium, brass, copper and steel. These are purchased in slabs from the producer, or managed through contracts that provide for the purchase of a certain quantity fixed at the raw material cost at a given time.

The main changes occurred during the year in the Group's supply chain structure are mainly attributable to the following reasons:

- Stabilization of the supply chain following the procurement difficulties of the years 2021/2022;
- Changes due to qualitative or service problems;
- Changes due to the high risk of supplies or external factors such as closures/cessation of the supplier's business which could potentially affect the production continuity of the Group's factories;
- Changes due to purchases marketing, aimed at obtaining improved technical-commercial conditions;

- Changes due to optimization of the purchasing process;
- Expansion of the range of offers.

In order to guarantee supplies and monitor deliveries, also following changes in the supply chain and instability in supplies (international situation linked to ongoing conflicts), specific inter-functional work teams are active in some Group companies.

In the case of purchases marketing, the Group's policy is to maintain double sourcing of supplies with reference to risk management. The supply chain risk is mapped according to parameters that include assessments on financial aspects, supplier replaceability, integration with technical department, service level and vendor rating. For critical suppliers or strategic purchases, the percentage of multiple sourcing is high. This represents an advantage for Group's companies, as they are able to respond more quickly to the problems of shortage of materials and the increase in transport costs.

In the purchasing process, several Group companies use KANBAN logics, which allow to manage the supply chain in a leaner way and to reduce stock.

Supplier analysis and assessment (GRI 414-1; 308-1; 407-1; 408-1; 409-1)

The selection of suppliers and the assignment of business regulated by contracts is carried out through clear, certain and non-discriminatory procedures, using only criteria linked to the objective competitiveness of the services and products offered and their quality, considering also the supplier's performance with regards to environmental and social issues and its compliance with the principles expressed in the Ethical Code. The presence of Ethical-Environmental-Quality certification is a plus in the choice of the supplier and in the application of strategic sourcing. The evaluation of environmental and ethical aspects forms part of the assessment of suppliers both upon their initial introduction into Emak's Register of suppliers and in the periodic assessment of performance.

Supplier assessment is carried out both through checklists, in order to verify the compliance with quality standards and ethical principles, according to the SA8000 model, and through visits to the supplier's headquarters by the team in charge (Quality - Purchasing). This type of audit has a more qualitative outcome in terms of the reporting of any non-conformities to the Certified Systems Manager and the Purchases Management and the definition of a shared action plan for the investigation and correction of any non-conforming situations. The assessment and classification of suppliers already present in the Register of suppliers, is included in a specific section that checks the presence of environmental and ethical certification and evaluates the supplier regarding particular changes or improvements in this area. In some supply contracts for certain types of purchase (e.g.: transport), there is a specific section on environmental and ethical issues. Audits are performed on a periodic basis on the trend of accidents, turnover or aspects relating to safety and ethics through the compilation of questionnaires and/or checklists.

Emak's integrated policies are promptly shared with new suppliers, together with the ethical and environmental commitment notice they are required to comply with. They are also invited to visit the Emak website for more details on these issues.

As regards European suppliers, and Western suppliers in general, the Group believes that the probability of having suppliers at risk with regard to environmental, social and respect for human rights issues is minimal, as they are subject to the stringent regulations in force in these countries.

For Extra-European suppliers, is in place a suppliers' introduction and evaluation policy and the sharing of a check list relating to compliance with ethical principles in personnel management to use during the Purchases – Quality audits. Audits are conducted by the designated and qualified personnel and transmitted for verification and control to the appropriate structure of the Parent Company.

New suppliers are visited and assessed according to the checklist based on SA8000 model and Quality Audit forms. During 2023, the companies Emak, Comet, Tecomec and Lavorwash developed a common Quality Audit form which, among various topics, verifies environmental aspects, such as the presence of Environmental Authorization, wastewater discharges, emissions into the atmosphere, waste management; aspects related to health and safety and employee training, as well as the presence of any environmental, social and ethical certifications.

The periodic check on the part of appointed staff, through checklists and audits, guarantees that the Register of suppliers is constantly updated with approved and useable suppliers. The check of clauses relating to human rights forms part of this procedure.

The Group believes it is essential to keep extra-European supplies monitored centrally and to promote training projects for the Purchases-Quality staff so that the issues relating to the environment, safety and ethics are constantly held in consideration in order to limit risk. In this regard, auditors have been made aware of, and formally trained to pay attention to, these aspects and to report any non-conformities, also potential.

On the basis of the quality audits received, the Group does not have suppliers at high risk on these themes: partners are mostly structured companies, operating for some time in the market and informed on this issue.

Audits at supplier's premises have been resumed in 2023 following the suspension due to the Covid-19 pandemic. During the year Emak S.p.A. assessed 89% of new material suppliers according to social and environmental criteria through self-assessment forms and explicit acceptance of the Group's policy. Spot sampling suppliers were excluded from the self-assessment activity. The company has also carried out quality audits, which also include social and environmental issues, at the headquarters of 8 suppliers, of which 2 are new suppliers (equal to 10% of new suppliers). The Chinese company Jiangmen evaluated 35 suppliers, including 2 new suppliers (equal to 100% of new suppliers), in order to verify their compliance with ethical human resources management standards.

Most of the practices described have been extended to all divisions of the Group also through their inclusion in the updated Group Ethical Code, although general assessments on environmental and social criteria were already widely common within the Group.

3.2.2 *Research and development*

Research and development is one of the cornerstones on which we base the Group's strategy of continuous growth and success. The Group, in fact, considers investing in research to be fundamental as a means for obtaining competitive advantage in national and international markets. For this reason, where possible, the Group covers its products with **international patents**.

R&D is oriented towards the improvement of the product under various aspects: safety, comfort, practicality of use, performance and environmental impact. Particular attention is focused on the development of new technologies, which guarantee for the product greater efficiency, lower consumption and an overall lower environmental impact, without affecting performance.

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

During 2023 the Group dedicated a total of 24 million Euros to Research and Development, of which 14.4 million Euros for product innovation and adjustment of production capacity and process innovation and 9.6 million Euros for research costs charged directly to the income statement.

The main activities carried out by Group companies in 2023 are set out below, subdivided by business lines.

Outdoor Power Equipment

Research and development in the outdoor power equipment segment is pursued in various directions.

The development of new products is an activity common to all the projects that the Group undertakes (an average of 10 projects every year): from the definition of the concept, to the design, industrialization, validation, certification and start of production. In December, Emak concluded the project to introduce the PLM (Product Lifecycle Management), a tool that integrates with the ERP system in order to manage the entire life cycle of the product, from concept to disposal. In 2023, the bureaucratic activities for the creation of a 27,000 m² area for field tests were completed in order to be able to fully validate the products.

2023 saw the introduction of a new 25cc rear handle chainsaw for light work, a range of generators and a new 40V battery blower with increased performance compared to the previous version.

Sorting projects are preliminary studies for the development of a product, sometimes with drawings, and sometimes with prototypes, aimed at assessing the convenience and feasibility of finalizing projects emerging from dialogue with customers. In 2023, a large part of the activities were focused on the development of a new additional 56V battery range which will be launched starting from 2024.

Research and innovation relate to a wide range of areas, and are directed towards the development of a technology or a methodology. The most important projects on which the Group is currently working are as follows:

- Low-emission motors: the identification and development of technologies applied to two-stroke petrol motors with the aim of adjusting to future directives relating to emission limits that are expected to impose a reduction of 30% compared to what is provided for in current legislation. Specifically, innovative stratified charging technologies are under study, also through the use of external consultancy services. These activities led to the filing of a further patent in 2023.
- Methodological activities: generally, with the external collaboration of research centres or universities, these activities are focused on calculation/experimental calculation methodologies for use in a systematic way in the product development process. The aim is to create predictive models that, once refined, can be applied in the context of new product development. For example, mathematical models for simulating drop tests have been consolidated and introduced into the development process. In 2023, the consolidation of the KBE (*Knowledge Base Engineering*) methodology began to accelerate the machine design process.
- Research on materials: in 2023 the testing on the first products containing totally or partially recycled plastic materials began: it is a multi-year project whose primary objective is focused on the Green Deal and therefore the reduction of CO₂ in relation to the products developed.

Pumps and Water Jetting

Product development is an articulated process, which involves all company functions, and which includes some main phases: from the need/request for a new product, to the definition of a specification, to then move on to the implementation phase, with the definition of a concept, the design, industrialization, validation and certification, up to the production of the finished product. After last year introduction, the development of PLM (Product Lifecycle Management) continued, aimed at improving and optimizing product life cycle management flows and processes, especially for interfacing it with the new ERP system; this allows, and will allow in the future, a greater centrality of technical data and a consolidation of company know-how in a more organized and usable way.

The world of **pumps for agriculture**, used mainly to pump pesticides or fertilizers, is very traditional and characterized by few, but continuous new developments.

Research and development activities for this category of product focus mainly on the development of a complete range in terms of capacity and pressure for specific uses, on the use of materials that make it possible to increase chemical resistance in order to be able to treat different liquids and on the research of different construction solutions that maintain the same level of performance of the pumps and the same pressure and volume characteristics of the water used, but with a reduction in costs and weights. The Group is also working on electrification, evaluating the introduction of battery-powered electric motors on some motor pumps and for some applications. Still in the electronic field, possible solutions are being studied to equip pumps with sensors that can provide the user with important information on the status and functioning of the pump (for example oil level, oil pollution with water, suction and delivery pressure).

With regards to **products for industry**, research and development activity varies according to the product category. For the smaller-sized pumps, intended to be used, in particular, with pressure washers in the hobby sector, the activity is focused on the specialisation of the applications, on the use of materials that guarantee optimal value for money, and on the design, with the aim of maximum possible automation of the production process increasing the competitiveness of products. For purpose of achieving these objectives, the Group enters into partnerships with a number of suppliers matching the technical aspects with construction ones.

The development of high and extremely high-pressure pumps has different development priorities, also in consideration of their plant engineering application. As a result, design is focused on the chemical resistance to treated liquids, on lengthening the life of the pump, on the use of alternative materials in compliance with new legislation, which guarantee equivalent performance levels.

With regards to **washing products**, design is very important in the consumer sector, aimed not only at satisfying the aesthetic requirements of private users, but also at improving the machines' production process. The development of the use of electronics is becoming increasingly important: the objective is to control

machine consumption, acting on the speed of the motor, and offering improved functions both for the user and for the assistance centres (e.g., visibility of the hours worked, consumption, controls block for machine safety with the aim of avoiding improper use). Also in this area, the Group is evaluating a possible introduction of battery power on some product ranges.

With regards to the professional segment, the Group is working on improving the efficiency of the machines under all aspects. Through determined technical solutions, it's possible to obtain a reduction in the washing time and in the volume of water used, or a greater efficiency in order to avoid using chemical agents or polluting elements such as additives. In addition, the Group is working on improving the combustion efficiency of machines that have an oil burner for the production of hot water. A further line of development regards electronics: systems able to block the machine in the event of the detection of micro-leaks, avoiding leaks of water and protecting the machine's components, are already in use. Systems that provide information on the life of the machine (hours of operation, any anomalies detected both from an electronic and from a hydraulic point of view) have also been developed, useful for maintenance purposes and for the management of fleets of machines on lease and in building sites.

On some washing products, the Group began the study and evaluation for the introduction of partially recycled plastic materials: with the involvement of the supply chain, both for molding and for raw materials, some samples of machines were created, that are currently in on-field characterization phase.

Components and accessories

Research and Development of the Components and Accessories segment is aimed at the creation of products that add value to the machines for which they are intended, combining research into performance with a modern design, intrinsic safety and reduced environmental impact.

In 2023, the Group consolidated the new stage gate workflow organisation model, with the aim of optimising all its advantages in the following three years: that of identifying a controlled number of strategic projects for each product line, having planned and shared decision-making methods, and orienting the product investment budget for maximum consistency with company policy and customer needs.

Further consolidation in terms of organisation relates to the ever-increasing integration of the various sites of the Group. The Chinese site of Ningbo Tecomec Manufacturing Co. Ltd. has been equipped with the same workflow tool as the Italian site and the personnel dedicated to product development follow the same methods and procedures. With regards to the Brazilian site of Agres Sistemas Eletrônicos SA, the product development plan has been drawn up jointly, in order to best rationalise the use of resources and exploit product synergies between the plants.

Finally, a new body within the Tecomec company has been set up, with resources dedicated to product innovation. The main aim is to propose design ideas that maximise the added value of the product, lending the product value, therefore, in terms of functionality and performance. To this end, collaboration with research centres and universities will be increased and the introduction of software that exploits artificial intelligence to scan the patent and scientific literature is being evaluated.

With regards to the research and development of products for chainsaw maintenance (**forestry** line), in 2023 a battery-run sharpener model, both in a workbench version and especially in a portable version, was developed. The latter is the only one on the market with regards to this type of power tool. In addition, a chain sharpener for a pruning version has been designed, which will be marketed in 2024. Another power tool in the design stage is a horizontal bench riveter which combines the performance of a high-end machine with the functional simplicity of workbench tools.

With regards to brushcutter accessories (**gardening** line), work has continued on the optimisation of the heads at low levels of induced vibrations. In the last few years, in fact, Tecomec has patented a system for reducing the vibrations transmitted by the cutting accessory to the brushcutter. In 2023, this system was refined and extended to other head versions. Always in the context of cutting accessories, the development of a number of products intended specifically for the United States market has been completed.

In relation to accessories for **agriculture**, in the context of irrigation and weeding products, the development of a complete range of flow meters for measuring the flow rate on both atomizers and sprayers continued in 2023. In addition, again with regards to the range of flow metres, collaboration for supply to a leading OEM at global level began.

Another strategic product of the line is the PWM (Pulsed Wave Modulation) device that makes it possible to precisely dose the liquid to be discharged on the basis of the characteristics of the terrain to be irrigated. The design of a nozzle control unit with PWM drive was completed in 2023 with the collaboration of Marche University.

Again, with a view to offering the most complete range of products for precision farming, Tecomec has completed the design of a gps aerial to measure speed, which is more precise and simple to use with respect to the systems already available on the market.

Within the **washing** products range, the Group has concentrated its efforts on high-pressure professional products. In particular, a new 660-bar unloader valve and a 1,000-bar pressure reset valve. The 660-bar valve combines high-end functional characteristics with construction and maintenance simplicity that will make it a key product in the coming years. The 1,000-bar pressure reset valve, the development of which began in 2022, is designed for very high-pressure systems in which it is preferable not to keep the delivery branch under pressure. The design of a test bench for pressures up to 1,400 bars has begun, in consideration of the evolution of the market, which is seeing an increase in the operating pressures of professional machines. This new equipment is being developed to cover the needs of the next few years both in terms of research and development and of functional checks on production.

3.2.3 Product quality and safety

(GRI 416-2)

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

Segment	Company	Certifications
Outdoor Power Equipment	Emak S.p.A.	ISO 9001:2015 ISO 14001:2015
	Comet S.p.A.	ISO 9001 2015
Pumps and Water Jetting	Lavorwash S.p.A.	ISO 9001:2015
	P.T.C. S.r.l.	ISO 9001:2015
	Yong Kang Lavorwash Equipment Co. Ltd.	ISO 9001:2015
	Lavorwash Brasil Industrial and Commercial Ltda	ISO 9001:2015
	Tecomec S.r.l.	ISO 9001:2015
Components & Accessories	Ningbo Tecomec Manufacturing Co. Ltd.	ISO 9001:2015
		ISO 9001:2015
	Agres Sistemas Eletrônicos SA	ISO 14001:2015 ISO 45001:2018 ⁵

Outdoor Power Equipment

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

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

⁵ Agres Sistemas Eletrônicos SA obtained the ISO 45001:2018 certification on January 18, 2024.

The Group is also particularly active in and attentive towards the constantly evolving reference legislation context. Emak is a member of EUROMOT, the European Association of Internal Combustion Engine Manufacturers, which supports the evolution of future scenarios with regards to the reference sector (e.g., emission scenarios, etc.) and of EGMF, the European Garden Machinery Industry Federation, whose objects include supporting the evolution of future scenarios regarding all directives concerning products and market monitoring. In addition, Emak follows the evolution of sector regulations (Emissions Directive, Machine Servicing Directive, Noise directive, WEEE Directive - The Waste Electrical and Electronic Equipment Directive - ISO, REACH, ROHS standards, etc.) in order to be constantly updated and in line with the requirements imposed by current laws in the countries where the Group operates. Finally, in 2023, Emak joined the international technical committee of ISO and actively participates in ISO meetings related to changes and evolutions regarding product safety in the reference market.

During 2023, there were two cases of non-compliance with current regulations on two product models, limited to a single batch each.

Pumps and Water Jetting

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

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

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

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

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

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

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

No cases of non-compliance with current regulations occurred in 2023.

Components and accessories

With regards to evaluation activities regarding the health and safety of the products developed, there is an internal procedure that establishes the activities and responsibilities regarding the design and engineering phases of new products. Specifically, during the design phase the laws and standards to which the product is subject are reviewed (e.g. the REACH regulation - Registration, Evaluation, Authorisation and Restriction of Chemicals, and the RoHS directive - Restriction of Hazardous Substances Directive) on the basis of the final

market of the product. Higher levels of safety are requested for a number of products, such as power tools. In these cases, the well-established procedure imposed by management is the issue of a certification by third party bodies: for the European market, the certification is issued by the TÜV company (Technischer Überwachungsverein), while for the United States market by UL (Underwriters Laboratories). In the event that it is considered necessary internally or is explicitly requested by the customer, an FMEA (Failure Mode and Effect Analysis) risk analysis is applied. Finally, for those products that are not regulated by specific legislation (e.g. accessories), reference is made to the standard to which the finished product is subject. For example, for the trimmer heads, the Chinese company Ningbo Tecomec carries out its tests on the basis of the UNI EN ISO 11806 standard, indicating the safety requirements and testing for portable, hand-held, powered brush-cutters and lawnmowers. Tecomec is also aligning to British legislation to adapt its products to the nascent UKCA standardization and has obtained the Russian EAC certification for most of its catalog products. For GPS antennas, dedicated technical structures are specializing to ensure compliance with the RED (Radio Equipment Directive), which is certified through the third-party organization UL.

No cases of non-compliance with current regulations occurred in 2023.

3.3 Economic responsibility

3.3.1 Economic value created and distributed

(GRI 201-1)

Added value is the wealth produced by the Emak Group and redistributed to the various stakeholders under various forms.

Through a reclassification of the income statement, the figures regarding the creation and distribution of added value provide an indication of how the Group has created wealth for its stakeholders, highlighting the economic effects produced by business management with reference to the main categories of interested parties.

In 2023, the added value distributed by the Group was 537,828 thousand Euros, in spite of an added value generated of 578,606 thousand Euros

Added Value generated		
€/000	2023	2022
Sales	566,317	605,723
Other operating incomes	5,493	4,753
Change in inventories	755	12,790
Financial income	5,621	4,007
Exchange gains and losses	418	1,895
Income from/(expenses on) equity investment	2	0
Depreciation	0	-2,957
Global Added Value generated	578,606	626,211
Added Value distributed		
Employees remuneration	105,036	99,519
Personnel expenses	105,036	99,519
Operating costs	401,091	447,541
Raw materials, consumable and goods	298,310	331,528
Other operating costs	102,781	116,013
Community investments	134	127
Charities and contributions	134	127
Remuneration of the Public Administration	5,513	12,932
Income taxes	5,513	12,932
Shareholders remuneration	8,526	13,953
Net profit attributable to non controlling interests	847	897
Net profit attributable to the Group distributed to shareholders*	7,377	10,656
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	302	2,400
Remuneration of financial system	17,528	6,160
Financial expenses restated #	17,528	6,160
Global Added Value distributed	537,828	580,232
Added Value retained		
Profit for the year allocated to reserve	11,698	19,613
Amortization	29,080	26,367
Global Added Value retained	40,778	45,980

* Net profit attributable to the Group distributed to shareholders corresponds to the allocation of the operating result of Emak S.p.A. as dividend that the Board of Directors will propose to the Shareholders' Meeting called for April 29, 2024.

Financial expenses are shown net of charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries.

3.3.2 Tax system

(GRI 207-1; 207-2; 207-3; 207-4)

The economic contribution that the Group provides at a fiscal level to the countries where it operates is divided into various types of taxes:

- income taxes;
- property taxes;
- labor taxes, including taxes collected and paid to the tax authorities on behalf of employees;
- indirect taxes collected on the production and consumption of goods and services (VAT, customs duties, etc.).

In carrying out its business, the Group follows the principle of fairness, understood as respect for rules and regulations, and a contribution to the development of the communities of the countries in which it operates. Aware of its role within the socio-economic context, the Group complies with the national tax regulations in force in the 15 countries in which its companies are based, with the awareness that taxes are important sources of revenue for public administrations, essential for guaranteeing investments in infrastructures and public services in the area. At the same time, the belief that compliance with regulations is one of the factors that contribute decisively to the goal of corporate sustainability is strongly rooted in the Group.

The supervision of the tax compliance of the group is entrusted to the Corporate CFO, who is supported by the CFOs of the individual Group companies for the correct fulfillment of tax obligations. The Group makes use of adequate consultancy support, participates in committees promoted by associations, spontaneous trade groups and research bodies, organises continuous training of personnel, both in individual entities and at group level, and choices on tax matters are shared with both Corporate CEO and with the respective managing directors. The compliance of the individual entities is harmonized in the group tax policy, through coordination and validation.

The results of the coordination consist on the one hand in a coherent and efficient approach to the recurring issues of taxation, such as tax consolidation, transfer pricing, the various forms of incentives for businesses; on the other hand in a basic setting for a strict compliance with tax regulations. This principle of legality has always remained inherent in the development of each of the conglomerate entities, right from its first aggregation.

From this principle arise the absence of the Group from non-cooperative countries, the rejection of aggressive tax planning practices and a tradition of excellent relations with public administrations, in particular with the Italian one. With specific reference to the latter, in terms of taxation, only the size limits have precluded the parent company from accessing the Cooperative Compliance regime.

With the expansion and proliferation of structures, the progressive generational alternation of management and an increasingly stringent legislative frame, the group is committed to constantly adapting, also on an administrative and fiscal level, its governance system, including the Ethical Code and the procedures pursuant to Legislative Decree 231/01, which provide for reporting mechanisms relating to unethical or illegal behavior, the convinced and dynamic adherence to the Corporate Governance Code promoted by Borsa Italiana, and the system of programmatic and control procedures, which extensively regulate all the relevant areas of their actions, in particular in terms of taxation.

The Country-by-Country reporting of financial, economic, and tax-related information for each jurisdiction in which the organization operates, for the years 2022 and 2023, is set out below.

YEAR 2022 (€/000)	Tax jurisdiction														
	Italy	Spain	France	Germany	UK	Sweden	Poland	Ukraine	USA	Mexico	Brasil	Chile	Morocco	South Africa	China
Revenues from third-party sales	335,018	9,165	78,422	0	5,467	5,071	26,267	4,700	60,157	8,934	49,298	4,136	0	1,900	17,188
Revenues from intra-group transactions with other tax jurisdictions (aggregate data)	73,249	66	4,052	0	23	366	189	0	439	0	709	126	0	0	50,606
Profit/loss before tax (aggregate data)	39,602	102	5,325	0	91	1,490	1,025	1,012	4,954	1,204	10,768	837	-26	256	-1,540
Tangible assets other than cash and cash equivalents (material assets)	47,040	639	8,284	0	50	1	183	65	3,792	35	3,683	857	0	483	17,414
Corporate income tax paid on a cash basis	8,224	91	1,294	0	0	88	118	161	1,101	389	2,604	286	0	70	371
Corporate income tax accrued on profit/loss (only current taxes)	6,289	6	1,262	0	1	278	199	185	952	398	3,300	233	0	65	308

YEAR 2023 (€/000)	Italy	Spain	France	Germany	UK	Sweden	Poland	Ukraine	USA	Mexico	Brasil	Chile	Morocco	South Africa	China
Revenues from third-party sales	300,371	11,710	60,064	0	4,678	3,463	23,533	5,020	89,539	7,919	41,567	4,293	0	1,658	12,501
Revenues from intra-group transactions with other tax jurisdictions (aggregate data)	51,428	89	5,097	0	55	424	394	0	324	0	1,071	646	0	88	38,499
Profit/loss before tax (aggregate data)	33,676	568	3,091	-2	-147	1,100	971	1,117	2,334	519	3,379	949	-68	287	401
Tangible assets other than cash and cash equivalents (material assets)	50,189	629	7,831	0	27	0	208	53	5,966	113	4,208	916	0	407	12,683
Corporate income tax paid on a cash basis	3,884	57	797	0	0	252	387	219	972	267	1,233	328	0	70	359
Corporate income tax accrued on profit/loss (only current taxes)	3,467	132	677	0	0	206	243	200	241	183	1,020	270	0	72	296

For Group's entities included and their primary activities, the reasons for the difference between corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied to profit/loss before tax, please refer to the Explanatory Notes to the Consolidated Financial Statements.

For a more detailed description of the Group's economic and financial performance, please refer to the 2023 Annual Financial Report published on the website www.emakgroup.com.

3.3.3 EU Taxonomy

In recent years, the European Union has developed an ambitious strategy for sustainable development and the transition towards a low-carbon economy, in line with the contents of the Paris Climate Agreement of 2015 and the United Nations 2030 Agenda with the relative 17 sustainable development goals. To achieve these targets, the European Union promotes investments in assets and sustainable activities with the use of not only public resources, but also private ones.

The Taxonomy Regulation (EU) 2020/852 defines the criteria to determine if an economic activity can be considered as eco-sustainable, starting from the identification of 6 environmental objectives: a) the mitigation of climate changes (CCM); b) adaptation to climate changes (CCA); c) the sustainable use and protection of water and marine resources (WTR); d) the transition towards a circular economy (CE); e) the prevention and reduction of pollution (PPC); f) the protection and restoration of biodiversity and of ecosystems (BIO).

In 2022, the reporting covered only objectives a) and b). Following the adoption of the delegated act 2023/2486, through which the European Commission defined the technical screening criteria for the remaining objectives, the reporting on the EU taxonomy for the year 2023 covers all six environmental objectives.

As provided for by Regulation (EU) 2020/852, art. 8, the following indicators are shown below:

- the proportion of turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9;
- the proportion of capital expenditure and the proportion of operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9.

The indicators reported have been calculated on the basis of the indications contained in Annex 1 to regulation (EU) 2021/2178 and are based on currently available data and on the current interpretation of the regulation and may, therefore, be subject to future modifications

Eligibility to the taxonomy

Turnover

On the basis of the current interpretation of the regulation, the Group has determined that its range of products and services comes under definition of the following activities:

CCM 3.6 Manufacture of other low carbon technologies. In line with what was reported in 2022, the Emak Group considered as eligible for the taxonomy the revenues generated from the sales of finished battery-powered and electric products manufactured by the Group. Specifically, the sales of battery and electric OPE products and of cleaning machines (PWJ) that do not have diesel-fueled boilers for steam production are included in the counts. Therefore, all products powered even partially by fossil sources and all products falling within the Components and Accessories segment were excluded.

CE 4.1 Provision of IT/OT data-driven solutions. This activity includes revenues generated from the product range related to precision farming.

CE 5.1 Repair, refurbishment and remanufacturing. This activity includes revenues generated from the sales of chainsaw chain sharpeners. To avoid double counting, electric and battery-powered sharpeners have been excluded from activity CE 5.1 and included in activity CCM 3.6.

CE 5.2 Sale of spare parts. This activity includes revenues generated from the sales of spare parts, excluding consumables.

CE 5.5 Product-as-a-service and other circular use- and result-oriented service models. This activity includes revenues generated from the rental of products.

Capex

On the basis of the analysis carried out in establishing the activities eligible to the EU Taxonomy, Emak has considered as eligible increases in tangible and intangible fixed assets and rights of use as per IFRS16 relating to the following activities:

CCM 3.6. Manufacture of other low carbon technologies

CCM 7.2. Renovation of existing buildings

CCM 7.3. Installation, maintenance and repair of energy efficiency equipment

CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

CCM 7.6. Installation, maintenance and repair of renewable energy technologies

CCM 9.3. Professional services related to energy performance of buildings

CE 4.1 Provision of IT/OT data-driven solutions

Data relating to battery-powered and electric products, to provision of IT/OT solutions and to interventions for improving the energy efficiency of properties such as the replacement of neon lamps with led lights, the replacement of window frames, the installation of solar panels, the installation of meters for the control of energy and the installation of electric heat pumps, have therefore been taken into consideration.

Opex

In compliance with regulatory requirements, Emak has defined operating expenses such non-capitalised direct costs linked to research and development, building restructuring work, and short-term leases, maintenance and repair, as well as any other direct expense connected with the day-to-day maintenance of properties, plant and machinery, carried out by the enterprise or by third parties to which such tasks are outsourced, necessary for the continuous and effective functioning of said assets. The data considered relate to the following activities:

CCM 3.6. Manufacture of other low carbon technologies

CCM 7.2 Renovation of existing buildings

CCM 7.3. Installation, maintenance and repair of energy efficiency equipment

CE 4.1 Provision of IT/OT data-driven solutions

CE 5.1 Repair, refurbishment and remanufacturing

The Emak Group then considered research and development costs charged to the income statement directly referring to battery-powered and electric products, costs for repair, refurbishment and remanufacturing of products and costs for the maintenance of buildings and other assets in 2023 concerning interventions for improving the energy efficiency of building carried out during the year.

Alignment with the EU Taxonomy

Emak has analysed the criteria set out in the regulation and in the technical annexes for all the identified eligible activities and has concluded that none of them can be considered as aligned, as the Group does not currently possess all the required detailed documentation.

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

Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned or eligible turnover, year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	74,526	13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							16%		
Provision of IT/OT data-driven solutions	CE 4.1	756	0.1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
Repair, refurbishment and remanufacturing	CE 5.1	129	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
Sale of spare parts	CE 5.2	39,647	7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	106	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		115,165	20%	65%	0%	0%	35%	0%	0%							16%		
Total (A.1 + A.2)		115,165	20%	65%	0%	0%	35%	0%	0%							16%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities (B)		451,152	80%															
Total (A+B)		566,317	100%															

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	13%
CCA	-	-
WTR	-	-
CE	-	7%
PPC	-	-
BIO	-	-



our power, your passion



ISO 9001 · ISO 14001

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

Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned or eligible CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Economic activities																		
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	2,237	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						4.7%			
Renovation of existing buildings	CCM 7.2	441	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						5.8%			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	484	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.7%			
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	31	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.0%			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	-	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.1%			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	10	0.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						1.5%			
Professional services related to energy performance of buildings	CCM 9.3	4	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.1%			
Provision of IT/OT data-driven solutions	CE 4.1	1,301	4%	N/EL	N/EL	N/EL	EL	N/EL	N/EL						n.a.			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,509	12%	71%	0%	0%	29%	0%	0%						12.9%			
Total (A.1 + A.2)		4,509	12%	71%	0%	0%	29%	0%	0%						12.9%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CAPEX of Taxonomy-non-eligible activities (B)		31,881	87.6%															
Total (A+B)		36,390	100%															

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	9%
CCA	-	-
WTR	-	-
CE	-	4%
PPC	-	-
BIO	-	-

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

Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy-aligned and eligible OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities	€/000	%	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N/ NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling																		
Of which Transitional																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of other low carbon technologies	CCM 3.6	1,858	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							15.6%		
Renovation of existing buildings	CCM 7.2	8	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	6	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.4%		
Professional services related to energy performance of buildings	CCM 9.3	-	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.02%		
Provision of IT/OT data-driven solutions	CE 4.1	187	1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
Repair, refurbishment and remanufacturing	CE 5.1	38	0.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL							n.a.		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,098	15%	89%	0%	0%	11%	0%	0%							16.0%		
Total (A.1 + A.2)		2,098	15%	89%	0%	0%	11%	0%	0%							16.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OPEX of Taxonomy-non-eligible activities (B)		11,549	84.6%															
Total (A+B)		13,647	100%															

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	14%
CCA	-	-
WTR	-	-
CE	-	2%
PPC	-	-
BIO	-	-

3.4 Environmental responsibility

The Group believes that the protection of the environment in which it operates is of fundamental importance, considering the natural environment as an asset to be safeguarded, in harmony with the Group's activities and with due consideration for future generations.

The Group's efforts in the reduction of environmental impact affect all business processes, starting from the design of its products, aiming to use increasingly eco-compatible materials, and technical solutions that permit a lowering of polluting emissions and a reduction in consumptions, guaranteeing, at the same time, customer satisfaction from a performance point of view. For a more detailed description of the Group's commitment to developing more sustainable products from an environmental point of view, please refer to the Research and Development paragraph.

The most significant environmental impact for the Group is concentrated in the production companies, which for the most part carry out assembly activities and therefore do not include energy-intensive operations. Although the timely management of environmental aspects and impacts is delegated to the individual companies, starting from the 2019 financial year, the Operation and Procurement Committee has included the mapping and sharing of the initiatives taken by the various companies on environmental issues in its duties so as to be able to better coordinate the Group's activities on the matter.

It should be noted that the parent company Emak S.p.A. implements its commitment to sustainable development through the Integrated Management System, which combines the Quality System UNI EN ISO 9001:2015, the Ethical System inspired to the principle of SA8000 and the Environmental System UNI EN ISO 14001:2015 standards in a synergical manner. On 30 January 2023, also the Brazilian company Agres obtained the certification for the Environmental Management System UNI EN ISO 14001:2015.

In line with the commitment to sustainability, the parent company Emak S.p.A. has decided to create its own logo with a green perspective, in order to express its attention to the environment and sustainability: "We care".

In order to verify the full legislative compliance with regard to environmental aspects, the Group companies are subject to periodic audits by third parties which, among the various issues, examine waste management, emissions, water withdrawals and discharges.

3.4.1 Energy consumption

(GRI 302-1)

In 2023, 102,755 GJ of fuels from non-renewable sources (natural gas, diesel, gasoline and LPG) were consumed, while total electricity consumption was 78,297 GJ. The overall energy consumption was therefore equal to 181,052 GJ (148,887 GJ in 2022). In percentage terms, most of the consumption is attributable to the use of electricity (about 43%) purchased directly from the network, used for heating / cooling and for the Group's production processes; 24%, on the other hand, is attributable to the consumption of natural gas for heating buildings and factories. In 2023 there was an increase in energy consumption in GJ of 21.6% compared to 2022, mainly due to the inclusion of Bestway in the consolidation scope. When considering data on a like-for-like scope, however, there was a decrease in energy consumption in GJ of -2.9% compared to 2022. The data in units of measure show a reduction in the consumption of electricity (-0.6% compared to 2022) and diesel for production processes (-30.3% compared to 2022), as well as a decrease in the consumption of natural gas for heating (-12.4% compared to 2022). On the other hand, there was an increase in fuel consumption for cars (+235.2% compared to 2022), almost entirely linked to the change in the consolidation area. Indeed, Bestway carries out with its own vehicles both the movement of products between the different company sites and direct delivery to customers.

Several companies have adopted procedures and solutions aimed at monitoring and reducing energy consumption such as:

- installation in the production plants of intelligent systems aimed at managing lighting according to work shifts and, in some rooms, sensor devices for the automatic turning on and off of lights based on presence;

- adoption of thermoregulation systems for the different areas of the plants, dynamically adjusting the power of individual thermal generators to external weather conditions and to the thermo-hygrometric comfort conditions for the different internal areas;
- use of energy-intensive machinery outside peak hours;
- recycling of the energy generated during product tests;
- installation of high-efficiency heating systems, such as heat pumps and latest-generation condensing boilers;
- revision of the general electrical system and transformation cabins, which led to a reduction in electrical dispersions within the system;
- progressive replacement of neon lamps with LED lamps, which saw an acceleration in 2023 with relamping interventions in some plants;
- installation in the production departments of machinery and equipment with high energy efficiency;
- interventions aimed at reducing the thermal needs of the plants and improving the internal microclimate, such as the replacement of window frames and the installation of shading devices;
- installation of energy consumption monitoring systems for each production line or machine, with the aim of identifying possible inefficiencies and planning potential efficiency improvements;
- replacement of PCs with more efficient models and arrangement of workstations near windows to reduce the switching on of lights;
- introduction of plug-in hybrid cars into the company car fleet, replacing diesel cars.

It should be noted that 100% of the electricity purchased by the company Markusson comes from renewable sources (hydroelectricity). Regarding renewable electricity from photovoltaic systems, in 2023, the new photovoltaic system of Tecomec S.r.l. became operational, producing 1,876 GJ of electricity, of which 927 GJ were sold to the grid. Emak S.p.A. and PTC S.r.l. self-produced 374 GJ and 29 GJ of renewable electricity, respectively. Additionally, Emak S.p.A. installed two 22 kW charging stations for electric cars.

3.4.2 Emissions

(GRI 305-1; 305-2; 305-7)

Direct and indirect CO₂eq emissions associated with the main consumption activities of the Group can be subdivided into two categories:

- **direct emissions (Scope 1):** emission of greenhouse gases due to direct fuel consumption on the part of the Group (e.g. natural gas, diesel and petrol);
- **indirect emissions (Scope 2⁶):** emissions of greenhouse gases deriving from the consumption of electricity, consumed by the Group.

In 2023, Group's Scope 1 emissions were 6,567 ton CO₂eq (4,302 ton CO₂eq in 2022), while Scope 2 emissions calculated with the market-based method were 8,060 ton CO₂ (8,047 ton CO₂ in 2022). Specifically, 55% of the emissions is attributable to electricity (Scope 2), while 45% is attributable to the use of fuels (Scope 1).

Using instead the location-based method, the Scope 2 emissions were 7,082 ton CO₂ (7,274 ton CO₂ in 2022).

In 2023, consistent with the trend in energy consumption, there was an increase in Scope 1 emissions of 53% compared to 2022 (on a like-for-like scope, they would have decreased by -7.5%).

⁶ Scope 2 emissions are provided according to both location-based and market-based methods. For the location-based method, average emission factors relating to the generation of national energy were used for the various countries of operation expressed in CO₂ (source: Terna - international comparisons, 2019), while for the calculation of Scope 2 emissions with the market-based method, emission factors expressed in CO₂ relating to the "residual mix" (European Residual Mix 2022 – source AIB 2023) were used, if available. Otherwise, the same emission factors used for the location-based method were also used for the market-based method. Scope 2 emissions are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

Scope 2 emissions, according to the location-based method, decreased by -2.6% compared to 2022, while they remained in line with last year according to the market-based method (+0.2% compared to 2022).

With regard to the quantification of other atmospheric emissions different from CO₂ emissions, various cases are reported among the companies of the Group. In particular:

- Companies that are not subject to authorization as they do not produce significant emissions into the atmosphere;
- Companies subject to periodic checks and which have an environmental authorization obligation for emissions into the atmosphere. For example, at a national level, Emak S.p.A., Lavorwash S.p.A., Comet S.p.A and P.T.C. monitor their emissions into the atmosphere (PM) pursuant to Legislative Decree 152/06. In particular, the emissions are sampled through sampling of gaseous fluids conveyed in the emission chimney, according to the UNI EN 13284-1: 2003 sampling method. The sampling results are described in specific test reports where the values of the samples sampled (mg/Nm³) are compared with the limits established by the reference standard. These values are not in exceedance of the emission limit values imposed by the AUA⁷. For 2023, the estimated emissions⁸ for the plant in Via Secchi in Bagnolo in Piano (RE) are equal to 41 kg of NO_x, 364 kg of CO, and 150 kg of S.O.V.; while for the Pozzilli (IS) plant, they are equal to 0.1 kg of NO_x and 43 kg of VOC. For the aforementioned plants subject to AUA, for the purpose of calculating emissions into the atmosphere, the sampled value (in mg/Nm³) is multiplied by the hours worked and by the flow rate of the chimney itself. In some plants subject to environmental authorisation (eg Tailong in China), the emission control is performed by the competent authorities on an annual basis; for an estimate of emissions in the year, the sampled value is then multiplied by the annual working. For the Chinese plant Tailong, the estimated emissions are equal to 97.52 Kg of NO_x and 52.15 Kg of SO_x.

At the end of 2020, the US company Valley signed a ten-year subscription contract for a share of the capacity of a solar park equivalent to its average annual electricity needs. Thanks to this agreement, Valley will on the one hand get a discount on the supply from its supplier, on the other hand it will contribute to the reduction of CO₂eq emissions by approximately 450,000 pounds⁹ (equal to approximately 204,000 kg) per year for ten years.

As of 2023, the trees planted by the companies of the Group, thanks to the collaboration with Treedom, amount to 1,200, contributing overall to the absorption of over 246 tons of CO₂.

3.4.3 Water withdrawals

(GRI 303-1; 303-2; 303-3)

The Group pays particular attention to the consumption of the water resource used and implements actions aimed at reducing and limiting its consumption in the medium-long term, also through constant monitoring.

Water can be used for sanitary or production purposes. In the latter case, it is mainly used in test benches or in test rooms in order to test the products and in the production process of the brushcutter wire. Companies that use water the most in their production processes use water in closed processes in order to reduce its use and have installed filtering systems that allow the reuse of water. Furthermore, although it is a practice only encouraged and not regulated by local authorities, Speed Line South Africa Ltd. uses collected rainwater in its production.

⁷ Autorizzazione Unica Ambientale.

⁸ The total amount in kg of pollutants, specifically SO_x, VOC, Lead, and Particulate Matter for the Emak S.p.A. plant in Bagnolo in Piano, and Particulate for Lavorwash S.p.A., is not calculable as it is below the detection limit of the method.

⁹ Emission factor source: U.S. Energy Information Administration (EIA) of 2018.

The primary source of withdrawal is the public network, but several companies of the Group also use wells located near their plants, within the limits granted by the public authorities, both for production purposes and for the irrigation of green spaces. The waters are usually discharged into the sewer system.

The companies hold regular water analysis by external bodies, in order to monitor that the quality complies with the regulatory requirements of the various countries.

In order to assess its impact in sensitive areas, the Group has identified the companies that are in water stress areas based on the basic water stress indicator provided by the World Resources Institute's Aqueduct Water Risk Atlas tool. The companies that resulted in water stress areas are: Emak S.p.A. limited to the Pozzilli site, Speed South America, Markusson and Yong Kang Lavorwash Equipment.

For details on water withdrawals, see the table in the "Performance indicators" section.

3.4.4 Waste

(GRI 306-1, 306-2, 306-3)

The Group has formalised its commitment to a responsible management of waste in the Ethical Code, which prohibits all companies to abandon or dispose of waste in an uncontrolled way, cause an impairment or significant deterioration of waters, the air, the soil or the subsoil, or provoke an environmental disaster, considered as an irreversible alteration of the balance of an ecosystem.

The Group manages waste both at documental and at operating level, with particular attention to a correct differentiated collection, to an increase in recovered waste with respect to waste for disposal, to the improvement of criteria for its deposit, identification, correct disposal and tendency towards a reduction in the quantities of waste produced.

The Group undertakes, moreover, to prevent pollution of the soil and subsoil linked to potential spills of chemicals used in the production cycle, as well as any contamination from waste.

The impacts correlated to waste for the Emak Group are mainly traceable to the production companies. As set out in paragraph 1.1, the productive activities of the Group relate mainly to the assembly of components. The consequent production of waste is, therefore, mainly limited to paper and cardboard packaging and wooden pallets. In a number of sites, instead, a vertical production process is carried out, starting from the raw material and arriving at the final product. They are productions for which it is preferred to carry out internally, for an economic question and that of the quality of the product. Specifically, they refer to (i) nylon thread for brush cutters and stall separators produced by the Speed Group companies: starting from the polymers, the final product is obtained through an extrusion process. 76% of plastics generated by the Group's productive companies is traceable to this processing; (ii) frames for wheeled grass cutting machines which are produced in the Pozzilli factory with a vertical process that includes sheet metal stamping, welding and painting and to which 69% of the metallic waste generated by the Group's productive companies is traceable. The waste materials generated from the processing of raw materials are recovered as far as possible. A further impact derives from the nickel-plating surface treatment of aluminium cylinders carried out in the Chinese Tailong company: the factory is equipped with a plant for the purification of production water whose management is assigned to a specialized company authorized by the local government.

In general, the Group undertakes, where circumstances required, to avoid the erroneous disposal of hazardous waste that could have significant impacts on the environment, although the use of dangerous raw materials in its production processes is limited. In 2023 the Group's hazardous waste accounted for 3% of the total and are mainly composed of water-based washing solutions, sludge and electronic waste.

To avoid an erroneous disposal of waste in different companies, waste management procedures are in place that establish the flow of activities to be performed and the persons in charge. Employees are trained and made aware of said procedures. In addition, the companies draw up data sheets relating to the waste and arrange to sample and verify it through specific analyses. Assigned offices carry out a periodic check of the documentation. The categorisation of waste and the definition of internal processes are carried out from time to time with the support of specialised consultants.

Industrial waste is deposited in specified locations, in containers suitable for the volume and type of waste, and subsequently assigned to companies that have all the authorisations required by the regulations in force for recovery or disposal operations. In the case of the Chinese companies, the waste is collected and managed by third parties designated by the local government.

The companies adopt different measures for reducing the quantities of waste generated. In some cases, reusable containers are used for the transport and disposal of raw materials and components in order to reduce the generation of cardboard waste. Where possible, waste deriving from processing activities are recovered. Metal and plastic chips are, for example, reused by the same companies that generate them, or are sold to other companies or returned to the suppliers to be processed. In a number of production factories, waste water treatment systems are present in order to separate sludge and emulsions from the rest of the water which can then be reused in the production process. An example comes from the parent company Emak S.p.A., which, to reduce the amount of hazardous emulsions generated from the painting process of the frames of its wheel products, uses a purification plant in the Pozzilli factory. This plant allows the recovery of water to reuse it in the painting process, disposing of only the sludge resulting from the production process. A further example aimed at a more efficient management of waste is the installation in 2022 of a cardboard compacting machine, which makes it possible to reduce the volume of waste disposed by the Comet company.

The Group also undertakes to increase the use of recycled materials, both in its own products and in packaging. Research and development is already under way, working on how to reduce the use of virgin raw materials, replacing them with recycled plastics. With regards packaging, particular attention is focused on the development of eco-compatible packages, replacing plastic with cardboard, largely recycled and FSC (Forest Stewardship Council) certified, precycled plastic and parts of chipboard.

In line with the Group's environmental commitment, a number of Italian companies have set up projects for the reduction of plastic consumption, using in their company refreshment areas plastic cups and wooden stirrers for coffee and water dispensers with which it is possible to fill water bottles distributed free to employees to disincentivize the use of plastic bottles.

The Group's sensitivity towards safeguarding the environment is also reflected in the choice of a number of companies of sustainable gadgets, composed of recycled plastic, recycled cardboard, corn fibre, bamboo and other biodegradable materials.

Finally, the Group works to increase the information and culture of end users on product disposal at the end-of-life and on packaging, differentiating disposal. For example, the Parent Company, Emak S.p.A. provides useful information for a correct disposal of packaging in differentiated collection both on the packaging itself with an QR code and on the website. A guide for the correct disposal of products is also provided on the website.

4. Performance indicators

Figures relating to human resources

Total number of employees by country, gender and type of contract at 31 December

	31.12.2022			31.12.2023		
	Men	Women	Total	Men	Women	Total
Europe	905	442	1,347	892	441	1,333
Permanent	882	430	1,312	873	435	1,308
Temporary	23	12	35	19	6	25
Americas	395	142	537	470	173	643
Permanent	377	137	514	462	169	631
Temporary	18	5	23	8	4	12
Asia, Africa, Oceania	191	209	400	193	193	386
Permanent	137	158	295	132	146	278
Temporary	54	51	105	61	47	108
Group	1,491	793	2,284	1,555	807	2,362
Permanent	1,396	725	2,121	1,467	750	2,217
Temporary	95	68	163	88	57	145

Total number of employees by region, full-time/part-time and gender at 31 December

	31.12.2022			31.12.2023		
	Men	Women	Total	Men	Women	Total
Europe	905	442	1,347	892	441	1,333
Full-time	872	353	1,225	859	355	1,214
Part-time	33	89	122	33	86	119
Americas	395	142	537	470	173	643
Full-time	372	133	505	453	165	618
Part-time	23	9	32	17	8	25
Asia, Africa, Oceania	191	209	400	193	193	386
Full-time	191	209	400	193	193	386
Part-time	-	-	-	-	-	-
Group	1,491	793	2,284	1,555	807	2,362
Full-time	1,435	695	2,130	1,505	713	2,218
Part-time	56	98	154	50	94	144

Average number of external workers by professional figure and gender at 31 December

	31.12.2022			31.12.2023		
	Men	Women	Total	Men	Women	Total
Group	158	64	221	101	59	160
Agency workers	135	58	192	79	48	127
Trainee	15	6	20	10	9	19
Freelancers and external collaborators	9	0.1	9	10	2	12
Others	-	-	-	2	-	2

Percentage of employees by region, employee category and gender at 31 December

	31.12.2022			31.12.2023		
	Men	Women	Total	Men	Women	Total
Europe	67%	33%	100%	67%	33%	100%
Executives	87%	13%	5%	88%	12%	5%
Employees	61%	39%	46%	62%	38%	49%
Workers	71%	29%	49%	70%	30%	46%
Americas	74%	26%	100%	73%	27%	100%
Executives	90%	10%	6%	92%	8%	6%
Employees	71%	29%	63%	69%	31%	56%
Workers	75%	25%	31%	76%	24%	39%
Asia, Africa, Oceania	48%	52%	100%	50%	50%	100%
Executives	62%	38%	3%	62%	38%	3%
Employees	60%	40%	42%	60%	40%	41%
Workers	37%	63%	55%	42%	58%	55%
Group	65%	35%	100%	66%	34%	100%
Executives	85%	15%	5%	87%	13%	5%
Employees	64%	36%	49%	64%	36%	50%
Workers	64%	36%	46%	66%	34%	45%

Percentage of employees by region, employee category and age group at 31 December

	31.12.2022				31.12.2023			
	<30	30_50	>50	Total	<30	30_50	>50	Total
Europe	10%	51%	39%	100%	10%	47%	44%	100%
Executives	4%	38%	57%	5%	3%	32%	65%	5%
Employees	12%	55%	33%	46%	12%	51%	37%	49%
Workers	8%	48%	44%	49%	8%	43%	49%	46%
Americas	31%	55%	14%	100%	27%	54%	19%	100%
Executives	3%	68%	29%	6%	0%	65%	35%	6%
Employees	34%	57%	9%	63%	32%	56%	12%	56%
Workers	31%	47%	22%	31%	23%	51%	27%	39%
Asia, Africa, Oceania	11%	79%	11%	100%	12%	74%	14%	100%
Executives	0%	92%	8%	3%	0%	85%	15%	3%
Employees	13%	77%	10%	42%	11%	76%	13%	41%
Workers	11%	79%	11%	55%	14%	72%	14%	55%
Group	15%	57%	28%	100%	15%	53%	32%	100%
Executives	4%	53%	44%	5%	2%	48%	50%	5%
Employees	19%	59%	22%	49%	18%	56%	26%	50%
Workers	12%	54%	33%	46%	12%	51%	37%	45%

Employees belonging to protected categories by employee category and gender at 31 December

	31.12.2022			31.12.2023		
	Men	Women	Total	Men	Women	Total
Group	37	20	57	73	26	99
Executives	-	-	-	1	-	1
Employees	10	5	15	14	11	25
Workers	27	15	42	58	15	73

New employee hires by gender and age group

	2022				2023			
	Men	Women	Total	%	Men	Women	Total	%
Europe								
<30	41	12	53	40.2%	26	11	37	28.7%
30-50	53	18	71	10.4%	31	16	47	7.6%
>50	16	2	18	3.4%	16	2	18	3.1%
Total	110	32	142	10.5%	73	29	102	7.7%
Incoming turnover (%)	12.2%	7.2%	10.5%		8.2%	6.6%	7.7%	
Americas								
<30	88	37	125	74.0%	95	36	131	76.6%
30-50	74	26	100	34.1%	111	53	164	47.0%
>50	15	2	17	22.7%	30	10	40	32.5%
Total	177	65	242	45.1%	236	99	335	52.1%
Incoming turnover (%)	44.8%	45.8%	45.1%		50.2%	57.2%	52.1%	
Asia, Africa, Oceania								
<30	10	2	12	27.3%	15	3	18	38.3%
30-50	12	20	32	10.2%	21	12	33	11.5%
>50	2	-	2	4.8%	2	2	4	7.5%
Total	24	22	46	11.5%	38	17	55	14.2%
Incoming turnover (%)	12.6%	10.5%	11.5%		19.7%	8.8%	14.2%	
Group								
<30	139	51	190	55.1%	136	50	186	53.6%
30-50	139	64	203	15.7%	163	81	244	19.4%
>50	33	4	37	5.7%	48	14	62	8.2%
Total	311	119	430	18.8%	347	145	492	20.8%
Incoming turnover (%)	20.9%	15.0%	18.8%		22.3%	18.0%	20.8%	

Employee turnover by gender and age group

	2022				2023			
	Men	Women	Total	%	Men	Women	Total	%
Europe								
<30	15	4	19	14.4%	12	3	15	11.6%
30-50	40	14	54	7.9%	49	15	64	10.3%
>50	37	10	47	8.9%	25	12	37	6.3%
Total	92	28	120	8.9%	86	30	116	8.7%
Outgoing turnover (%)	10.2%	6.3%	8.9%		9.6%	6.8%	8.7%	
Americas								
<30	56	33	89	52.7%	91	37	128	74.9%
30-50	54	32	86	29.4%	110	35	145	41.5%
>50	13	1	14	18.7%	29	7	36	29.3%
Total	123	66	189	35.2%	230	79	309	48.1%
Outgoing turnover (%)	31.1%	46.5%	35.2%		48.9%	45.7%	48.1%	
Asia, Africa, Oceania								
<30	17	6	23	52.3%	8	2	10	21.3%
30-50	15	25	40	12.7%	23	23	46	16.1%
>50	3	10	13	31.0%	5	8	13	24.5%
Total	35	41	76	19.0%	36	33	69	17.9%
Outgoing turnover (%)	18.3%	19.6%	19.0%		18.7%	17.1%	17.9%	
Group								
<30	88	43	131	38.0%	111	42	153	44.1%
30-50	109	71	180	13.9%	182	73	255	20.3%
>50	53	21	74	11.4%	59	27	86	11.3%
Total	250	135	385	16.9%	352	142	494	20.9%
Outgoing turnover (%)	16.8%	17.0%	16.9%		22.6%	17.6%	20.9%	

Hours of training by gender and employee category

2023						
	Men		Women		Total	
	No, hours	Average per capita	No, hours	Average per capita	No, hours	Average per capita
Group	14,234	9.2	7,985	9.9	22,220	9.4
Executives	983	9.5	368	23.0	1,352	11.4
Employees	8,599	11.5	4,746	11.2	13,344	11.4
Workers	4,652	6.6	2,872	7.8	7,524	7.0
<i>of which anticorruption</i>	353	0.2	199	0.2	552	0.2
<i>of which health and safety</i>	4,833	3.1	2,700	3.3	7,533	3.2
<i>of which on human rights</i>	24	0.02	19	0.02	43	0.02

2022						
	Men		Women		Total	
	No, hours	Average per capita	No, hours	Average per capita	No, hours	Average per capita
Group	16,308	10.9	7,587	9.6	23,895	10.5
Executives	1,015	10.7	177	10.4	1,192	10.6
Employees	10,318	14.2	4,800	11.9	15,117	13.4
Workers	4,975	7.4	2,610	7.0	7,586	7.3
<i>of which anticorruption</i>	382	0.3	202	0.3	584	0.3
<i>of which health and safety</i>	6,283	4.2	2,570	3.2	8,852	3.9
<i>of which on human rights</i>	30	0.02	17	0.02	47	0.02

Work-related injuries ¹⁰

	2022	2023
Number of fatalities as a result of work-related injury	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Number of high-consequence work-related injuries¹¹ (excluding fatalities)	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Number and rate of recordable work-related injuries	44	38
<i>of which employees</i>	37	37
<i>of which external workers</i>	7	1
Number of hours worked	4,419,691	4,454,270
<i>of which employees</i>	4,036,002	4,227,069
<i>of which external workers</i>	383,689	227,202
Rate of fatalities as a result of work-related injury	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Rate of recordable work-related injuries	9.96	8.53
<i>of which employees</i>	9.17	8.75
<i>of which external workers</i>	18	4

Main types of work-related injuries

	2022	2023
Contusions and lacerations	28	18
Sprains and fractures	6	13
Muscle strains and joint pains	10	7
Total number of work-related injuries	44	38

¹⁰ Injury figures include non-employees workers, significant with regard to health and safety issues (temporary workers involved in the production process, stable maintenance staff and shipment/logistic cooperatives), who operate at the Group's premises and / or under the control of the Group.

The injury rate has been calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 1,000,000. The injury figures include commuting injuries only if transport was organized by the Group.

¹¹ Work-related injury that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Environmental data¹²

Group energy consumption

	Unit of measurement	2022	2023
Fuel from non-renewable sources	GJ	70,156	102,755
<i>of which for heating</i>	GJ	49,179	43,650
<i>of which for productive process</i>	GJ	6,285	6,218
<i>of which for automotive</i>	GJ	14,692	52,887
Fuel from renewable sources	GJ	-	-
Electric energy	GJ	78,731	78,297
<i>of which renewable</i>	GJ	583	1,484
Total energy consumption	GJ	148,887	181,052

	Unit of measurement	2022 Production Companies	2023 Production Companies	2022 Commercial Companies	2023 Commercial Companies
Fuel from non-renewable sources	GJ	61,672	93,327	8,485	9,428
<i>of which for heating</i>	GJ	44,884	40,003	4,295	3,647
<i>of which for productive process</i>	GJ	6,245	6,185	40	33
<i>of which for automotive</i>	GJ	10,543	47,138	4,149	5,749
Fuel from renewable sources	GJ	-	-	-	-
Electric energy	GJ	76,085	75,691	2,646	2,607
<i>of which renewable</i>	GJ	583	1,484	-	-
Total energy consumption	GJ	137,756	169,017	11,131	12,035

¹² The figures relating to other polluting emissions into the atmosphere other than greenhouse gas emissions, water consumption and waste refer only to companies that carry out production activities, excluding therefore commercial companies, as they are considered not relevant in order to ensure an understanding of the Group's business activity and its impact.

Details of energy consumption – fuels type¹³

	2022			2023		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m³	1,461,052	51,721	m³	1,293,293	46,483
<i>of which for heating</i>	<i>m³</i>	<i>1,389,097</i>	<i>49,179</i>	<i>m³</i>	<i>1,216,854</i>	<i>43,650</i>
<i>of which for productive process</i>	<i>m³</i>	<i>71,955</i>	<i>2,543</i>	<i>m³</i>	<i>76,439</i>	<i>2,833</i>
Gasoline	l	269,949	9,047	l	346,151	11,906
<i>of which for productive process</i>	<i>l</i>	<i>58,783</i>	<i>1,930</i>	<i>l</i>	<i>61,900</i>	<i>2,055</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>174,646</i>	<i>5,903</i>	<i>l</i>	<i>214,704</i>	<i>7,478</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>36,520</i>	<i>1,214</i>	<i>l</i>	<i>69,548</i>	<i>2,373</i>
Diesel	l	260,317	9,246	l	1,171,392	44,226
<i>of which for productive process</i>	<i>l</i>	<i>46,971</i>	<i>1,670</i>	<i>l</i>	<i>32,739</i>	<i>1,191</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>79,194</i>	<i>2,789</i>	<i>l</i>	<i>1,013,735</i>	<i>38,471</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>134,152</i>	<i>4,786</i>	<i>l</i>	<i>124,918</i>	<i>4,564</i>
Electric energy	KWh	21,869,656	78,731	KWh	21,749,245	78,297
Gas LPG	l	5,475	143	l	5,330	139

¹³ Below are the conversion factors used to calculate energy consumption in GJ relating to 2023 data:

- Natural gas: 0.04009 GJ/m³ for the international perimeter (Defra, 2023); 0.035337 GJ /m³ (Ministry of the Environment 2022, Table of National Standard Parameters)
- Electric energy: 0.0036 GJ /Kwh (constant)
- Gasoline: 0.034926 GJ/l for the international perimeter (Defra, 2023); for the national perimeter 0.032065 GJ/l (Ministry of the Environment 2022, Table of National Standard Parameters)
- Diesel: for the international perimeter 0.037996 GJ/l (Defra, 2023); for the national perimeter 0.035579 GJ/l (Ministry of the Environment 2022, Table of National Standard Parameters)
- LPG: 0.0262075 GJ/l for Poland, Mexico and Brasil (Defra, 2023), 0.025966 GJ/l for the United States (Defra, 2023).

	2022			2023		
	Production Companies			Production Companies		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m ³	1,339,903	47,426	m ³	1,191,732	42,836
<i>of which for heating</i>	m ³	1,267,948	44,884	m ³	1,115,293	40,003
<i>of which for productive process</i>	m ³	71,955	2,543	m ³	76,439	2,833
Gasoline	l	227,270	7,603	l	280,399	9,611
<i>of which for productive process</i>	l	58,783	1,930	l	61,900	2,055
<i>of which for cars for business use</i>	l	144,980	4,899	l	176,202	6,134
<i>of which for cars for mixed use</i>	l	23,507	774	l	42,297	1,423
Diesel	l	182,841	6,540	l	1,080,339	40,773
<i>of which for productive process</i>	l	46,971	1,670	l	32,739	1,191
<i>of which for cars for business use</i>	l	40,107	1,426	l	966,642	36,682
<i>of which for cars for mixed use</i>	l	95,763	3,444	l	80,958	2,900
Electric energy	KWh	21,134,620	76,085	KWh	21,025,210	75,691
Gas LPG	l	3,931	102	l	4,089	107

	2022			2023		
	Commercial Companies			Commercial Companies		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m ³	121,149	4,295	m ³	101,561	3,647
<i>of which for heating</i>	m ³	121,149	4,295	m ³	101,561	3,647
<i>of which for productive process</i>	m ³	-	-	m ³	-	-
Gasoline	l	42,679	1,444	l	65,753	2,295
<i>of which for productive process</i>	l	-	-	l	-	-
<i>of which for cars for business use</i>	l	29,666	1,004	l	38,502	1,345
<i>of which for cars for mixed use</i>	l	13,013	440	l	27,251	950
Diesel	l	77,476	2,706	l	91,053	3,453
<i>of which for productive process</i>	l	-	-	l	-	-
<i>of which for cars for business use</i>	l	39,087	1,363	l	47,093	1,789
<i>of which for cars for mixed use</i>	l	38,389	1,343	l	43,960	1,664
Electric energy	KWh	735,036	2,646	KWh	724,035	2,607
Gas LPG	l	1,544	40	l	1,241	33

Details of Scope 1¹⁴ and Scope 2¹⁵ emissions (Location-based method) for the Group

	2022			2023		
	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)
Europe	3,569	2,302	5,871	3,175	2,244	5,419
<i>Production Companies</i>	3,087	2,035	5,122	2,707	1,968	4,675
<i>Commercial Companies</i>	482	267	749	468	276	744
Americas	595	1,809	2,404	3,244	1,966	5,209
<i>Production Companies</i>	523	1,796	2,318	3,109	1,952	5,062
<i>Commercial Companies</i>	73	14	86	134	13	148
Asia, Africa, Oceania	138	3,162	3,300	148	2,873	3,021
<i>Production Companies</i>	138	3,162	3,300	148	2,873	3,021
<i>Commercial Companies</i>	-	-	-	-	-	-
Total	4,302	7,274	11,576	6,567	7,082	13,650
<i>Production Companies</i>	3,747	6,993	10,741	5,965	6,793	12,758
<i>Commercial Companies</i>	554	281	835	602	289	892

¹⁴ For the calculation of Scope 1 emissions, the following emission factors expressed in CO₂eq were considered:

- For 2022 data: ISPRA 2021 for emissions on national territory (Italy), DEFRA 2022 for emissions originating on non-Italian territory;
- For 2023 data: ISPRA 2022 for emissions on national territory (Italy), DEFRA 2023 for emissions originating on non-Italian territory.

¹⁵ For the calculation of Scope 2 emissions (Location-based method), average emission factors relating to the generation of national energy were used for the various countries of operation expressed in CO₂ (source: Terna - international comparisons, 2019). For the calculation of Scope 2 emissions (Market-based method), emission factors expressed in CO₂ relating to the "residual mix" (European Residual Mix 2022- source AIB 2023) were used. Scope 2 emissions are expressed in tonnes of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

Details of Scope 1 and Scope 2 emissions (Market-based method) for the Group

	2022			2023		
	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)
Europe	3,569	3,075	6,644	3,175	3,221	6,396
<i>Production Companies</i>	3,087	2,751	5,837	2,707	2,872	5,579
<i>Commercial Companies</i>	482	325	807	468	349	817
Americas	595	1,809	2,404	3,244	1,966	5,209
<i>Production Companies</i>	523	1,796	2,318	3,109	1,952	5,062
<i>Commercial Companies</i>	73	14	86	134	13	148
Asia, Africa, Oceania	138	3,162	3,300	148	2,873	3,021
<i>Production Companies</i>	138	3,162	3,300	148	2,873	3,021
<i>Commercial Companies</i>	-	-	-	-	-	-
Total	4,302	8,047	12,349	6,567	8,060	14,627
<i>Production Companies</i>	3,747	7,708	11,456	5,965	7,697	13,662
<i>Commercial Companies</i>	554	338	893	602	362	965

Water withdrawal by source¹⁶

Megaliters	2022		2023	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	0	-	0	0
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	0	-	0	0
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	0.1	-	0.1	-
Groundwater (total)	17	2.2	16	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	11	2.2	8	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	6	-	8	-
Seawater (total)	-	-	-	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
Produced water (total)	-	-	-	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
Third-party water (total)	156	70	102	61
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	154	70	100	61
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	2	-	2	-
Total third-party water withdrawal by withdrawal source	-	70	-	61
Surface water	-	-	-	-
Groundwater	-	70	-	61
Seawater	-	-	-	-
Produced water	-	-	-	-
Total water withdrawal	174	72	118	61
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	166	72	109	61
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	8	-	10	-

¹⁶ In order to identify the areas subject to water stress, the Aqueduct Tool developed by the World Resources Institute (WRI) was used. The tool of the WRI is available online at the web page: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, have been taken into consideration the results that emerged in the column "Baseline water stress". For 2022, the following companies were found to be in water stress: Emak S.p.A. limited to the Pozzilli plant, Speed South America, Lemasa and Lavorwash Brasil; whereas for 2023 the following companies were found to be in water stress: Emak S.p.A., limited to the Pozzilli plant, Speed South America, Markusson, and Yong Kang Lavorwash Equipment.

Following a process of improving the reporting system, specifically for Markusson, the data related to water withdrawals for 2022 have been restated compared to those published in the previous Non-Financial Statement. For previously published data, please refer to the 2022 Non-Financial Statement, published in the Sustainability section of the website www.emakgroup.it.

Waste generated by composition and destination¹⁷

Tons	2022	2023	Trend
Metal	973.18	604.83	-38%
<i>of which directed to disposal (D)</i>	127.07	58.64	-54%
<i>of which directed to recovery (R)</i>	846.10	546.19	-35%
<i>of which hazardous waste</i>	-	-	-
Paper and cardboard	618.78	559.52	-10%
<i>of which directed to disposal (D)</i>	203.78	224.61	10%
<i>of which directed to recovery (R)</i>	415.00	334.91	-19%
<i>of which hazardous waste</i>	-	-	-
Wood	265.52	298.48	12%
<i>of which directed to disposal (D)</i>	100.49	127.54	27%
<i>of which directed to recovery (R)</i>	165.03	170.94	4%
<i>of which hazardous waste</i>	-	-	-
Plastic	311.90	294.51	-6%
<i>of which directed to disposal (D)</i>	201.09	222.79	11%
<i>of which directed to recovery (R)</i>	110.80	71.71	-35%
<i>of which hazardous waste</i>	-	-	-
Electronic waste	8.83	10.07	14%
<i>of which directed to disposal (D)</i>	7.06	6.15	-13%
<i>of which directed to recovery (R)</i>	1.77	3.92	122%
<i>of which hazardous waste</i>	0.39	0.03	-92%
Aqueous washing liquids	30.57	43.86	43%
<i>of which directed to disposal (D)</i>	30.57	23.34	-24%
<i>of which directed to recovery (R)</i>	-	20.52	-
<i>of which hazardous waste</i>	30.57	1.80	-94%
Other waste	150.79	167.98	11%
<i>of which directed to disposal (D)</i>	113.37	127.59	13%
<i>of which directed to recovery (R)</i>	37.42	40.39	8%
<i>of which hazardous waste</i>	67.92	60.31	-11%
Total waste generated	2,359.56	1,979.24	-16%
<i>of which directed to disposal (D)</i>	783.43	790.66	1%
<i>of which directed to recovery (R)</i>	1,576.13	1,188.58	-25%
<i>of which hazardous waste</i>	98.89	62.14	-37%
<i>% of recovered waste</i>	67%	60%	-10%
<i>% of hazardous waste</i>	4%	3%	-25%

¹⁷ Following a process of improving the reporting system, specifically for the company Emak S.p.A., the data related to wood waste for 2022 have been restated compared to those published in the previous Non-Financial Statement. For previously published data, please refer to the 2022 Non-Financial Statement, published in the Sustainability section of the website www.emakgroup.it.

GRI Content Index

(GRI 1)

The table below shows Group information based on the GRI Standards with reference to Emak's materiality analysis. For all information provided, reference to the section in this NFS is also indicated.

Statement of use	Emak S.p.A. has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not available

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	9 / 12	
	2-2 Entities included in the organization's sustainability reporting	5	
	2-3 Reporting period, frequency and contact point	4	
	2-4 Restatements of information	5	
	2-5 External assurance	4 / 80	
	2-6 Activities, value chain and other business relationships	9 – 11 / 40 - 41	
	2-7 Employees	33 – 34 / 60	
	2-8 Workers who are not employees	61	
	2-9 Governance structure and composition	14 - 16	
	2-10 Nomination and selection of the highest governance body	16 - 17	
	2-11 Chair of the highest governance body	17	
	2-12 Role of the highest governance body in overseeing the management of impacts	17 - 19	
	2-13 Delegation of responsibility for managing impacts	19	
	2-14 Role of the highest governance body in sustainability reporting	19 - 20	
	2-15 Conflicts of interest	20	
	2-16 Communication of critical concerns	20	
	2-17 Collective knowledge of the highest governance body	20	
	2-18 Evaluation of the performance of the highest governance body	21	
	2-19 Remuneration policies	21 - 22	
	2-20 Process to determine remuneration	22	
	2-21 Annual total compensation ratio	23	
	2-22 Statement on sustainable development strategy	3	
	2-23 Policy commitments	8 / 23 - 25	
	2-24 Embedding policy commitments	23 - 25	
	2-25 Processes to remediate negative impacts	23 - 25	

	2-26 Mechanisms for seeking advice and raising concerns	23 - 24	
	2-27 Compliance with laws and regulations	During 2023 the Group didn't receive any significant administrative sanctions	
	2-28 Membership associations	29	
	2-29 Approach to stakeholder engagement	27 - 28	
	2-30 Collective bargaining agreements	34	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30 - 32	
	3-2 List of material topics	31 - 32	
Economic value creation and distribution			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 48	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	48	
Compliance with tax legislation			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 49 - 50	
GRI 207: Tax 2019	207-1 Approach to tax	49 - 50	
	207-2 Tax governance, control, and risk management	49 - 50	
	207-3 Stakeholder engagement and management of concerns related to tax	49 - 50	
	207-4 Country-by-country reporting	49 - 50	
Fight against corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 6 / 24 - 25	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	25	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	25	
Sustainable procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 40 - 41	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	40	
Occupational health and safety protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 37 - 39	
GRI 403:	403-1 Occupational health and safety management system	37 - 39	

Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	37 - 39	
	403-3 Occupational health services	37 - 39	
	403-4 Worker participation, consultation, and communication on occupational health and safety	37 - 39	
	403-5 Worker training on occupational health and safety	37 - 39	
	403-6 Promotion of worker health	35 / 37 - 39	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37 - 39	
	403-9 Work-related injuries	39 / 66	
Employment creation and maintenance			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 33 - 34	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	63 - 64	
Training and instruction for workers			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 34 - 35	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	35 / 65	
	404-2 Programs for upgrading employee skills and transition assistance programs	35	
Improvement of employee well-being			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 35	
Supplier assessment applying social criteria			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 41 - 42	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	42	
Promotion of diversity and equal opportunities			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 36 - 37	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	14 / 36 - 37 / 61 - 62	
Fight against episodes of discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 23 - 24	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2023 there were no confirmed cases	
Respect for human rights in business activities			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 23 - 25	

Prevention and fight against child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	31 / 41 - 42	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	According to the procedures in place for supplier selection and audit, we believe that there is no significant risk relating to child labor in the main suppliers of the Group.	
Prevention and fight against forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 41 - 42	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	According to the procedures in place for supplier selection and audit, we believe that there is no significant risk relating to forced or compulsory labor in the main suppliers of the Group.	
Protection of freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 34 / 41 - 42	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	According to the procedures in place for supplier selection and audit, we believe that there is no significant risk relating to the freedom of association and collective bargaining in the main suppliers of the Group.	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	34	
Sustainable energy management			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 55 - 56	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	55 – 56 / 67 - 69	
Waste reduction and circular economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 58 - 59	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	58 - 59	
	306-2 Management of significant waste-related impacts	58 - 59	
	306-3 Waste generated	73	

Emissions reduction			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 56 - 57	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	56 - 57 / 70 - 71	
	305-2 Energy indirect (Scope 2) GHG emissions	56 - 57 / 70 - 71	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	57	
Sustainable water management			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 57 - 58	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	57 - 58	
	303-2 Management of water discharge-related impacts	57 - 58	
	303-3 Water withdrawal	72	
Supplier assessment applying environmental criteria			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 41 - 42	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	42	
Technology development and innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 42 - 45	
Product quality and efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 45 - 47	
Product safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 45 - 47	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	46 - 47	
Customer service			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 8	
Sustainable products			
GRI 3: Material Topics 2021	3-3 Management of material topics	32 / 42 - 45	

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of
Emak S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Emak S.p.A. and its subsidiaries (hereinafter "Emak Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 14, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Emak Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Emak S.p.A. and with the employees of Comet S.p.A., Ningbo Tecomec Manufacturing Co. Ltd., Speed France S.a.s. and Lavorwash S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, site and production plant of Bagnolo in Piano (Reggio Emilia) and production plant of Pozzilli (Isernia) for Emak S.p.A., site and production plant of Reggio Emilia for Comet S.p.A., site and production plant of Ningbo (China) for Ningbo Tecomec Manufacturing Co. Ltd., site and production plant of Arnas (France) for Speed France S.a.s. and site and production plant of Pegognaga (Mantova) for Lavorwash S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Emak Group as of December 31, 2023 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of the Emak Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “EU Taxonomy”.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Borasio
Partner

Bologna, Italy
March 27, 2024

This report has been translated into the English language solely for the convenience of international readers.





Emak S.p.A.
42011 Bagnolo in Piano (RE) Italy
emakgroup.com

