


022

**SUSTAINABILITY
REPORT**





Our Group has embarked on a path of ever greater commitment on the issues of Corporate Social Responsibility, aware of the opportunities that can derive from them to express economic growth and profit and, at the same time, also to generate value for all stakeholders in terms of health, quality of life, culture and innovation.

FRANCO UZZENI
PRESIDENT, U-POWER GROUP

Franco Uzzeni

HIGHLIGHTS

272 MLN€

of economic value generated
+17% vs 2021

21,400

pairs of shoes
produced per day in the plants
of France and Tunisia

29

patents filed,
synonymous with the Group's great
commitment to Research
and Development of innovations

29

new footwear models
certified as Carbon Neutral





8%

market share
of U-Power Group in Europe,
number one manufacturer
of safety shoes in Italy and
Europe

44%

female presence
in Group staff

U-Green:

first footwear project with reduced
environmental impact, with the full offsetting
of greenhouse gas emissions

LETTER TO STAKEHOLDERS —



FRANCO UZZENI
PRESIDENTE U-POWER GROUP



Our aim is to become the most authentic and reliable reference point for security of workers through innovative and distinctive design Personal Protective Equipments.

Dear stakeholders,

Commitment and hard work have always been our key to success. Thanks to our future-oriented vision and our constant desire to grow and improve, we have become a solid international player in the accident prevention industry.

Over the years, we have constantly strived to improve our results, with the aim of having a positive impact on people's quality of life. In addition, we are dedicated to providing safe and comfortable protective equipment on a daily basis, with a focus on sustainability and innovation.

Our commitment to Corporate Social Responsibility goes beyond environmental sustainability and extends to the transformation of the Group concept, embracing the transition to a Benefit Corporation. This implies being a company that balances profit goals with business innovation while maintaining a sustainable perspective. This important change is reflected in the Group's Articles of Association, which contain clear references to our commitment to people, communities, territory and socio-cultural activities, but above all in all of us.

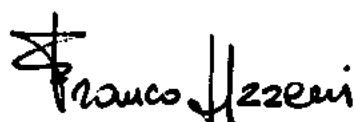
For several years, our company has been committed to sustainability, aware of current challenges such as energy transition, combating climate change, natural resource scarcity and promoting social issues.

Our Sustainability Report tells how we meet these challenges and commits us to share our goals and achievements over the years, continuing our work with competence and passion.

I am extremely proud of the important steps we have taken over the years and, in particular, during 2022. One of the most significant goals we achieved was to maintain carbon neutrality for our shoe lines, which we try to expand each year to include new products. An ambitious project that was a great success and required intensive research to develop new materials from recycled or renewable sources.

In pursuit of our goals of common benefit, we are constantly striving to set new and important targets by aiming to achieve ever more cutting-edge ESG (Environment, Social and Governance) results and to consolidate our role in the sector. We will achieve these goals together with the NB Renaissance fund with which, together with the commitment of our team, we will aim to expand our product categories and our activities in new geographic areas, with the aim of becoming one of the world leaders in the field of protective equipment, while maintaining an ongoing commitment to the long-term sustainable development of the Group.

Enjoy!



5,271

EMPLOYEES

+4% vs 2021

272 M€

OF ECONOMIC VALUE
GENERATED

+17% vs 2021

93,166 GJ

TOTAL ENERGY CONSUMPTION
OF THE GROUP

+6% vs 2021
due to increased production

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VALUES AND PURPOSE



The U-Power Group is a constantly evolving reality that aims to be the most authentic and secure reference point for improving the quality of life of working people, offering a unique capital of experience and knowledge in the Personal Protection Equipment sector.

"Our philosophy 'Don't worry... be happy!' reflects our Mission, which has always been our commitment to the wearer of U-Power work footwear: every single shoe is a guarantee of true comfort and functionality in the sign of pure *Italian design*."

**...This explains our philosophy of life:
don't worry, be happy!**

SEARCHING FOR EXCELLENCE

We always try to do better, as individuals and as a company. We never get tired of learning and redefining the rules.



LEVERAGING CREATIVITY

We are unique and non-conventional. We give space to our inner genius.



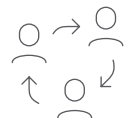
BELIEVING IN TOMORROW

We look at challenges always oriented to the future, continuing to search for sustainable solutions where they have not yet been found.



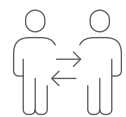
INVOLVING PEOPLE

Bringing empathy, building trust to create long-term relationships.



EXPERIENCING DIVERSITY

We are always open to different voices. We live of multiplicity and dialogue with all generations.



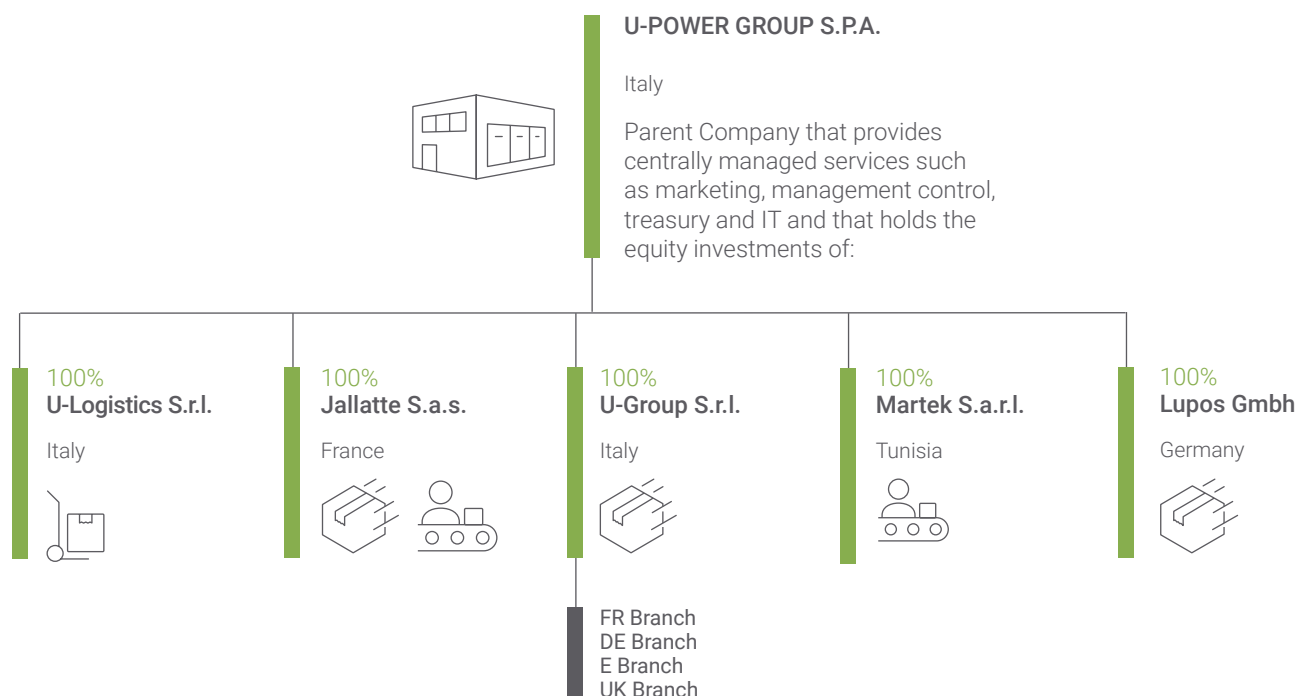
PURSUING SUCCESS

We are always open to different voices. We live of multiplicity and dialogue with all generations.



THE COMPANY

The structure and the companies of the Group as at 31.12.2022 are represented below:



Company that manages all logistical activities associated with fulfilment of orders and deliveries of products.

French company that deals with the production and marketing of finished products (footwear only) using the logistics services provided by U-Logistics.

Main company of the Group that sells finished products using the logistics services provided by U-Logistics. The company also handles all the procurement of raw materials and Research and Development for the manufacture of footwear; U Group also operates through branches in France, Spain, Germany and the UK.

Tunisian production site that manufactures footwear with raw material purchased from Group associates.

Company no longer operating, placed in liquidation.

Legend



Holding



Production



Sales



Logistic

Registered office in Paruzzaro (NO) - Via Borgomanero 50

Share capital: Euro 10,000,000 = fully paid-in

Tax Code and Novara Register of Companies no. 08482990150

Chamber of Commerce of Novara no 163970 R.E.A.
(Economic and Administrative Index)



A close-up photograph of a person's lower leg and foot. They are wearing olive green cargo pants with a reinforced patch on the knee and a black safety shoe with bright yellow-green accents and a white sole. The person is standing on a concrete floor next to a large, dark vehicle wheel. The background is a dimly lit workshop with various mechanical parts visible.

1 U-POWER GROUP: A COMPANY SAFETY PARTNER

1. U-POWER GROUP: A COMPANY SAFETY PARTNER

U-Power Group (hereinafter “U-Power” or “Group”) was founded by entrepreneur Pier Franco Uzzeni in 2006, in Paruzzaro (Italy), drawing inspiration from the experience handed down by his father and from the over 50 years of activity in the safety footwear sector. Over the years, the Group has grown to become one of the main players in the sector, boasting a leadership position in the Italian and European market for work footwear, as well as excellent results in the technical clothing market.

U-Power’s mission is to become the benchmark for worker safety, aiming to improve people’s quality of life. To achieve this, the company is committed to offering Personal Protective Equipment (PPE) that is safe, comfortable, high-performance and attractively designed.

In addition, U-Power is committed to remaining a major player in the market, investing in research and development of new technologies and advanced materials to constantly improve the performance of its products. The company collaborates with sector experts and research institutes to ensure that its solutions are aligned with the latest trends and workers’ needs.

U-Power Group therefore stands out for its commitment to safety and innovation, combining traditional craftsmanship with the use of the latest technologies, as well as offering high quality products, customised services and technical support to its customers.

NB RENAISSANCE ACQUIRES U-POWER

In early 2023, Franco Uzzeni decided to sign an agreement with NB Renaissance, one of the leading private equity funds operating in Italy, in order to launch a new growth phase for the Group.

The new strategic plan will allow the U-Power Group to expand internationally, diversify its product portfolio and improve operational efficiency, acquiring a global leadership position in the sector.

The Group consists of 5 companies, based in 6 countries. U-Power Group S.p.A.; U Group S.r.l.; Martek S.a.r.l.; U-Logistics S.r.l.; Jallatte S.a.S..

This strong international network covers all crucial stages of the value chain: **design, prototyping, production, sales** and customer **support**. Thanks to this complete integration, the Group directly manages its two production units in France and Tunisia, maintaining effective control over the quality of its processes and products, while respecting the environment and the well-being of its employees.

Over the years, the Group has sought to distinguish itself through sustainability and social responsibility initiatives, with the aim of generating long-term value. Specifically, it has promoted a corporate culture based on ethics, sustainability and concern for the community,

thus demonstrating an increasingly global vision of the company.

The Group’s journey culminated in 2021, when U-Power decided to amend its articles of association and become a Benefit Corporation. This legal form has given U-Power a corporate identity that drives the Group to commit itself to pursuing one or more aims of common benefit, operating in a responsible and transparent manner towards all its stakeholders.

Through this new vision and corporate structure, U-Power is committed to reconciling business activities with a focus on social and environmental values, collaborating with all stakeholders, including individuals, communities and organisations, in order to achieve a positive impact and contribute to the common good.

UK

Logistic platform
1 Branch

GERMANY

1 Branch

FRANCE

Production site
1 Sales office
1 Branch

ITALY

Headquarters and logistics platform
1 Sales office

SPAIN

1 Branch

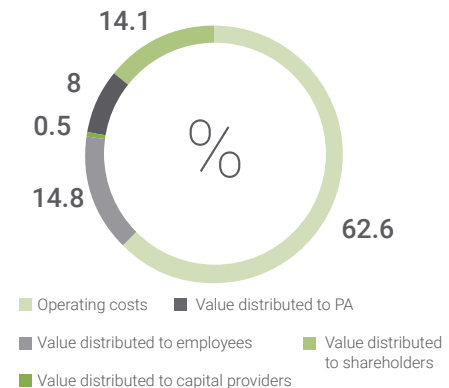
TUNISIA

Production site

Situation as at 31.12.2022

**DIRECT ECONOMIC VALUE GENERATED
AND DISTRIBUTED (k€)**

	2020	2021	2022
Economic value generated	173,919	232,344	272,595
Production value	173,818	232,303	272,465
Financial income	101	41	130
Distributed economic value	144,205	207,515	255,561
Operating costs	102,619	139,189	159,968
Value distributed to employees	28,407	34,325	37,936
Value distributed to capital providers	1,189	1,063	1,322
Value distributed to PA	1,990	15,838	20,335
Value distributed to shareholders	10,000	17,100	36,000
Economic value retained	29,714	24,829	17,034

Distributed economic value 2022


1.1 A HISTORY OF INNOVATION IN TRADITION





Creation of U-Group

- In 2005, Pier Franco Uzzeni left the JAL Group and founded U-Power with the aim of producing and distributing safety shoes under his own brand, immediately gaining a leading position in the European market.

The new technological era

These are the years of the Group's greatest growth:

- U-Power launches the revolutionary new lines with Infinergy® technology from BASF.
- The Group's financial figures show growth for all brands.
- U-Power becomes a Benefit Corporation.
- Launch of the U-Green, J-Respect and Lupos lines, the first totally Carbon Neutral work footwear.
- In 2022, turnover is 270 million euro, +17.4% compared to 2021.

2006
2013

2017
2022

2013
2017



Acquisition and relaunch of JAL Group

- In 2013, sector leader U-Power acquired the main assets and brands of JAL Group (Jallatte, Aimont and Lupos), thus founding the U-Power Group.
- In 2017, the Group's financial figures showed sustained growth, mainly due to the introduction of the Red Lion line and to the first results of the recovery of the acquired brands.

1.2 THE BUSINESS MODEL

The integrated management of the entire value chain, from Research and Development (R&D) to production and commercialisations, ensures U-Power Group flexibility and timeliness in responding to market needs. The Group manufactures and markets a wide range of safety footwear, designed to ensure individual protection and safety in the working environments of operators mainly from industrial, agricultural and commercial sectors that are highly regulated in terms of safety standards, such as the chemical industry, building and construction in general, and services. In addition to foot-

wear, U-Power also produces workwear, such as trousers, jackets, overalls and accessories, which provide protection and comfort for operators working in different sectors.

As far as safety footwear is concerned, with the exception of the basic lines, which represent only a small part of the total turnover and are commissioned entirely to selected, coordinated and periodically audited manufacturers, the U-Power Group adopts a vertically integrated business model, controlling the entire value chain.



Logistics: the U-Power Group's extensive, multi-channel network, supported by its two logistics platforms located in the UK and Italy, plays a key role in shipment management and order fulfilment. This logistics infrastructure enables the Group to handle a significant volume of shipments, with an average of over 21,400 pairs of shoes per day.



R & S: Research and development (R&D) activities within the U-Power Group are carried out at two dedicated centres located in Trani and Paruzzaro. These centres focus on improving and optimising the quality and technological standards of U-Power products, as well as constant innovation in models and style. Product development includes several stages among which:

- conception and design
- prototyping and creation
- control and conformity testing
- approval of the new model



Supply chain: The U-Power Group pays special attention to supplier management, carrying out thorough research, qualification and monitoring. The aim is to select reliable suppliers and guarantee the quality of the materials and services provided, as well as adherence to delivery times. Supplier screening includes:

- Financial analysis
- Evaluation questionnaires
- Verification of certifications



Processing, production and assembly: U-Power footwear is mainly produced at the plants located in Tunisia, which cover 87% of the total production capacity thanks to a local workforce of about 5,200 employees. Part of the production also takes place at the plant in France, which accounts for about 6% of the production capacity, and the production of basic products (about 7% of the total produced) is outsourced to selected Asian manufacturers.

At the French plant, activities focus on the assembly of soles with uppers produced in Tunisia. This assembly process allows the components manufactured at both plants to be combined to create the complete footwear.

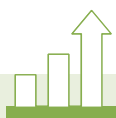
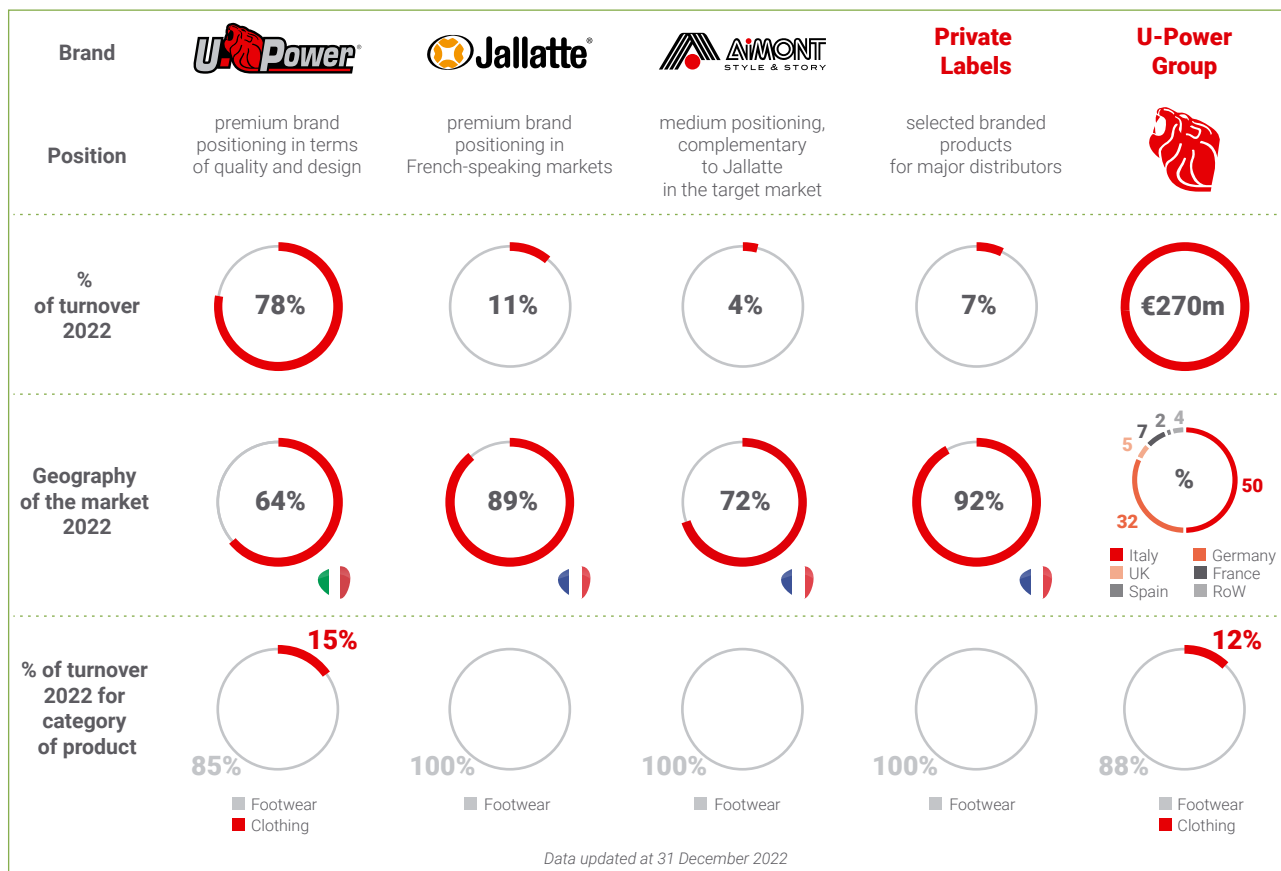


Sales, customer management and marketing: the Group markets its products mainly through a network of distributors and dealers comprising more than 70 partners in 2022. These distribution channels allow U-Power products to reach end users, who can purchase them through retailer points of sale.

To create brand awareness and promote its products, U-Power adopts a targeted marketing policy. This policy includes sponsorship campaigns in high-level television broadcasts (prime time), a strategic social media presence and partnerships with sports clubs. These marketing strategies aim to reach a wide audience and position the U-Power brand as a leader in safety footwear and technical apparel.

T-SHIRT CHRISTAL LS + WORK SHORTS ARES DG + SOCKS GIADY VF + SAFETY SHOES ELVIS - RED PREMIUM RANGE





MARKET TRENDS AND CONTEXT¹

The global personal protective equipment (PPE) market is estimated to be worth **78.3 billion dollars in 2022**, with a projected compound annual growth rate of **6.7% over the period 2023-2030**, thanks to increased safety awareness within factories.

In the Asian context, in fact, several industries including construction, food production, chemicals and pharmaceuticals, have experienced a significant increase in the use of such devices precisely because of an increased awareness of them, as well as investments by both public and private entities. In addition, the expansion of the industrial sector helped to further stimulate demand for PPE.

This trend is supported by the development of increasingly stringent regulations and high costs associated with workplace risks.

Continuous innovation introduces advanced solutions such as devices made of comfortable, lightweight and high-quality fabric. This is an important support for the growth of the PPE market, as it takes into account not only safety requirements, but also aesthetic parameters and advanced technologies. Thanks to these developments, workers can benefit from equipment that offers not only effective protection, but also comfort and style.

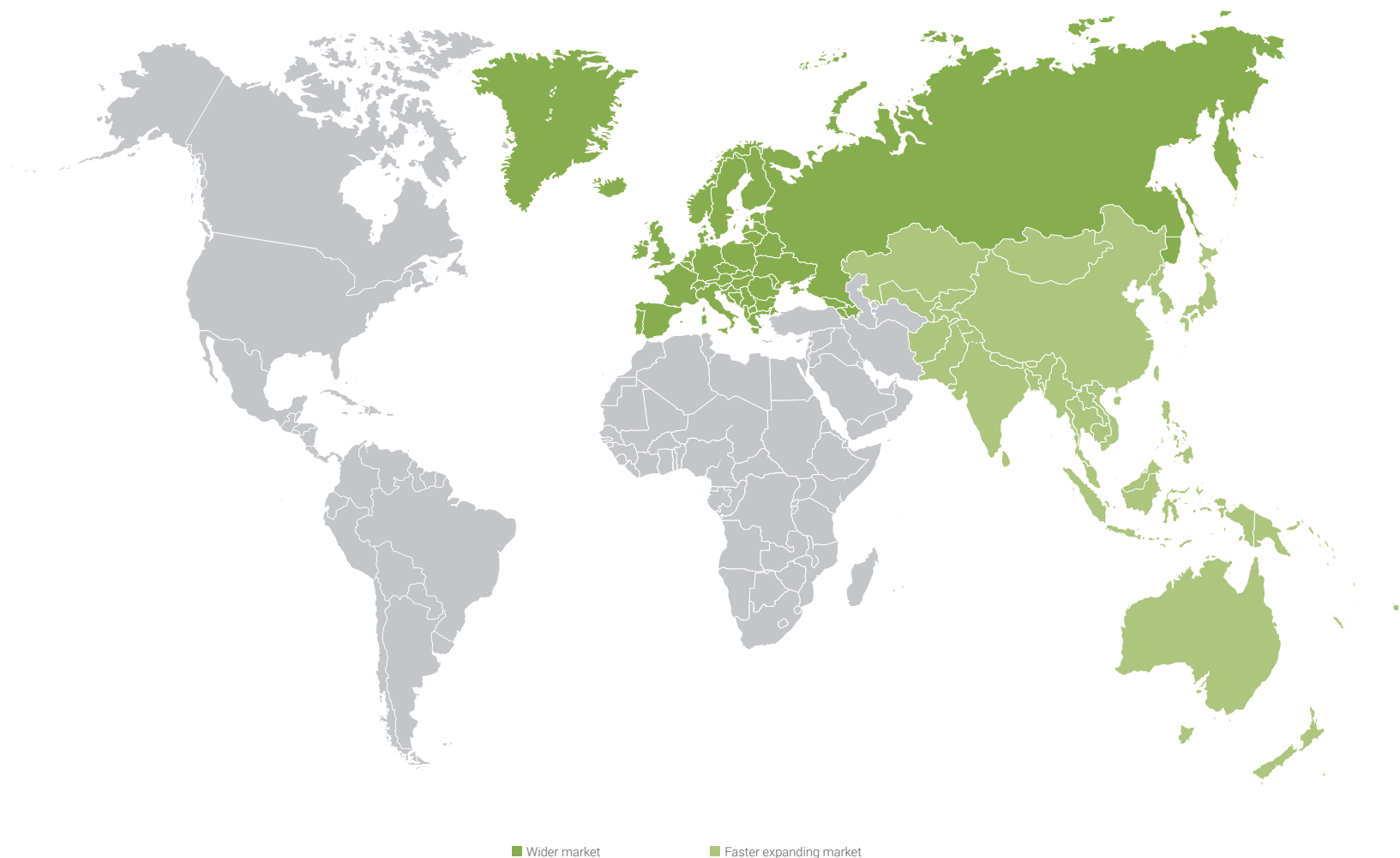
¹ Personal Protective Equipment (PPE) Market Size, Share & Trends Analysis Report By Product (Hand Protection, Eye Protection), By End-use (Construction, Manufacturing), By Region, And Segment Forecasts, 2023 – 2030 (<https://www.grandviewresearch.com/industry-analysis/personal-protective-equipment-ppe-market>)



PPE IN THE WORLD

By 2022, Europe has positioned itself as a major player in the global personal protective equipment (PPE) market, **accounting for more than 30.8%** of total turnover. This success was achieved thanks to the presence of a solid industrial platform and the wide dissemination of PPE in various sectors. Their high penetration in European countries is the result of a strict regulatory framework and severe penalties for non-compliance, which have prompted companies to regularly adopt said equipment to ensure worker safety.

However, future prospects indicate that it will be Asia that will experience the fastest growth rate in the PPE market. Specifically, **in the period between 2023 and 2030, a compound annual growth rate of 7.8% is expected in the region, thanks to significant economic development and ongoing industrialisation.** This enormous growth potential is linked to rising compensation costs, the increasing number of occupational injuries, robust economic development and the need to address occupational safety challenges. These aspects will define the next market trends.







2

GOVERNANCE AND SUSTAINABILITY STRATEGY

2. GOVERNANCE AND SUSTAINABILITY STRATEGY

2.1 OUR COMMITMENT TO SUSTAINABILITY

The U-Power Group was created, and has developed throughout its history, with the aim of becoming the most authentic and reliable point of reference for worker safety.

Legality, transparency, fairness, impartiality, integrity, mutual respect and valorisation of human resources, on the other hand, are the values and ethical principles that have characterised the U-Power Group since its foundation, helping it to become a major player in the safety footwear market.

Sustainability is an essential element of the Group's strategic vision to create value for all stakeholders. In a context where companies are increasingly aware of the environmental and social impact, sustainability plays an important role in the evolution of production processes.

The U-Power Group, by becoming a Benefit Corporation, has included in its articles of association the objectives of common benefit to be followed during the exercise of its activities.

 Protecting the planet	<p>Systematically researching and implementing innovative solutions to global environmental challenges, we aim to limit environmental impacts by promoting a culture of responsible use of resources and considering the entire product life cycle. To this end, the company aims to:</p> <ol style="list-style-type: none"> 1. minimise its own impact on climate change by taking an active part in combating it, 2. encourage the development of circular economy practices during both the creation and end-of-life use phase of its products.
 Promoting the safety and well-being of people	<p>U-Power Group is committed to the continuous improvement of the technical and qualitative characteristics of its products, which are configured as Personal Protective Equipment to help improve safety at work, quality of life and people's well-being.</p>
 The value of people	<p>U-Power Group is committed to pursuing the creation of the best possible conditions to attract, grow and retain talented people. It pursues a commitment to support inclusive practices and workspaces to create an inclusive and flexible culture.</p> <p>The Group is committed to ensuring equal dignity and opportunity for all persons regardless of their country of origin, culture or religion, gender, sexual orientation, political opinions and any other personal characteristics and styles.</p>
 The development and enhancement of the communities within which the Group operates	<p>U-Power Group promotes the cultural, social and economic development of the communities in which it operates, both internationally and locally, with initiatives to raise awareness of sustainable development and the common good.</p> <p>In pursuit of its corporate purpose and in accordance with the principles that inspire its objectives, the Group is committed to creating, supporting and developing projects and partnerships with national or foreign, public or private entities.</p>

Moreover, in a context that is increasingly attentive to the impacts that industrial processes produce on society and the environment, the U-Power Group has decided to commit itself to making sustainability a real mission, thus becoming a model of excellence in the sector. In order to meet this new challenge, the Group has decided to structure its business through the adoption of an integrated strategy, capable of combining economic growth with a path of social and environmental sustainability.

For this, a sustainability roadmap was developed that responds to current socio-economic trends and identified four development directions that reflect the strategic vision in terms of sustainability. The U-Power Group has thus decided to respond to some of the global sustainability challenges and outline the commitments made through the 5 SDGs².

In fact, the Plan contributes to the UN Sustainable Development Goals, which aim to safeguard the planet and the well-being of people.

² Business Reporting on SDGs - An analysis of the Goals and Targets (GRI and UN Global Compact).

U-Circular&Carbon

Aware of our impacts and the need for imminent and concrete action to safeguard the planet, we are dedicated to implementing a **circular model** involving all Group operations, from production processes to product design. We are committed to finding innovative solutions for energy efficiency and **reducing greenhouse gas emissions**.



U-Innovation Safety

We are constantly searching for cutting-edge technologies, capable of guaranteeing the **development of innovative products** that combine maximum quality, high safety standards and minimisation of environmental impacts: from waste reduction, material recovery and reuse, to the reduction of energy consumption and emissions.



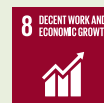
U-People

We believe that the success of the Group is based on the skills and value of our people. That is why we invest great energy in selecting the best talents, in their professional development, in promoting their well-being, and in developing a stimulating and inclusive working environment. We foster the educational and professional development of our people, and we dedicate ourselves every day to the elimination of all forms of discrimination in order to ensure equality and equal opportunities for all employees.



U-Community

We promote the **development and enhancement of communities**, with the aim of actively contributing to the creation of value for the area in which U-Power Group operates. We are committed to creating, supporting, developing projects and partnerships with national or foreign, public or private entities.



ing of its inhabitants, and translates the Group's commitments into concrete actions capable of creating long-term value.

The pillars of the U-Power Group's Sustainability Plan are in line with what is defined in the company's articles of association as a Benefit Corporation: protection of the planet, promotion of people's safety and well-being, people's value, and development and enhancement of the communities within which the company operates.

2.2 THE GOVERNANCE MODEL

The governance structure is responsible for outlining the Group's strategies and coordinating financial, commercial and marketing activities to foster growth, the implementation of new initiatives and the achievement of investment plans. In addition to these tasks, it is also responsible for monitoring and evaluating the results achieved.

- Board of Directors (BoD), the administrative body responsible for the proper management of the company and the strategic and organisational guidance of the Group in achieving its objectives;
- Board of Statutory Auditors, the supervisory body that ensures compliance with the law and assesses the effectiveness of the Group's organisational structure and internal control system.

The Board of Directors

The Board of Directors has broad powers to pursue corporate objectives and manage the ordinary and extraordinary business of the Group, with the exception of acts that, in accordance with the law and the Articles of Association, fall under the exclusive competence of the Meeting.

The company is governed by a Board of Directors (BoD) consisting of a minimum of five to a maximum of nine members, including non-shareholders, according to the resolutions of the Meeting. The directors are appointed by the Meeting on the basis of candidate lists submitted by the shareholders.

All directors, executive and non-executive, must meet the requirements of the law and other applicable provisions and the requirements of independence. In addition, a balance between the male and female gender must be ensured in the composition of the BoD.

Directors may be re-elected and, unless the Meeting decides otherwise at the time of appointment, hold office for a period of three financial years. In addition, the Board may appoint a Secretary, also from outside, and determine the related remuneration. Finally, in compliance with legal and statutory provisions, the BoD may delegate some of its functions to an executive committee composed of some of its members and/or to a CEO.

Each year, during the planning of activities, the members of the Board of Directors (BoD) are regularly reminded of the

latest developments regarding sustainability. These meetings allow exploring opportunities related to sustainability reporting, sector trends and regulatory developments that may influence the company's strategic and operational choices.

Instead, impact management is delegated to the relevant department heads, who report to top management at least once a year all relevant updates, and any critical issues, relating to sustainability issues.

The Board of Directors, in its composition at 31 December 2022, consists of a Chair and two Directors.

MEMBERS OF THE BOARD OF DIRECTORS³

(as at 31 December 2022)

Chair and Chief Executive Officer	Pier Franco Uzzeni
Directors	Franco Gandini (CFO) Giovanni Falco (Direttore Generale)

The Board of Statutory Auditors

The Board of Statutory Auditors performs the task of supervision, as required by the laws and regulations in force. In particular, it verifies compliance with the law and the Articles of Association, adherence to the principles of proper administration and the adequacy of the organisational, administrative and accounting structures adopted by the company, as well as their effective functioning.

The Board of Statutory Auditors was appointed during the shareholders' meeting held in March 2021 and will remain in office until the approval of the 2023 annual financial statements. Members hold office for three consecutive financial years and may be re-elected.

The collegial body responsible for company management consists of three standing and two alternate members.

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

(as at 31 December 2022)

Chair	Cristian Novello
Standing auditor	Cristiano Agogliati Silvia Daccò
Alternate auditor	Cesare Zanotto Alessandra Maggioni

The organisational model

On 22 March 2021, the Board of Directors resolved to approve the Organisational, Management and Control Model pursuant to Legislative Decree 231/01, extending it to all the Group's prestigious Italian offices. The approval came after careful mapping of risks related to relevant offences, as required by Legislative Decree 231/2001, some of which are relevant in terms of sustainability, including the fight against active and passive corruption, the protection of workers' health and safety, and environmental protection.

In accordance with Model 231, the Board of Directors established the Supervisory Body, chaired by the Chair of the Board of Statutory Auditors, which has autonomous powers of initiative, supervision and control, as provided for in article 6 of Legislative Decree 231/2001. Specifically, the Supervisory Body is responsible for supervising and adjusting the 231 Model, including any updates, as well as preparing a summary report to be submitted to the Board of Directors and the Board of Statutory Auditors, containing a summary of the activities carried out, the problems encountered and an account of the reports received during the period. Said reports, in the absence of a whistleblowing procedure, are collected through direct lines, while non-compliances with laws and regulations are constantly monitored, mainly thanks to the management systems adopted by the Group.

Furthermore, the U-Power Group has implemented an anti-corruption policy extended to all Group companies, including those with registered office abroad. This policy aims to prevent corruption involving all personnel, ensuring maximum security for all stakeholders.

The organisational models of Italian companies and the Code of Ethics provide a solid basis for addressing social responsibility issues.

In fact, the Code of Ethics⁴, approved in 2021 by the Board of Directors, also clearly defines values, principles and criteria for conduct. The Code was prepared in accordance with the main national guidelines on human rights, corporate social responsibility and corporate governance. Furthermore, the principles of legality, transparency and compliance are also applied in the other Group companies, according to local regulations, if any.

The principles are applied to all Group companies, so that they are observed by corporate bodies, employees and all the persons involved in the pursuit of the corporate goals. According to the Code, addressees are required to ensure that all business

³ The members of the Board of Directors are over 50 years of age.

⁴ The Code of Ethics can be found at the following link: [U-Power Group: Group corporate documents](#)

decisions are made in the interest of the Group, thus avoiding all situations in which a conflict of interest may arise between personal or family business activities and the duties held, such as to interfere with or impair the ability to make decisions in an impartial and objective manner.

Specifically, members of the Board of Directors are required to follow them in defining the objectives of the Group's businesses, in proposing investments and implementing projects, and in any decisions or actions. The members of the Board of Statutory Auditors, on the other hand, ensure respect for and compliance with the contents of the Code of Ethics in the performance of their duties. Similarly, managers, in implementing their activities, are inspired by the same principles, both within the Group, strengthening cohesion and the spirit of mutual co-operation, and with regard to third parties.

As in previous years, at 31 December 2022, no reports had been received of corruption, anti-competitive conduct, violations of antitrust and anti-monopoly laws or sanctions of non-compliance with social or economic laws and regulations.

Below are the sustainability risks identified and linked to three macro-areas of sustainability: employment aspects, environmental aspects and social aspects.

2.3 RISK MANAGEMENT

The Group conducted an analysis of non-financial risks that were identified, classified and then qualitatively assessed based on the current management and mitigation strategies.



Risks were identified through benchmark analysis, management interviews and context analysis. In particular, the non-financial information of various companies in the fashion and footwear sector was examined in order to identify the main risks. Subsequently, the main risk areas and the management and mitigation methods relating to the various sustainability areas were explored in depth, through interviews with management and analysis of the Group's internal documents. During 2022, said analysis was updated, confirming the risks already identified.

This analysis identified 21 risks related to U-Power Group's activities, divided into four macro-areas: operational, compliance, financial and strategic risks.

Area	Risk	Risk description	Management and mitigation methods
 Employment	Inability to retain employees	<ul style="list-style-type: none"> Increased turnover rates as a consequence of the absence of employee welfare and development policies 	<ul style="list-style-type: none"> High staff retention testifies an adequate welfare even in the absence of formalised policies
	Lack of adequately qualified staff and lack of expertise in workers	<ul style="list-style-type: none"> Lack of adequate technical and managerial skills of employees Inability to convey corporate know-how 	<ul style="list-style-type: none"> Presence of on-the-job training of workers in all corporate functions
	Failure to ensure the health and safety of employees	<ul style="list-style-type: none"> Failure of staff to comply with occupational health and safety policies/procedures/legislation Failure to update safety procedures in the face of new risks or regulatory obligations Occupational Injuries of employees or external workers 	<ul style="list-style-type: none"> Presence of a certified management system according to ISO 45001 (Tunisia) Use of plant and machinery in line with legal regulations and the latest safety standards
	Cases of discrimination, inequality or failure to respect equal opportunities	<ul style="list-style-type: none"> Failure to respect gender balance or other inequalities in the workforce 	<ul style="list-style-type: none"> Code of Ethics
	Lack of business continuity tools in key functions	<ul style="list-style-type: none"> Absence of succession plans for key corporate functions or other mitigation tools 	<ul style="list-style-type: none"> Launch of a project to select qualified professionals to strengthen the current group of corporate managers

follows >>

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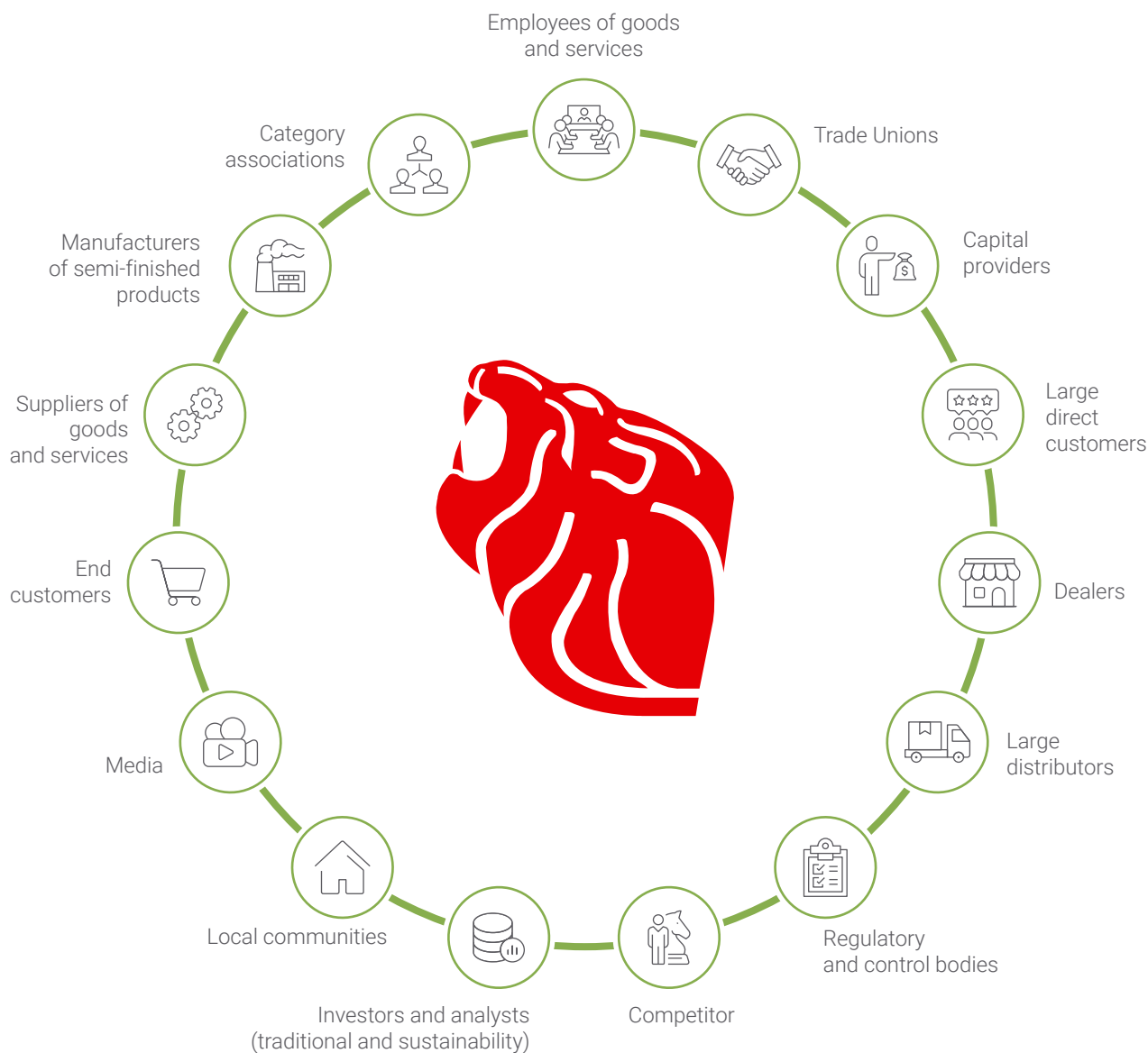
Area	Risk	Risk description	Management and mitigation methods
 Environment	Inability to meet customer demands and pressures	<ul style="list-style-type: none"> • Inability to meet customer demands in terms of product innovation (e.g. products with reduced environmental impact, use of recycled and recyclable materials) 	<ul style="list-style-type: none"> • Development of a product line with reduced environmental impact (U-Green and J-Respect)
	Inadequate waste management	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Environmental impacts due to incorrect waste management • Reputational damages due to incorrect waste management 	<ul style="list-style-type: none"> • Presence of a certified management system according to ISO 14001 (Tunisia)
	Non-compliance with environmental regulations along the supply chain	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Environmental impacts due to incorrect environmental management by suppliers • Reputational damage due to environmental impacts generated by their suppliers 	<ul style="list-style-type: none"> • Site visits to suppliers' plants, by the Group Purchasing function, related to the quality of raw materials purchased
	Inadequate management of energy consumption	<ul style="list-style-type: none"> • Lack of opportunity to reduce operating costs through the implementation of energy efficiency projects • Non-preparedness for regulatory changes (e.g. increase in energy costs) 	<ul style="list-style-type: none"> • Presence of a certified management system according to ISO 14001 (Tunisia)
 Social	Cases of corrupt behaviour implemented or suffered by workers and suppliers	<ul style="list-style-type: none"> • Cases of active or passive corrupt behaviour by Group employees or suppliers 	<ul style="list-style-type: none"> • Group Anti-Corruption Policy (approved in 2021)
	Failure to comply with rules and regulations in the area of product safety	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Product defect cases 	<ul style="list-style-type: none"> • The Group's main sites have implemented a quality management system certified according to ISO 9001 • The Group regularly monitors and manages compliance with safety-related product certifications (e.g. ISO 20345)
	Non-compliance with socio-economic regulations along the supply chain	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Impacts related to incorrect management of labour rights, human rights and social aspects by suppliers • Reputational damage due to the impacts generated by their suppliers in these areas 	<ul style="list-style-type: none"> • The Group Purchasing function carries out site visits at suppliers' plants related to the quality of the raw materials purchased • Supplier assessment questionnaires are planned
	Inability to offer products that are innovative in technology and in line with market trends	<ul style="list-style-type: none"> • Inability of the Group to be a driver of technological innovation in line with market demands and the state of the art in the sector 	<ul style="list-style-type: none"> • Investment in R&D and continuous search for product innovations (e.g. new materials, design)

2.4 STAKEHOLDER DIALOGUE

This Sustainability Report is seen as a channel through which to communicate social and environmental performance, as well as to maintain and continuously improve transparency towards all U-Power Group stakeholders. With the awareness that stakeholder relations are fundamental in the process of creating value for the company,

the Group is committed to strengthening the engagement process with its stakeholders, who are considered an integral part of the responsible and sustainable management of the business.

With regard to the recognition of primary stakeholders, the Group carried out an analysis involving corporate management and led to the definition of 15 main categories of stakeholders, i.e. those who can most influence or be influenced by U-Power Group's activities.



A relationship based on constant dialogue and active involvement of its stakeholders is an expression of the responsibility that the U-Power Group has towards the social context with which it relates.

The Group's attention to the quality of relations with internal and external stakeholders, aimed at understanding their different points of view, expectations and needs, and the related adaptation of the service model, is embodied in a proactive approach to the plurality of stakeholders with whom it interacts on a daily basis through numerous points of contact (for involvement activities refer to the Methodological Note). In fact, the U-Power Group is aware that these moments, being opportunities for mutual growth and enrichment, are an indispensable element for long-term value creation.

2.5 THE NEW MATERIALITY

The materiality analysis plays a key role in guiding the Group in its choice of information to be presented in the Sustainability Report. The aim is to achieve an accurate and complete representation of the relevance of the impacts generated by the Group's activities, offering a clear and transparent view: in fact, according to the GRI Standards, the identification of material topics is based on the analysis of the actual and potential impacts, positive or negative, that an organisation may have on the economy, the environment and the well-being of people, including respect for human rights and contribution to sustainable development.

The materiality analysis process consisted of four different steps:

- 1. Understanding the context in which the Group operates:** analysis of the sector by considering various categories of sources external to the Group, including the regulatory framework, reporting standards and industry documents.
- 2. Identification of the Group's actual and potential impacts:** analysis of internal documentation in order to identify the impacts applicable to the Group's business model. These impacts have been categorised through the following definitions:
 - **Actual or potential:** an impact is considered actual when its effects have occurred or are currently occurring. Conversely, it is defined as potential when its effects could occur, but have not yet occurred at the time of analysis;

- **Positive or negative:** impacts are considered positive when they contribute to the sustainable progress of people, communities and the environment. On the contrary, they become negative when they cause harm to individuals, the community and the environment, and therefore do not contribute to sustainable development.

3. Evaluation of the significance of impacts: a level of significance was defined for all impacts according to their degree of severity and likelihood. In particular, the severity of an impact was assessed by taking into account three aspects:

- **Scale:** how severe the impact is and the external context in which the impact occurs, including geography;
- **Scope:** how widespread the impact is along the Group's value chain;
- **Irremediable character:** the degree of difficulty in repairing the damage generated by the negative impact.

Specifically, the significance of actual impacts was determined by assessing only their severity, while for potential impacts, the likelihood was also considered. In the latter case, it was calculated by analysing all the policies, procedures and actions the Group has taken to prevent and mitigate the identified impact.

In the case of potential negative impacts on human rights and corruption issues, the severity of the impact took precedence over the likelihood, as required by the GRI Standard.

4. Prioritisation of the most significant impacts for reporting purposes: in the last step, two numerical thresholds of significance were defined in order to classify each impact as follows: very relevant, relevant and not relevant. Impacts with very relevant and relevant significance were subsequently aggregated into material topics.

Following this analysis, a dedicated workshop was organised, involving top management in order to validate the impacts, and subsequently the topics, that emerged as significant.

The table below shows the material topics and the related associated impacts. Impact descriptions are outlined in the Methodological Note, while the relevant GRI Disclosures and specific reporting criteria are detailed in the Content Index.

Material topics	Impacts	Type of impact
Energy management and climate change	Exploitation of energy resources from non-renewable sources	✓ -
	Contribution to climate change	✓ -
Worker health and safety	Damage relating to workers' health and safety	✓ -
Waste management	Generation and treatment of waste and end-of-life product	✓ -
Materials used	Exploitation of non-renewable raw materials	✓ -
Protection of human rights	Violation of human and labour rights	? -
Land and community development	Increased employment rate and development of the territory and local communities	✓ +
	Contribution to the development of the industrial fabric in Tunisia	✓ +
Worker development and training	Lack of professional development due to inefficient training activities	? -
Consumer health and safety	Violation of product quality and safety standards	? -
Business ethics	Negative impact on stakeholders due to unfair business practices	? -
Diversity and gender balance	Discrimination in the working environment	? -
Water consumption	Exploitation and pollution of water resources	? -
Research and development of products with reduced environmental impact	Development of products with reduced environmental impact and market consequences	✓ +

Legend: ✓ Effective Impact - Negative Impact + Positive Impact ? Potential Impact

Compared to 2021, the following changes are reported:

- The topics *Product innovation and quality* was renamed to *Research and development of products with reduced environmental impact*, in order to emphasise the Group's commitment and related positive impacts on the market;
- The topics *Local communities* and *Employment* were united within the topic *Territorial and community development*;
- The topics *Freedom of association and collective bargaining* and *Forced and compulsory labour* came under the topic *Protection of human rights*;
- The topic *Water management*, renamed to *Water consumption*, was material in relation to the impacts generated by the supply chain;
- The topic *Anti-corruption*, expanded in *Business ethics*, was material, following the identification of a possible impact on stakeholders due to unfair practices along the value chain;
- The topic *Socio-environmental assessment of suppliers* was removed.



ESTINTORE



3 ITALIAN INNOVATION AND DESIGN AT THE SERVICE OF THE CUSTOMER

3. ITALIAN INNOVATION AND DESIGN AT THE SERVICE OF THE CUSTOMER

Today's ever-changing and evolving scenario requires a solid brand strategy, geared towards developing products with distinctive design, which are increasingly innovative, yet can guarantee comfort and safety. For this reason, the U-Power Group is constantly searching for new technologies that respond to the principles of sustainability and that can offer all-round protection in the immediate term, but

that can also preserve psycho-physical health in the medium and long term.

The Group's focus is, therefore, not only on producing a high quality product, but also on finding technical solutions capable of reducing its impact by redefining and developing new production processes.

U-POWER HIGH



3.1 INNOVATION AT THE SERVICE OF SAFETY

The Group has two research and development laboratories in Italy, one located in Paruzzaro (NO) and the other in Trani (BT), which develop new models and collections every year. The starting point is the design of high-tech, high-quality models that take into account not only comfort and safety requirements, but also health protection issues and the risks of muscular-skeletal disorders due to posture and repetitive motion during work. The preliminary study is therefore increasingly focused on the in-depth analysis of workstations and work processes in terms of ergonomics. This means that, in addition to safety aspects, consideration is also given to the primary conditions and problems that workers may face in carrying out their work, to offer them increasingly high-performance and effective solutions to guarantee their well-being.

Furthermore, R&D activities are oriented, on the one hand, towards the constant search for and identification of raw materials, commodities and production components and/or production techniques capable of improving and making the quality and technological standards of products more efficient, also in relation to the evolving needs of customers, and, on the other hand, to the continuous innovation of models and style of products offered on the market. With this in

mind, over the past few years, the U-Power Group has established fruitful collaboration with the bodies and authorities that define standards in the field of health and safety in the workplace, through constant dialogue and the development of joint projects.

In addition, the Group is constantly searching for new renewable or recycled raw materials to reduce the environmental impact throughout the life cycle of its products, and for the elimination of production defects in order to offer a highly reliable finished product.

The focus is therefore on creating a high quality product that can actively contribute to the well-being of workers and that pays constant attention to social/environmental issues.

Finally, the success of the Group's research and development activities is confirmed by its ability to anticipate its competitors in the development of cutting-edge technologies and products conforming to the most advanced sector standards. In 2022, the U-Power Group further consolidated its leadership by filing a new patent, for a total of 29. These patents cover both the entire work shoe as well as innovations in individual shoe components.

PATENTS WITH THE GREATEST MARKET IMPACT

	AIRTOE	Ultra-lightweight toe cap that guarantees water resistance and safety
	Save&FlexPlus	Exclusive "metal free" puncture-proof textile insole
	Stressout System	Innovative tongue that accompanies walking without stressing the instep
	Wingtex	Inner air tunnel lining for healthy feet



QUALITY AND SAFETY ALONG THE SUPPLY CHAIN

The quality and reliability of Group products depend on the choice of excellent, controlled materials and proper supply chain management. The U-Power Group works with more than 170 suppliers with whom it has established solid and long-term relationships.

In 2022, all raw material suppliers, contractors and sub-contractors were subjected to the internal evaluation system. U-Power targets suppliers/contractors who are qualified in accordance with the internally established requirements and the terms of the management system. The process also includes an environmental evaluation of suppliers through the submission of a questionnaire covering various aspects, including the presence of management systems, compliance with waste management regulations, compliance with current authorisations, implementation of energy-saving measures, drafting of a contingency plan and conduct of relevant simulations. This questionnaire was shared with both new and established suppliers.

U-Power managers also periodically visit the production plants of the most relevant suppliers to check the production process and the quality of the purchased products, in order to verify the purchased product even before it is shipped and received by the Group's production or logistics sites. Two second-level audits were carried out in 2022, one for suppliers in China and one for leather in Brazil.

Moreover, every six months, all suppliers of the materials that will make up the safety shoes are required to update their certification according to the REACH European Regulation, which establishes the rules to be respected to ensure the protection of consumer health and of the environment through the registration, assessment and authorisation of certain chemical substances used in production processes and contained in the products sold, indicated in the Regulation.

The safety of U-Power Group products is an essential prerequisite for ensuring consumer confidence in its products. The Group's aim is to ensure maximum comfort and functionality of its articles, in order to improve working conditions, including by reducing "invisible" risks of physical and health impairment. In order to guarantee the highest product quality, the Group's Tunisian production site and the Italian general office have renewed the quality management system certification, according to the ISO 9001:2015 standard, in 2021 and in the second half of 2022 respectively. In accordance with the standard, the two sites have implemented a monitoring system for operational processes related to quality management and customer support, which are the reference points for an organisation that wants to plan, implement, monitor and improve its goals.

In addition, to fulfil its commitments, the production site in Tunisia has adopted an Environmental Management System (EMS). Through the EMS, the Group adopts a preventive approach in managing risks related to environ-

mental aspects, in line with the approach of ISO 14001, which provides for an analysis of relevant environmental risks related to the production site. The certifications ISO 9001:2015 and ISO 14001: 2015 are also planned for the French production plant.

All U-Power Group footwear, both those marketed in European and non-European markets, are also certified according to the UNI EN ISO 20345:2011 standard, which regulates the general requirements that safety footwear must comply with in order to guarantee maximum worker protection during use. Requirements include the minimum height of the upper, the presence of an impact protection toe cap, a front lining and an insole, which are indispensable features for the shoe to be classified as "Safety footwear". In addition, depending on the type of use, the footwear can be supplemented with other technical specifications, such as anti-hole foil.

In addition to "Safety footwear", the U-Power Group also produces "Protective footwear", certified according to ISO 20346:2011 and "Work footwear" or "Professional footwear",

standardised by ISO 20347:2012. The former differ from Safety footwear in that they have, in addition to the minimum requirements, a lower protective toe cap against impacts with energy up to 100 joules. The latter, on the other hand, do not protect against physical, mechanical risks of impact and compression on the toe, as they do not have a protective toe cap.

This ISO certification system is awarded and guaranteed by external laboratories, accredited and tracked through an identification number. The relevant conformity information is present and visible on all the labels attached to footwear. In addition, the label contains information about the month and year of manufacture, protection class, reference standard and conformity.

In order to always ensure the high quality of the products offered, the Group pays the utmost attention to customer satisfaction. This is why the U-Power Group works daily to track and analyse all possible product non-conformities, paying particular attention to all return cases. For each episode, statistical analyses are carried out, in order to define quality improvement actions in the products. Specifically, the company usually opens an investigation process in order to understand, analyse and resolve the issue by intervening at the project level, if the complaints relate to a specific problem. Thanks to this management and intervention model, no significant cases of product non-conformity were detected during the three-year period 2020-2022.

VEST SATURN BC + WORK SHORTS MERCURY BC + T-SHIRT FLUO YF + SOCKS GIADI YF + GLOVES U-POWER FLEX + SAFETY SHOES YELLOW - RED LION RANGE



3.2 CARBON NEUTRAL WORK SHOES: U-GREEN, J-RESPECT AND LUPOS LINES

U-Power Group, through a responsible and innovative approach, offers the market safety shoes that combine maximum protection and comfort with respect for the environment, offering consumers greater transparency for more informed purchasing decisions.

With this in mind, the Group launched the U-Green and J-Respect footwear lines, an ambitious project that started in 2020 and continued in both 2021 and 2022, when the new Lupos line was also produced and the total number of Carbon Neutral certified models was increased to almost 50⁵.

In order to significantly reduce its emissions, the Group has focused on finding materials with a lower environmental impact for its products, favouring components with high percentages of recycled materials, as well as materials from renewable sources. The main features are:

- **Sole:** anti-abrasive, anti-oil, anti-slip and anti-static, made of 100% polyurethane from renewable raw materials, according to the BASF Group's *biomass-balanced* project.
- **Anti-puncture system:** made from 50% recycled materials and totally "metal-free", it guarantees complete puncture protection, as it is sewn directly onto the upper.
- **Insole:** anatomical and antibacterial, it is made of polyurethane developed by the BASF Group according to the *biomass-balanced* project.
- **Upper:** made of 50% recycled material, it guarantees the robust and lightweight features of PUTEK technology.
- **Lining:** highly breathable, it consists of 66% recycled air-tunnel material.

- **Strings:** 100% recycled polyester.

- **Toe cap:** resistant to 200 joules (corresponding to a fall of a 20 kg weight from a height of one metre or to a compression of approximately 1.5 tonnes).

For the conception of the Carbon Neutral shoe lines, characterised by a high level of technology and quality that takes into account the emission profile, the U-Power Group collaborated with the BASF Group, which developed a polyurethane derived 100% from renewable sources and certified REDcert2⁶. The latter attests to the use of the biomass-balanced approach, a system aimed at ensuring the eco-sustainability of the finished product.

The BASF Biomass Balance polyurethane sole, through the replacement of fossil materials with materials 100% from renewable sources introduced upstream in BASF production processes, boasts a 60% reduction in carbon emissions compared to a traditional polyurethane sole. Thanks to the introduction of this material, the CO₂ emissions for the production of a pair of safety shoes were reduced by 12%.

With the aim of reducing emissions during the design and prototyping phases of models, the parent company U-Power Group S.p.A. decided to purchase energy from renewable sources at the Paruzzaro premises (offices and warehouse) and for St.Hyppolite du Fort as of March. Furthermore, from January 2022 to December 2024, the Group will adopt a series of improvement actions, defined following an energy diagnosis, with the aim of reducing CO₂ emissions linked to the life cycle of shoes. In addition to the energy diagnosis, a feasibility study was carried out for the installation of a

⁵ The Qualifying Explanatory Statements (QES), which demonstrate that the U-Power Group has achieved carbon neutrality with respect to GHG emissions for its 48 footwear models, were prepared in accordance with PAS 2060:2014. The Carbon Footprint of all models, on the other hand, was carried out in accordance with ISO 14067:2018, an international standard that defines the requirements and guidelines for quantifying the carbon footprint of products, and considering the Product Category Rules (PCR) on Leather Footwear (version 2.11; Product Category Classification: UN CPC 2933), containing the rules necessary to make LCA studies and product-related EPD comparable.

⁶ REDCert² is a European certification used to demonstrate that fossil-based raw materials have been replaced by sustainable renewable materials, using the mass balance approach.

photovoltaic system at the Group's Tunisian plants, in order to further reduce emissions related to the use of electricity.

Regarding unavoidable emissions associated with the production of the U-Green, J-Respect and Lupos lines, the U-Power Group has implemented an off-setting programme, in line with international best practice, with the aim of not only offsetting the emissions generated, but also of promoting social and economic benefits for the community. In particular, the Group purchased carbon credits related to the Xenamnoy Clean Hydropower project, developed in Laos. The project offsets greenhouse gas emissions through the construction of a run-of-river hydroelectric

power plant with an installed capacity of 14.8 MW and an annual capacity of 85 GWh supplied to the electricity grid.

Furthermore, in order to communicate its commitment in a transparent way and share it at national and international level, the U-Power Group has joined Carbon Footprint Italy, the Italian programme dedicated to disseminating the results obtained from the quantification of greenhouse gas emissions of products and their reductions. Participation is only open to organisations that have obtained an accredited third-party emissions quantification certificate and that have achieved "zero" net GHG emissions through reduction actions and through the purchase of recognised carbon credits.

VEST WALL BC + WORK TROUSERS HARMONY BC + T-SHIRT CHRISTAL BC + GLOVES U-POWER FLEX_GREY + SAFETY SHOES MATT - RED LEVE RANGE



SOFTSHELL SPACE AG + WORK TROUSERS WORLD AG + GLOVES U-POWER FIT + SOCKS GIADY OF + SAFETY SHOES IRVIN / SOFTSHELL SPACE
GF + WORK TROUSERS WORLD GF + GLOVES U-POWER FIT + SAFETY SHOES IVY - RED PREMIUM RANGE



3.3 RED LEVE

In 2022, the company launched the **Red Leve** line, a new range of work shoes characterised by extreme lightness. Consisting of seventeen models of super-lightweight safety shoes, free of semi-finished products of animal origin, and featuring a breathable nylon upper with anti-abrasion film toe protection, it is set to be the most suitable choice for warmer weather. The Wingtex air tunnel lining is also breathable, while the anti-puncture insole is lighter, but equally safe.

The models are designed with the aim of reducing the weight on the legs, thus minimising the expenditure of energy during foot movement, with an overall benefit to the entire body and an overall reduction in the perception of tiredness and swollen legs at the end of the day. The safety shoes of the Red Leve line provide lightness, guaranteeing all the safety that has always been acknowledged to the U-Power brand and required by European standards. The new generation polyurethane compound sole, together with the toe cap Airtoe® Aluminium, has made it possible to considerably reduce the weight of the footwear by passing all protection and safety tests, guaranteeing a quality and high-performance product.

3.4 INFINERGY®

For the production of state-of-the-art footwear, the U-Power Group has once again partnered with the world's leading chemical manufacturer, the BASF Group, which has developed Infinergy®. Infinergy technology is a sole insert made of expanded thermoplastic polyurethane (TPU) that can return positive energy while offering a lightweight, high-strength alternative for walking. This innovative material, conceived by the BASF Group for the sports world, combines

foams consisting of closed-cell particles with thermoplastic polyurethanes, thus ensuring dynamic cushioning.

The Group has patented the insertion of such an insert in safety footwear, allowing the end user to maintain energy levels longer than any traditional sole, ensuring lightness and freedom of movement with the possibility of reducing muscular-skeletal disorders. This elastic, visible and tangible insert is characterised by resilience according to DIN 53512⁷.

The sole also returns to its original shape after impact, conserving energy in the ground grip phase and returning it in the foot movement phase by up to 55%. Due to this rebound effect, resulting from the resilience of the material, the wearer consumes less energy than before.

3.5 RED CARPET

In order to provide the right support for staff who work long hours in a standing position, the U-Power Group's R&D laboratories have developed dedicated safety footwear designed to provide the right posture support and revitalise the affected areas subjected to stress. The **Red Carpet** technology, developed in collaboration with the BASF Chemical Group, is designed to absorb and relieve body stress, reducing the trauma resulting from prolonged standing at stationary workstations. The material used, totally free of harmful substances, is able to reactivate blood circulation and provide relief to joints, neck, loins and support the worker throughout the working day, ensuring comfort and safety. In terms of innovation, it was a real breakthrough, originally conceived for the sports world, it revolutionised running footwear. BASF has succeeded in this technical performance by combining foams made of closed-cell particles with thermoplastic polyurethanes.

⁷ Technical Standard issued by the German Deutsches Institut für Normung. In particular, standard 53512 refers to the determination of rubber rebound resistance using Schob's pendulum.





4
OUR TEAM

4. OUR TEAM

In order to ensure its success, the U-Power Group employs people who bring added value through skills development, professional experience and technical know-how. These are just a few of the elements that distinguish the Group's corporate management: at the core remain the commitment and strong passion that have always characterised the team, leading it to respond ever more effectively to the high demands of the market.

The U-Power Group is aware of the importance of its resources, which is why it continuously invests in the search and selection of the best talent, in the professional development of its resources and in promoting the well-being of its employees. By virtue of this commitment, the Group constantly works to ensure a healthy, safe, meritocratic, collaborative and inclusive working environment, where diversity is valued and where each person is enabled to express their abilities and talents to the full.

VEST WALL AG + WORK TROUSERS HARMONY AG + T-SHIRT CHRISTAL LS + GLOVES U-POWER HIGH + SAFETY SHOES EGON / VEST WALL DG + WORK TROUSERS HARMONY DG + T-SHIRT CHRISTAL BO + GLOVES U-POWER ICON + SOCKS GIADY YF + SAFETY SHOES ELVIS - RED PREMIUM RANGE



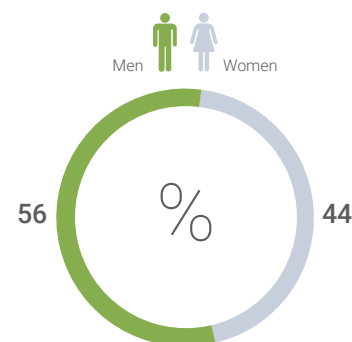
4.1 A COMPANY OF PEOPLE

U-Power's success is not only the result of talent, innovation and authenticity, but is above all based on its human resources, who work side by side and commit themselves every day

to achieve its goals. In 2022, the workforce consisted of 5,271 employees (+4% compared to 2021), about 146 associates⁸ and 55 multi-firm agents.

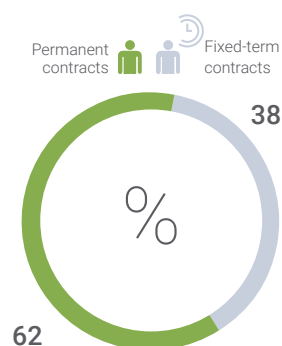
EMPLOYEES BY CONTRACT TYPE AND GENDER

	Permanent			Fixed-term			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	1,302	1,511	1,735	1,063	1,287	1,211	2,365	2,798	2,946
Women	1,259	1,410	1,520	741	839	805	2,000	2,249	2,325
Total	2,561	2,921	3,255	1,804	2,126	2,016	4,365	5,047	5,271



EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL AREA

	Permanent			Fixed-term			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Europe	144	155	168	26	15	6	170	170	174
Tunisia	2,417	2,766	3,087	1,778	2,111	2,010	4,195	4,877	5,097
Total	2,561	2,921	3,255	1,804	2,126	2,016	4,365	5,047	5,271



The Group is committed to ensuring stable employment for its team by offering mainly permanent contracts, covering 62% of employees in 2022. In addition, U-Power tries to meet the personal needs of its employees by offering them, where applicable, the option of part-time employ-

ment. In 2022, 10 people will be employed under this type of contract, while the remaining personnel is covered by full-time contracts. In addition, there are no employees who are not guaranteed a minimum or fixed number of working hours.

EMPLOYEES BY PROFESSIONAL TYPE AND GENDER

	Full-time			Part-time			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	2,361	2,793	2,942	4	5	4	2,365	2,798	2,946
Women	1,989	2,240	2,319	11	9	6	2,000	2,249	2,325
Total	4,350	5,033	5,261	15	14	10	4,365	5,047	5,271



⁸ This figure includes trainees, self-employed, temporary workers.

EMPLOYEES BY PROFESSIONAL TYPE AND GEOGRAPHICAL AREA

	Full-time			Part-time			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Europe	155	156	164	15	14	10	170	170	174
Tunisia	4,195	4,877	5,097	0	0	0	4,195	4,877	5,097
Total	4,350	5,033	5,261	15	14	10	4,365	5,047	5,271

Selection and recruitment processes play a key role in implementing recruitment campaigns based on criteria of objectivity, competence and professionalism. These processes are also based on the promotion of equal opportunities, ensuring, whenever possible, the representation of gender and any other form of diversity among candidates. This strong conviction is also reflected in the Group's numbers, which again in 2022 saw a growth of 1,066 people against 842 terminations.

The Group is committed on a daily basis, also through its corporate portal, to attracting and identifying talented people, capable of standing out not only for their technical-professional and managerial skills, but also for their personal and relational qualities, in tune with the values of the U-Power Group. The search process is expanding more and more towards international and heterogeneous profiles, both in terms of origin and education, in order to build a working environment based on positive, fruitful and collaborative relationships that allow adaptation to a constantly and rapidly changing environment.

NUMBER OF HIRES AND EXITS BY GENDER

	Hires			Exits		
	2020	2021 ⁹	2022	2020	2021	2022
Men	219	615	607	178	164	459
Women	220	481	459	211	222	383
Total	439	1,096	1,066	389	386	842

NUMBER OF HIRES AND EXITS BY AGE GROUP

	2020	2021	2022	2020	2021	2022
Less than 30	245	553	618	208	169	455
30-50	187	496	420	161	185	335
More than 50	7	47	28	20	32	52
Total	439	1,096	1,066	389	386	842

⁹ The 25 employees of Altek Europe S.r.l. merged into U-Group S.r.l. and the 3 employees of Lupos GmbH are included in the recruitment.

NUMBER OF HIRES AND EXITS BY GEOGRAPHICAL AREA

	2020	2021	2022	2020	2021	2022
Europe	14	63	35	14	17	31
Tunisia	425	1,033	1,031	375	369	811
Total	439	1,096	1,066	389	386	842

NEW HIRES AND TURNOVER RATE BY GENDER

	Incoming turnover rate			Outgoing turnover rate		
	2020	2021	2022	2020	2021	2022
Men	9%	22%	21%	7%	6%	16%
Women	11%	21%	20%	11%	10%	16%
Total	10%	22%	20%	9%	8%	16%

NEW HIRES AND TURNOVER RATE BY AGE GROUP

	2020	2021	2022	2020	2021	2022
Less than 30	68%	50%	54%	21%	15%	40%
30-50	16%	14%	12%	6%	5%	9%
more than 50	11%	9%	5%	8%	6%	9%
Total	10%	22%	20%	9%	8%	16%

NEW HIRES AND TURNOVER RATE BY GEOGRAPHICAL AREA

	2020	2021	2022	2020	2021	2022
Europe	11%	37%	20%	11%	10%	18%
Tunisia	10%	21%	20%	9%	8%	16%
Total	10%	22%	20%	9%	8%	16%

Today's changing and evolving scenario requires new skills, professionalism and flexibility to adapt. The Group recognises the importance of the development of its collaborators.

Over the years, the U-Power Group has been committed to enhancing the skills of its employees and ensuring their professional development.

TRAINING HOURS BY PROFESSIONAL CATEGORY

	2020	2021	2022
Training hours provided to Managers	18	28	56
Training hours provided to Middle Managers	183.5	126	320
Training hours provided to Clerks	56	1,267	952
Training hours provided to Workers	56	148	101
Total	313.5	1,569	1,429

TRAINING HOURS PER CAPITA PER PROFESSIONAL CATEGORY

	2020	2021	2022
Training hours per capita per Manager	1.13	1.56	3.29
Training hours per capita per Middle Manager	6.80	4.34	9.41
Training hours per capita per Clerk	0.47	10.56	7.38
Training hours per capita per Worker	0.01	0.03	0.02

TRAINING HOURS BY GENDER

	2020	2021	2022
Training hours provided to women	75.5	728	666
Training hours provided to men	238	841	763
Total	313.5	1,569	1,429

TRAINING HOURS PER CAPITA BY GENDER

	2020	2021	2022
Training hours per capita per woman	0.03	0.32	0.29
Training hours per capita per man	0.11	0.30	0.26

4.2 DIVERSITY AND GENDER BALANCE

Within the Group, discrimination based on race, religion, language, gender, political and trade union affiliation is neither permitted nor tolerated. The U-Power Group strongly believes in everyone's skills and the enrichment that comes from diversity and inclusion. The inclusion of individuals with different backgrounds, experiences and socio-cultural heritages represents a valuable resource from both a technical and social point of view. These elements enable the Group to better meet the challenges of an increasingly globalised market that transcends geographical boundaries.

As far as gender differences are concerned, the presence of women in the total workforce is at around 44%, a significant percentage with a homogeneous distribution in all geographical areas and in the various professional categories. The percentage of women is especially high in Tunisia, where women make up 44% of employees.

In general, at the contractual level, women represent 47% of the permanent workforce and 40% of the fixed-term workforce. In 2022, the proportion of women with full-time contracts continues to grow (44%).

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Managers	2	13	3	15	3	14
Middle Managers	11	15	12	17	12	22
Clerks	78	37	83	37	88	41
Workers	1,909	2,300	2,151	2,729	2,222	2,869
Total	2,000	2,365	2,249	2,798	2,325	2,946

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

	2020			2021			2022		
	< 30 years	between 30 and 50 years	> 50 years	< 30 years	between 30 and 50 years	> 50 years	< 30 years	between 30 and 50 years	> 50 years
Managers	0	5	10	0	4	14	0	6	11
Middle Managers	2	9	15	1	11	18	2	10	22
Clerks	11	66	38	14	68	39	21	72	36
Workers	806	3,055	348	1,087	3,355	436	1,117	3,445	529
Total	819	3,135	411	1,102	3,438	507	1,140	3,533	598

The U-Power Group recognises the importance of protecting and promoting human rights and respect for workers' rights: it is therefore committed to communicating transparently the

developments and the ways of resolving any cases of alleged discrimination that have arisen. No cases of discrimination were established during the three-year period 2020-2022.



THE WELL-BEING OF EMPLOYEES

U-Power constantly strives to take care of the needs of its employees and to provide support to employees. To this end, over the years, the U-Power Group has introduced several initiatives aimed at improving the well-being of its team.

To meet the needs of employees living far from the Tunisian production plants, the Group increased the number of buses made available free of charge. This initiative provides both certainty in working hours, allowing employees to better manage their private lives, and considerable cost savings.

Furthermore, in Tunisia, at the request of the trade unions, U-Power offered to advance sums of money as a form of support to employees. In 2022, about 3,600 employees applied for a loan to celebrate both the end of Ramadan (Aid el Fitr) and the Feast of Sacrifice (Aid el Idhaa). On average, about 700 dinars per person was advanced.

Also in 2022, the Group offered concrete support to women employees in Tunisia, who represent a significant presence in our company. In particular, U-Power provided subsidies for mammograms to all women who requested them.

4.3 THE REMUNERATION SYSTEM AND INDUSTRIAL RELATIONS

To ensure an improvement of a group's business, it is also essential to focus on the creation and development of a strong employer brand. In fact, being able to attract and select top talent and being able to offer them a fair remuneration package in line with the labour market and their achievements is essential for maintaining a leadership position.

The remuneration of the members of the governing body is established by the Meeting, which periodically determines and reviews the amount of the remuneration. The Board of Directors is also subject to variable remuneration, including bonuses, which are regularly determined according to the type and function of the manager, using economic, production and commercial criteria. At present, BoD members are not subject to regular performance appraisals on sustainability topics.

The definition of the remuneration of the corporate population, instead, takes into account specific criteria, including comparison with the external market and internal equity, the features of the role and the responsibilities assigned, as well as the distinctive skills of the people, always with a view to maximum objectivity, in order to avoid any form of discrimination and to respect the Group's principles.

All Italian employees are covered by the National Collective Bargaining Agreement (CCNL) for the footwear sector, while for the other regions the employment relationship is regulated according to specific legislation. The CCNL deals with all the aspects related to working conditions, including holidays and leave, overtime remuneration, flexible working arrangements and variable participation bonuses. Furthermore, according to this contract, organisational changes, such as mergers, transfers of business units, are promptly communicated to employees in writing.

In the U-Power Group, remuneration is based on supplementing the minimum values laid down in the National Collective Bargaining Agreement (CCNL) through the introduction of corporate agreements and benefits that are allocated on the basis of objective criteria, such as responsibility and skills. In addition, there are rewards for the achievement of goals linked to the Group's business strategies.

In order to promote merit within the company, wage increases for collaborators may be offered at the proposal of managers. These proposals, which are subsequently assessed in special steering committees, take into account the results of annual assessments, the goals achieved and the potential expressed in the performance of their duties, as well as the

contribution to the creation of value for the Group, internal equity and competitiveness in relation to the market.

In the Countries in which it operates, the U-Power Group offers, without differences between men and women, entry wage levels equal to or higher than the minimum required by law or by collective bargaining, as evidenced by the analysis carried out in 2020 on the entire corporate population, including the production site in Tunisia, where remuneration was found to be 60% higher than the minimum wage.

In the course of 2021, the Group entered into a trade union agreement on the remuneration adjustment of Tunisian employees. Specifically, the increase was defined as a fixed amount rather than a percentage, in order to ensure a fairer distribution for workers, and it was combined with a retroactive one-off in order to support personnel in periods of crisis. On the other hand, fixed-term employees, who account for more than 40% of the workforce in Tunisia, received an increase and a bonus, albeit a smaller one.

Finally, the remuneration of sales force managers is composed of a fixed and a variable portion, which are appropriately balanced according to their contribution to the Group's strategic goals, thus ensuring a balance between the interests of the employees and the company's short- and long-term goals. The variable remuneration component is short-

term (*Management By Objective*) and is linked to mainly quantitative function and role goals.

As previously mentioned, the U-Power Group recognises and respects the right of workers to be represented by trade union organisations and maintains relations with such representatives based on mutual recognition, dialogue and cooperation. Aware of its influence on the economic and social fabric, the Group manages its relations and negotiations with trade unions according to the highest principles of transparency and fairness, in compliance with the laws in force.

The U-Power Group bases its industrial relations policy on constructive dialogue, which aims at involving employee representatives and maintaining a good corporate climate. Relations with employees are inspired by mutual respect and a mature, structured and harmonious system of relations that has guaranteed, also for 2022, the absence of corporate strikes or union protests by workers directly employed by the companies.

During 2022, no cases were found in which the freedoms of association and collective bargaining were not respected or challenged, and, furthermore, no activities and suppliers were identified in which workers' rights to exercise freedom of association or collective bargaining were not respected or otherwise subject to high risk.

4.4 OUR SAFETY

Promoting and ensuring the highest level of physical, mental and social well-being of all employees is a key priority, through the implementation of preventive and protective measures to make workplaces safe and healthy for all. U-Power pursues this goal by ensuring that existing conditions comply with current regulations at all times and by providing timely training and health surveillance to employees.

The Group carries out its activities in full compliance with the requirements defined by the specific regulations applicable in the Countries where it operates, with an approach aimed at continuous improvement. Although the Group's activities, including tasks strictly related to production, are not subject to high health and safety risks for employees, the protection of people is considered an indispensable condition for all corporate activities. Therefore, U-Power Group constantly promotes a culture of prevention and is committed to ensuring the occupational safety of all employees.

As far as organisation is concerned, there are specialised figures at headquarters (Health and Safety Staff) who are responsible for ensuring a safe working environment that complies with current regulations, defining health and safety guidelines, coordinating monitoring activities and, where necessary, improving safety conditions, supervising the activities of designers and architects, and maintaining relations with workers' safety representatives. In addition, existing offices and plants are periodically checked for compliance, through document analysis and on-site inspections (verification of work environments and equipment), in order to define an improvement plan, if necessary.

With this in mind, inspections relating to the verification of the health and safety of employees at the production site in Tunisia were carried out during 2021. These inspections, carried out by both internal staff and external bodies, were preparatory to obtaining ISO 45001 certification, an organ-

isational and management model for occupational safety aspects, which is based on a solid risk analysis, periodically updated and reported in the "Risk Assessment Document" (DVR). The document defines the criteria and methods for the identification of hazards and the assessment of direct and indirect risks associated with activities, products, services and equipment provided by both the company and third parties.

The Group carries out a risk analysis that does not include only the production plant in Tunisia, but also the French and Italian sites. Generally, during the analysis, the health and safety risks to which employees are subjected for each type of task are mapped and the most effective prevention measures are identified. Thus, the actual probability or frequency of occurrence of an accident event or damage to workers' health and safety is assessed, in relation to the magnitude

of the risk and the severity of the consequences. In this process, particular importance is given to defining how risks are controlled and managed, as well as the improvement measures adopted or to be adopted in order to mitigate the identified risks.

U-Power Group's commitment to monitoring employee accident rates continued in 2022. There were 172 injuries during the year, mostly involving superficial wounds and bruises, recording a rate of 13.82.

During 2022, no injuries at work relating to external collaborators were recorded, for which a total number of hours worked¹⁰ was estimated at 153,600 for 2020 and 195,667 in 2021 and 212,892 in 2022 with a relative injury rate of 0 in 2022. In 2022, an injury occurred that resulted in more than 180 days of absence at the Tunisian site.

EMPLOYEE ACCIDENT INDICES

	2020	2021	2022
Hours worked	8,534,572	10,267,801	12,445,046
Total number of injuries	94	111	172
<i>of which commuting</i> ¹¹	17	4	15
Total number of high-consequence work-related injuries ¹²	0	0	1
Rate of work-related injuries ¹³	11.01	10.81	13.82
Rate of high-consequence work-related injuries ¹⁴	0	0	0.08

The U-Power Group makes internal corporate communication an indispensable element, as it is not only an important information tool, but also an approach to improve collaboration and

a sense of belonging within a team. In the most delicate moments, in fact, the use of proper internal communication is of vital importance for maintaining safety and business continuity.

¹⁰ Within the calculation of the figure for the hours worked by non-employees, more detailed data became available than what was considered and reported in the Sustainability Report 2021 for the two-year period 2020-2021. This Sustainability Report therefore reports the more accurate data for the entire three-year reporting period.

¹¹ A commuting injury is an accident that occurs on the way between the workplace and a place belonging to the private sphere.

¹² An high-consequence work-related injuries is defined as an work-related injuries that leads to death or injury from which the workers cannot recover, do not recover, or it is unrealistic to expect that they will fully recover to the state of health prior to the accident within 6 months.

¹³ The high-consequence work-related injuries rate is calculated as the number of work-related injuries/hours worked*1,000,000.




¹⁴ The rate of high-consequence work-related injuries is calculated as the number of work-related injuries/hours worked*1,000,000.

4.5 U-POWER GROUP COMMUNITIES

The desire to ensure the well-being of its employees is combined with the desire to actively contribute to the well-being of the community. Therefore, in line with its values and articles of association, U-Power supports the development of charitable initiatives for the benefit of the company. The commitment to the community is based on the 2030 Agenda, which promotes collaboration between businesses and local realities to achieve sustainable development goals. Therefore, during 2022, the Group continued to provide

commitment to the communities and territories in which it operates, becoming more and more a point of reference not only for employment and economic development, but also an important partner for the community.

U-Power Group has chosen to systematically engage in supporting initiatives and organisations capable of generating positive impacts for the development and enhancement of the communities in which it operates:

	<p>The Group supports a number of sports clubs both in Italy and Tunisia with annual donations, helping to spread healthy habits, promoting physical activity and team play.</p>
	<p>In April, U-Power hosted the 4th and 5th grade students of the Istituto Primo Levi in Seregno, from the Sistema Moda (Fashion System) curriculum, with the aim of showing them how a company specialising in the production of safety shoes and workwear operates. The visit involved a total of 40 students and they were introduced to all the different departments within the company. In addition, the students had the opportunity to visit the pattern-making factory directly on site, with a guided presentation, which showed them the process of creating shoe and workwear patterns.</p>
	<p>U-Power has renewed its commitment as main sponsor of AC Monza also for the 2021/2022 season. The partnership with AC Monza represented a unique opportunity for U-Power to consolidate its presence in the world of sport and to share the values of commitment, determination and success that characterise both realities.</p>





5

ENVIRONMENT AT THE CENTRE

5. ENVIRONMENT AT THE CENTRE

U-Power Group is aware of the challenges related to environmental sustainability and how these play an increasingly important role in the agendas of the international community. In this regard, the Group is committed to investing the necessary technical, economic and professional resources to develop a strategy that operates in full compliance with the law and continues to improve its performance.

5.1 ENVIRONMENTAL PROTECTION IN OUR VALUE CREATION

In environmental terms, the most significant impacts are concentrated in the Group's two production plants in France and Tunisia. The Group is committed to the responsible and efficient management of resources throughout all production phases: from raw materials to waste, focusing on reducing energy consumption during production and the impact of its products in terms of greenhouse gas emissions.

An environmental policy valid for all Group companies was adopted in May 2021, defining a number of goals including: meeting regulatory requirements, monitoring and improving environmental performance, reducing impacts and raising staff awareness.

The production plant in Tunisia has had an Environmental Management System (EMS) compliant with the UNI EN ISO 14001 standard since 2021. This certification requires the definition of a methodology for analysing and evaluating the impacts generated by the activities carried out and the specific risks associated with the production site. In addition, in 2022, the French plant also started the process to obtain this certification. This activity highlights the Group's commitment to extending good environmental management practices to all production sites, so that a coherent and standardised system can be developed towards environmental issues.

The management practices implemented by U-Power Group in the 2020-2022 period have brought significant results. In fact, no violations of environmental regulations were found in the countries where the Group operates.

SAFETY SHOES ROBIN - RED LEVE RANGE



5.2 MANAGING ENVIRONMENTAL IMPACTS

5.2.1 ENERGY AND EMISSIONS

U-Power Group is committed to pursuing continuous improvement of energy performance in plants by identifying appropriate measures to reduce consumption.

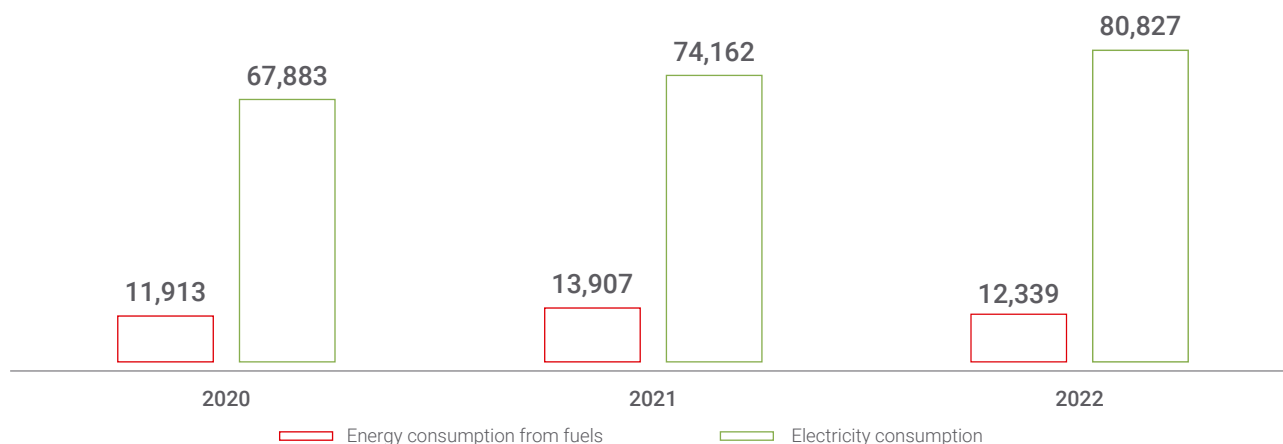
In 2022, the total energy consumption in the Group's two production companies is 93,166 GJ, up by 6% compared to 2021, as a result of significant growth in production volumes. An

analysis of the energy carriers used in the plants shows that energy consumption includes several sources. These include electricity supplied by the national grid, fuel consumption for the company fleet, and methane gas used for space heating limited exclusively to the plant located in France. Here, moreover, electricity from renewable sources certified through Guarantees of Origin (GO) has been purchased since March 2022.

ENERGY CONSUMPTION WITHIN THE ORGANISATION

	2020	2021	2022
Fuel consumption from non-renewable sources (GJ)			
Diesel	4,515	5,417	6,370
Petrol	690	613 ¹⁵	916
Natural gas	6,708	7,941	5,054
Indirect energy consumption (GJ)			
Electricity consumption purchased from the grid (mixed sources)	67,883	74,162	80,827
<i>Of which with Certificates of Origin</i>	-	-	3,795




Energy consumption (GJ)



¹⁵ As part of the calculation of the petrol consumption figure for the company fleet, more detailed data became available than was considered and reported in the Sustainability Report 2021 for the year 2021. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

The measurement and monitoring of energy consumption is a key element in the quest for an increasingly restrained and intelligent use of energy and is the basis for investment choices to reduce environmental impacts.

Some of the energy efficiency projects implemented or in progress are:

 <p>Energy diagnosis carried out in Tunisia and France</p>	<p>U-Power Group carried out, with the involvement of a specialised external company, an energy diagnosis of the buildings in Tunisia, in order to identify efficiency initiatives capable of reducing emissions resulting from energy consumption. Among them, the U-Power Group is planning to start a project to install a photovoltaic system on land adjacent to its Tunisian plant.</p>
 <p>LED lighting system</p>	<p>At present, projects for the replacement of lighting systems are being developed in France and Tunisia. Specifically, traditional light fixtures were replaced with LED fixtures that, in addition to reducing consumption, are characterised by their lower end-of-life impact, thanks to the absence of hazardous metals such as lead and mercury. Based on this energy efficiency project in the production facilities, a possible reduction in electricity consumption of around 40% compared to the previous lighting system was estimated.</p>
 <p>New LEED-certified industrial building</p>	<p>The Group is currently completing the construction of an industrial building in Paruzzaro, for which it aims to obtain LEED Gold certification. This building sustainability assessment system does not take into consideration only the reduction of CO₂ emissions, but it also recognises the performance of buildings in terms of energy and water savings and the improved ecological quality of interiors, materials and resources used. A photovoltaic system, with a power output of 450 kW, will also be installed on the new building, serving both the logistics facility and the new offices under renovation.</p>
 <p>Use of electricity from certified GO sources</p>	<p>The commitment to the use of clean energy sources is evident from the fact that, for the entire year 2022 in Italy and as of March in France, purchased electricity comes entirely from renewable sources. This confirmation is supported by certificates of Guarantee of Origin (GO).</p> <p>The U-Power Group calculates its direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions related to energy consumption, in accordance with the GHG Protocol guidelines. Scope 2 emissions, resulting from the purchase of electricity used in corporate operations, are calculated according to two different approaches: <i>Location-based</i>, a method that uses an average emission factor referring to the national energy mix, and <i>Market-based</i>, which takes into account any contractual agreements made with the electricity distributor.</p>

In 2022, the Group's GHG emissions amounted to 13,106 tons CO₂, an increase of 12% compared to 2021¹⁶.

GHG EMISSIONS

	2020	2021	2022
Direct GHG emissions - Scope 1 (tCO_{2eq})			
Fuel consumption	706	833	766
Refrigerant gas refills	1	1,666	2,257
Total	707	2,499¹⁷	3,022
Indirect GHG emissions - Scope 2 (tCO_{2eq})			
Electricity (Market-based)	8,571	9,192	10,023
Electricity (Location-based)	8,587	9,188	10,084
Emission intensity (tCO_{2eq}/millions €)			
Emission intensity	53	50	48

¹⁶ Data considering Location Based GHG Scope 1 emissions and GHG Scope 2 emissions.

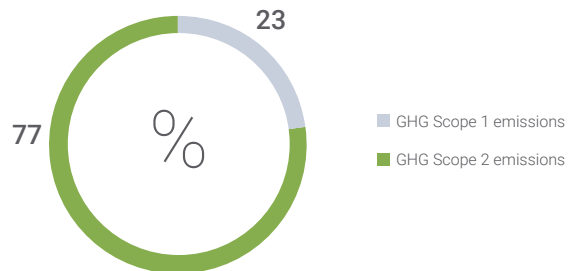
¹⁷ As part of the calculation of the figure for fuel consumption and refrigerant gas refills, more detailed data became available than was considered and reported in the Sustainability Report 2021 for the year 2021. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

Despite a significant increase in production value, the Group has managed to decouple the increase in turnover and greenhouse gas emissions over the past three years. Specifically, from 2020 to 2022, the emission intensity, calculated as the ratio of GHG Scope 1 and 2 (Location-based) emissions to turnover, decreased by 10%.

In order to strengthen its commitment to combating climate change, the Group commits for the coming financial years to calculate GHG Scope 3 emissions with the aim of analysing the emission profile along the entire value chain. At the same time, it is committed to defining an emissions reduction plan that has as its scope, in addition to the U-Green, J-Respect and Lupos lines for which there are

dedicated Carbon Management Plans, all the Group's activities, including upstream and downstream.

2022 GHG emissions



SAFETY SHOES LAKE- RED INDUSTRY GREEN RANGE



5.2.2 | MATERIALS AND WASTE

The U-Power Group creates, innovates and designs highly technical and high-performance products, starting with a particularly careful choice of raw materials. The selection of materials includes both semi-finished and finished products, including polyurethane components and different types of packaging (such as wood and cardboard).

In 2022, data collection on materials was implemented in order to analyse the quantities of the different products purchased and used, classifying them by type. During the year, the Group experienced a significant increase in production, which is also reflected in the total amount of materials purchased and used. In 2022, the total volume of purchased materials was approximately 15,000 tonnes, an increase of 4% compared to 2021.

Among the raw materials, leather represents the main material with a share of about 17% of the total purchased products, slightly down from the previous year (-2%). In contrast, materials for the production process increased by 11% compared to 2021, mainly related to the purchase of chemicals to ensure the safety of products and operations.

Finally, a relevant category is packaging, with cardboard up 13% by 2021 and directly related to the increase in sales. Wood and cardboard make up 10% of the renewable material in the total purchased.

In the table below, the quantities of material purchased in the years 2021-2022 are presented.

PURCHASED MATERIALS

	Renewable	2021	2022
Raw materials (t)			
Leather for lining	No	1,831.4	1,635.9
Leather for upper	No	831.3	909.8
Tips and foils	No	303.8	391.9
Total	-	2,966.5	2,937.6
Materials needed in the production process (t)			
Chemicals	No	4,006.3	4,435.5
Fats and oils	No	0.2	0.2
Total	-	4,006.5	4,435.7
Materials and components other than final raw materials (t)			
Accessories	No	1,184.5	1,246.0
Labels	No	207.6	345.6
Strings	No	2,375.8	2,236.2
Steel soles	No	20.9	19.7
Rubber soles	No	15.2	17.8
Insoles	No	34.3	37.6
Other soles	No	1.1	1.5
Infinergy® inserts	No	7.3	10.5
Other materials	No	1,036.7	1,082.8
Total	-	4,883.4	4,997.7
Packaging materials (t)			
Cardboard	Yes	1,226.2	1,380.2
Wooden pallets	Yes	33.0	43.2
Other packaging	No	1,162.4	998.1
Total	-	2,421.6	2,421.5
Total materials	-	14,278.0	14,792.5

In order to meet the demands of its plants, the U-Power Group has developed a global supply network through the consolidation of long-term relationships with suppliers (national and international), characterised by high quality standards and timely service.

Furthermore, in recent years the Group has been committed to researching alternative and increasingly eco-friendly materials, such as recycled polyester, fabrics derived from recycled materials and polyurethane produced from renewable raw materials. Currently, one of the hallmarks of the U-Power Group's products lies in its high-performance materials, which are distinguished both by their quality and by their reduced environmental impact (see Chapter 3 for more details).



COMPUTERISED LEATHER CUTTING

The use of animal skins has a significant environmental impact, as it requires the use of large quantities of water and chemicals that can contaminate the environment and soil.

This is why U-Power Group, in collaboration with a specialised company, is carrying out a pilot project of computerised leather cutting, with the aim of innovating and rethinking the way leather is cut and modelled to make shoes.

The project involves the use of high-tech, flexible and customised systems and cutting islands that stand out for their high levels of productivity.

With this new proposal, the Group will be able to significantly reduce its production waste (10% of leather), thus reducing material wastage.

U-Power Group is committed to the management and reduction of waste deriving mainly from production plants. The Group is constantly updated on waste management and disposal regulations in the countries in which it operates. Furthermore, it collaborates with accredited suppliers in order to ensure compliance with laws and regulations, as well as promoting best practices along the supply chain.

In 2022, the Group generated a total of 494.14 tonnes of waste at its plants, an increase of over 30% compared to 2021, due to an increase in production volumes. All waste is disposed of externally at least once a year, by specialised third parties who contribute to the proper management of the materials. Of the total waste, 36% is classified as hazardous; this includes mainly spent metal canisters and chemical compounds.

WASTE PRODUCED

Type (ton)	2021			2022		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Paper and cardboard	-	60.38	60.38	-	70.46	70.46
Chemical waste	10.46	76.00	86.46	13.50	95.64	109.14
Electrical and electronic waste	0.35	-	0.35	0.43	-	0.43
Industrial waste	0.02	61.54	61.56	0.92	105.84	106.76
Metal waste	127.30	10.00	137.30	162.95	12.60	175.55
Organic waste	-	7.00	7.00	-	8.40	8.40
Textile waste	-	18.00	18.00	-	23.40	23.40
Total	138.12	232.92	371.04	177.80	316.34	494.14

SOFTSHELL SPOCK AG + SWEATSHORT URANUS AG + WORK TROUSERS WORLD RL + U-POWER BEANIE



5.2.3 WATER

Over the past ten years, the World Economic Forum (WEF) has identified water crises, as well as climate change impacts, as major global threats. This awareness prompted U-Power Group to commit to improving its reporting on water consumption.

In particular, starting this year, the Group has collected information on water withdrawal and discharge at its production plants in France and Tunisia. The water consumed at both sites, given the nature of the activities carried out, is not used in the production process, but only for civil purposes (restrooms and canteens).

During 2022, 85 mega litres of water were withdrawn exclusively from the aqueduct, totally discharged through the sewage network.

In addition, through the use of a water risk mapping tool, it was possible to verify that the plants are not located in areas of high water stress¹⁹.

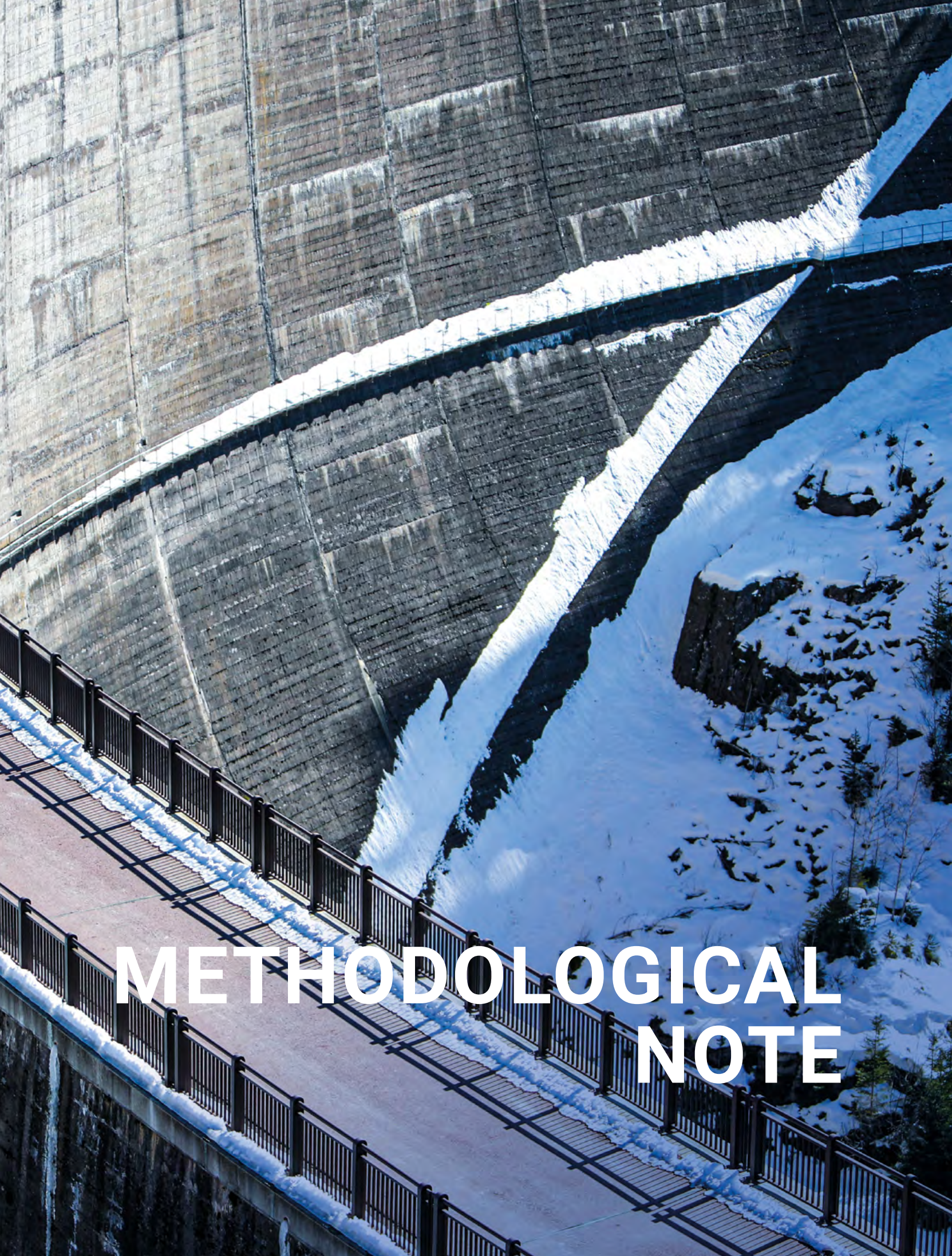
WATER WITHDRAWAL

	2021	2022
Mega Litres		
Total water withdrawal from public waterworks	65	85
<i>Of which from water-stressed areas²⁰</i>	0	0
Water discharge	65	85
<i>Of which from water-stressed areas</i>	0	0
Water consumption	0	0

¹⁸ The water sampled/discharged is fresh water, ≤ 1,000 mg/l total dissolved solids.

¹⁹ Water stress areas are identified using the [WRI Aqueduct Water Risk Atlas](#). For the definition of water stress areas, only those with a high risk are considered..





METHODOLOGICAL NOTE

METHODOLOGICAL NOTE

This document constitutes the third Sustainability Report and includes all fully consolidated companies of U-Power Group in its reporting scope. The wording “U-Power Group” in the document refers to all the companies in the group, while the name of the company has been used for the features referring only to one or the other company. It is reported that, in 2021, the articles of association were amended on the basis of the Benefit Corporation model. Furthermore, in 2023, the Group was acquired by the NB Renaissance fund (see Chapter 1 for more details).

The parent company, U-Power Group S.p.A., has its registered office in Paruzzaro (NO), Via Borgomanero; the offices of the other companies are geographically represented in Chapter 1. The scope and reporting period of the Sustainability Report coincide with that of the Financial Report publicly filed by the Company.

The figures and information in this document refer to the activities carried out by U-Power Group during the financial year 2022 (January to December 2022), unless otherwise specified, in line with the Financial Report. The indicators presented in the Report, for comparative purposes, are also reported for the three-year period 2020-2022, where available, and they are accompanied by a commentary on their performance so as to allow comparison and comparability of the Group's performance over time. Any changes in the 2020 and 2021 data that have occurred as a result of an update of the calculation methodology are clearly and precisely stated in the text in correspondence with the change.

The reporting standard adopted by the group for the preparation of the Sustainability Report are the GRI Sustainability Reporting Standards 2021 published by the Global Reporting Initiative (GRI), and mandatory for sustainability documents published according to these Standards as of 1 January 2023. In particular, the document was prepared as per the “In accordance” option of the GRI Standards and in compliance with the Reporting Principles defined in Section 4 of GRI 1 - Foundation 2021: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. At the end of the document there is a table with an index of contents related to GRI requirements, both general and related to specific material topics.

This document has been audited by an independent third party company. The document was then audited by the appointed auditor EY S.p.A. on the basis of the principles and guidelines contained in ISAE3000 (International Standard on Assurance Engagements 3000 - Revised) of the International Auditing and Assurance Standards Board (IAASB). Quantitative indicators that do not refer to any general or topic-specific disclosure of the GRI Standards, which are reported on the pages indicated in the Content Index, are not subject to limited review by EY S.p.A..

As of the date of publication of this Annual Report, there are no known significant events that occurred in 2022 relevant to sustainability reporting.

U-POWER GROUP STAKEHOLDERS

Value chain stage	Stakeholders	Main expectations	Ways and means of involvement
Product design and development	Competitor	<ul style="list-style-type: none"> • Involvement in initiatives and analysis activities on sector trends for the definition of possible common strategies • Implementation of open, lawful and transparent business models and strategies • Full respect for free competition 	<ul style="list-style-type: none"> • Partnerships • Collaboration with sector and trade associations • Participation in events and technical working tables • Face-to-face meetings
	Regulatory and control bodies	<ul style="list-style-type: none"> • Adherence to and compliance with rules and regulations • Participation in the development of regulations and guidelines 	<ul style="list-style-type: none"> • Dialogue with institutions and participation in working groups • Regular consultation and joint projects, certification audits
Procurement	Manufacturers of semi-finished products	<ul style="list-style-type: none"> • Punctual and correct fulfilment of contractual conditions • Continuity in supply requests - Possibility of developing strategic partnerships 	<ul style="list-style-type: none"> • Direct meetings • Site visits • Partnerships • Discussions during contract definition • Ongoing relations with the purchasing function
	Suppliers of goods and services	<ul style="list-style-type: none"> • Punctual and correct fulfilment of contractual conditions • Continuity in supply requests • Possibility of developing strategic partnerships 	<ul style="list-style-type: none"> • Direct meetings and site visits • Partnerships • Discussions during contract definition • Ongoing relations with the purchasing function
Production, quality control	Employees and external collaborators	<ul style="list-style-type: none"> • Respect workers' rights • Protect occupational health and safety • Be adequately trained for skills development and personal growth 	<ul style="list-style-type: none"> • Area meetings • Point of sale visits • Internal communication • Definition of goals and targets - Involvement activities • Sharing of informal feedback • Training and induction programmes for new hires
	Trade associations	<ul style="list-style-type: none"> • Collaboration, inclusion and participation in activities and programmes 	<ul style="list-style-type: none"> • Active participation in local and international associations • Sharing of best practices with sector associations
	Trade Unions	<ul style="list-style-type: none"> • Transparency and collaboration 	<ul style="list-style-type: none"> • Open and ongoing dialogues • Regular meetings • Definition of joint initiatives and projects
	Capital providers	<ul style="list-style-type: none"> • Transparency and timely and complete sharing of information 	<ul style="list-style-type: none"> • Continuous and transparent dialogue with the financial community • Information sharing through press releases and regular meetings

follows >>

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Value chain stage	Stakeholders	Main expectations	Ways and means of involvement
Communication and marketing	Investors and analysts (traditional and sustainability)	<ul style="list-style-type: none"> • Consolidating and strengthening knowledge of the Group and of its business model • Value creation (return on investment and business sustainability) • Transparent and accountable management • Timeliness and readiness for dialogue • Adequate risk management including socially responsible risks 	<ul style="list-style-type: none"> • Shareholders' Meeting • Conference-calls or periodic meetings following relevant communications • Price-sensitive communications and information • Seminars and conferences • Roadshows and meetings • Daily dialogue (meetings, telephone, e-mail) • Institutional website
	Media	<ul style="list-style-type: none"> • Communication of news, programmes, activities, initiatives • Transparent and truthful communication 	<ul style="list-style-type: none"> • Press releases • Social channels • Sponsorship • TV commercials • Conferences • Interviews
	Local communities	<ul style="list-style-type: none"> • Contribute to the creation of value for the territory • Have an open dialogue • Be transparent and provide information on social, environmental and economic topics 	<ul style="list-style-type: none"> • Meetings with representatives of local organisations, local communities and associations
	End users	<ul style="list-style-type: none"> • Product improvement 	<ul style="list-style-type: none"> • Direct and ongoing relations with sales staff • Customer service • Market analysis • Satisfaction analysis • Website
Sales	Dealers	<ul style="list-style-type: none"> • Continuous innovation and highest product quality 	
	Large distributors	<ul style="list-style-type: none"> • Ability to respond to specific needs for each type of customer and user 	
	Large direct customers	<ul style="list-style-type: none"> • Possibility of company-customer contact and communication 	

SAFETY SHOES ISLAND - RED INDUSTRY GREEN RANGE



U-POWER GROUP IMPACTS

Material topics	Impacts	Description of impacts
Energy management and climate change	Exploitation of energy resources from non-renewable sources	U-Power Group various procurement processes and production activities use energy resources of fossil origin that generate and release greenhouse gas emissions into the atmosphere during combustion. Emissions can be direct, if generated by sources located within the company's perimeter, or indirect if generated by energy purchased and consumed by the company. The latter can be reduced through the purchase of renewable energy covered by Guarantee of Origin (GO) certificates.
	Contribution to climate change	The U-Power Group value chain activities involve energy consumption during the operation of production facilities, as well as in the manufacturing of materials and transport of both materials and finished products.
Worker health and safety	Damage relating to workers' health and safety	The Group's activities are complex and involve numerous players along the entire supply chain. Lack of adequate occupational safety measures and lack of relevant training can lead to serious injuries during raw material procurement, production processes and logistical input and output operations.
Waste management	Generation and treatment of waste and end-of-life product	If they are not managed correctly, waste is generated in the shoe production stages, which can have negative consequences on the environment and human health. The effects of waste generation can extend beyond the places where waste is generated and disposed of. To mitigate these effects, it is important to adopt responsible and sustainable waste management practices in order to minimise environmental impact and preserve people's health.
Materials used	Exploitation of non-renewable raw materials	U-Power Group uses different types of raw materials, the sourcing of which has a global dimension. Resource scarcity and mismanagement, as well as conflicts in the regions where the supply chain of the sector extends, are increasingly affecting the ability to reliably source materials. In particular, in recent years, U-Power has been working to find cutting-edge solutions for the use of materials with a smaller environmental footprint.
Protection of human rights	Violation of human and labour rights	The Group's activities are articulated and complex, involving a large number of suppliers and operations globally. Failure to monitor these steps could lead to a failure to protect the human rights of the workers concerned along the value chain. U-Power Group workers are traditionally represented by trade unions and covered by collective agreements. However, failure to address these issues could lead to disputes with employees and, in extreme cases, to strikes.
Land and community development	Increased employment rate and development of the territory and local communities	The Group's activities are deeply linked to the territories in which it operates and the communities with which it works. U-Power Group's market leadership, as well as continuous growth, contribute to the economic and social development of territories, through the creation of jobs along the entire value chain and the generation of positive impacts on surrounding communities.
	Contribution to the development of the industrial fabric in Tunisia	In the countries in which it operates, U-Power Group offers, without differences between men and women, entry wage levels equal to or higher than the minimum required by law or collective bargaining. As shown by the analysis carried out in 2020 on the entire company population, including the production site in Tunisia, wages are 60% above the minimum wage, contributing to the development of the industrial fabric.

follows >>

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Material topics	Impacts	Description of impacts
Worker development and training	Lack of professional development due to inefficient training activities	The U-Power Group's type of business requires specialised professionals who are up-to-date with the latest regulations. Failure to develop the skills of employees could have negative consequences not only on business, but also on the health and safety of workers and the quality of the products sold.
Consumer health and safety	Violation of product quality and safety standards	The Personal Protective Equipment sector, due to its nature, has worker safety as a priority. If these issues are not adequately monitored and managed, it is possible to incur cases of regulatory non-compliance with consequent impacts on both the company and the health and safety of end users.
Business Ethics	Negative impact on stakeholders due to unfair business practices	Any conduct that contravenes laws and regulations relating to corruption and competitiveness may have an impact not only on the Group's reputation, but also on the market and the stakeholders with which it cooperates.
Diversity and gender balance	Discrimination in the working environment	Geographical location, required skills and types of work mean that the Group and suppliers strive to create an inclusive environment that values employee diversity. In fact, people may be relegated to marginal roles on the basis of their ethnic group, gender or religion due to a recruitment system unfavourable to certain categories, thus reducing inclusion.
Water consumption	Exploitation and pollution of water resources	Water resources are generally used for the production of raw materials and finished products purchased by the Group, and only marginally during production. However, proper water management is crucial in footwear production to conserve water resources and minimise environmental impact.
Research and development of products with reduced environmental impact	Development of products with reduced environmental impact and market consequences	Over the years, U-Power has been able to reconcile profit goals with sustainable business innovation. In fact, the group has developed a line of products with reduced environmental impact (Carbon Neutral shoes), influencing the industry and competitors in the market.

CALCULATION METHODOLOGY

Qualitative and quantitative social, environmental and economic-financial data were collected, on an annual basis, through special data collection forms and interviews with the active involvement of the Group's main corporate functions.

In order to give a fair representation of performance, the use of estimates has been limited as much as possible; where they have been used, they are based on the best available methodologies and appropriately reported.

In addition to what has already been reported in the text, the methodological indications for some indicators in this Sustainability Report are provided below.

STAFF DATA

For each reporting year, the calculation of U-Power Group personnel (broken down by geographic area, gender, contract type and type of work) is based on data received from the various sales and production subsidiaries and is expressed in headcount at 31 December.

The rate of hires and turnover, broken down by gender, age group and geographic area, is calculated using the number of employees relative to the type of subdivision considered.

The accident indices were calculated as follows:

- Occupational accident rate: number of injuries/hours worked*1,000,000
- Injury rate with serious consequences: number of high-consequence work-related injuries, i.e. with a total number of days of absence exceeding 6 months/hours worked*1,000,000

The calculation of frequency rates does not include commuting injuries.

ENVIRONMENTAL DATA

For environmental data, where not available, conservative estimation methodologies were used, resulting in the selection of assumptions associated with the least positive environmental performance for the Group. The reporting of environmental data is only extended to the Group's production plants located in Tunisia and France.

ENERGY CONSUMPTION

The conversion factors used to standardise energy consumption come from the DEFRA "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" table, for the years 2020, 2021 and 2022.

GREENHOUSE GAS EMISSIONS

Greenhouse gas (GHG) emissions are reported according to the guidelines defined by the main internationally recognised standards; in particular, reference is made to the GHG Protocol Corporate Accounting and Reporting Standard. The calculation was carried out using the following formula: activity data (e.g. kWh of purchased electricity) multiplied by the respective emission factor. Emissions were calculated in terms of CO₂ equivalent (gases included: CO₂, CH₄, N₂O) according to the following methodology:

- Direct emissions (Scope 1): emissions related to fuel consumption were determined using the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting", 2020, 2021 and 2022 editions.
- Indirect emissions (Scope 2): indirect emissions correspond to electricity consumption. The factors in Figure 4 of the document "European Residual Mixes" (2019 editions for the year 2020, 2020 edition for 2021, 2021 edition for the year 2022), published by the Association of Issuing Bodies, for France, were taken into account for the calculation of electricity emissions according to the market-based method. For Tunisia, for which the residual mix emission factor is not available, in accordance with the reporting standards, the same factor as for the "location-based" method was used. For the calculation of the latter, the factors present in "Table 49 - Main socio-economic and energy indicators", published by Terna in the International Comparisons section, and available in their

most recent version at the time of publication of the document (2018 data for the year 2020, and 2019 data for the years 2021 and 2022), were taken into consideration.

The indicators shown represent the best possible estimate based on the data available at the time of drafting this Report.

For information and further information on this document, please contact:

U-Power Group S.p.A.

sustainability@u-power.it

SAFETY SHOES DUKE - RED 360 RANGE







GRI CONTENT INDEX

GRI CONTENT INDEX

Declaration of use	U-Power Group S.p.A. submitted a report in accordance with the GRI Standards for the period 1 January 2022 – 31 December 2022.
GRI 1 used	GRI 1 - Fundamental Principles - version 2021
Relevant GRI sector standards	Not applicable

GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organisational details	1. U-Power Group: a company safety partner Methodological note			
	2-2 Entities included in the organisation's sustainability reporting	Methodological note			
	2-3 Reporting period, frequency and point of contact	Methodological note			
	2-4 Restatement of information	Methodological note			
	2-5 External assurance	Methodological note Audit Report			
	2-6 Activities, value chain and other business relationships	1.2 The business model 3. Italian innovation and design at the service of the customer			
	2-7 Employees	4.1 A company of people			
	2-8 Workers who are not employees	4.1 A company of people			
	2-9 Governance structure and composition	2.2 The governance model			
	2-10 Nomination and selection of the highest governance body	2.2 The governance model			
	2-11 Chair of the highest governance body	2.2 The governance model			
	2-12 Role of the highest governance body in overseeing the management of impacts	2.2 The governance model			
	2-13 Delegation of responsibility for managing impacts	2.2 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	2.2 The governance model			
	2-15 Conflicts of interest	2.2 The governance model			
	2-16 Communication of critical concerns	2.2 The governance model			
	2-17 Collective knowledge of the highest governance body	2.2 The governance model			
	2-18 Evaluation of the performance of the highest governance body	4.3 The remuneration system and industrial relations			
	2-19 Remuneration policies	4.3 The remuneration system and industrial relations			
	2-20 Process to determine remuneration	4.3 The remuneration system and industrial relations			
	2-21 Annual total compensation ratio	-	Incomplete disclosure	Information not available/incomplete	At present, the Group does not have a system that allows the aggregation of information. The Group is taking steps to implement a data collection to report on this disclosure as of next year.
	2-22 Statement on the sustainable development strategy	Letter to stakeholders			
	2-23 Policy commitments	2.2 The governance model			
	2-24 Embedding policy commitments	2.2 The governance model			
	2-25 Processes to remediate negative impacts	2. Governance and Sustainability strategy 3. Italian innovation and design at the service of the customer 4. Our team 5. Environment at the centre			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	2.2 The governance model			
	2-27 Compliance with laws and regulations	2.2 The governance model 5.1 Environmental protection in our value creation			
	2-28 Membership of associations	U-Power Group S.p.A. is not a member of any association or organisation.			
	2-29 Approach to stakeholder engagement	2.4 Stakeholder Dialogue			
	2-30 Collective bargaining agreements	4.3 The remuneration system and industrial relations			
MATERIAL TOPICS					
GRI 3: Material topics 2021	3-1 Process to determine material topics	2.5 The new materiality			
	3-2 List of material topics	2.5 The new materiality			
Territorial and community development					
GRI 3: Material topics 2021	3-3 Management of material topics	1. U-Power Group: a company safety partner 4.1 A company of people 4.5 U-Power Group communities			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	1. U-Power Group: a company safety partner			
GRI 401: Employment 2016	401-1 <i>New employee hires and employee turnover</i>	4.1 A company of people			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	4.5 U-Power Group communities			
Business Ethics					
GRI 3: Material topics 2021	3-3 Management of material topics	2.2 The governance model			
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	2.2 The governance model			
GRI 206: Anti-competitive conduct 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation

Materials used

GRI 3: Material topics 2021	3-3 Management of material topics	3. Italian innovation and design at the service of the customer 5.2.2 Materials and Waste			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	5.2.2 Materials and Waste			
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers that were screened using environmental criteria	During 2022, the Group assessed 100% of new suppliers on the basis of environmental criteria.			

Water consumption

GRI 3: Material topics 2021	3-3 Management of material topics	5.1 Environmental protection in our value creation 5.2.3 Water			
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	5.2.3 Water			
	303-2 Management of water discharge-related impacts	5.2.3 Water			
	303-3 Water withdrawal	5.2.3 Water			
	303-4 Water discharge	5.2.3 Water			
	303-5 Water consumption	5.2.3 Water			

Energy management and climate change

GRI 3: Material topics 2021	3-3 Management of material topics	5.1 Environmental protection in our value creation 5.2.1 Energy and emissions			
GRI 302: Energy 2016	302-1 Direct (Scope 1) GHG emissions	5.2.1 Energy and emissions			
GRI 305-2: Emissions 2016	305-1 GHG direct emissions (Scope 1)	5.2.1 Energy and emissions			
	305-2 Energy indirect (Scope 2) GHG emissions	5.2.1 Energy and emissions			

Waste management

GRI 3: Material topics 2021	3-3 Management of material topics	5.1 Environmental protection in our value creation 5.2.2 Materials and Waste			
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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.2.2 Materials and Waste			
	306-2 Management of significant waste-related impacts	5.2.2 Materials and Waste			
	306-3 Waste generated	5.2.2 Materials and Waste			

Workers' health and safety

GRI 3: Material topics 2021 GRI 403: Health and safety at work 2018	3-3 Management of material topics	4.4 Our safety			
	403-1 Occupational health and safety management system	4.4 Our safety			
	403-2 Hazard identification, risk assessment and accident investigation	4.4 Our safety			
	403-3 Occupational health services	4.4 Our safety			
	403-4 Worker participation, consultation, and communication on occupational health and safety	4.4 Our safety			
	403-5 Worker training on occupational health and safety	4.4 Our safety			
	403-6 Promotion of worker health	4.4 Our safety			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Our safety			
	403-8 Workers covered by an occupational health and safety management system	4.4 Our safety			
	403-9 Work-related injuries	4.4 Our safety			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation

Worker development and training

GRI 3: Material topics 2021	3-3 Management of material topics	4.1 A company of people			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	4.1 A company of people			

Diversity and gender balance

GRI 3: Material topics 2021	3-3 Management of material topics	4.2 Diversity and gender balance			
GRI 405: Diversity and gender balance 2016	405-1 Diversity of governance bodies and employees	4.2 Diversity and gender balance			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	4.2 Diversity and gender balance			

Protection of human rights

GRI 3: Material topics 2021	3-3 Management of material topics	3. Italian innovation and design at the service of the customer 4.3 The remuneration system and industrial relations			
GRI 407: Freedom of association and bargaining agreements 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3 The remuneration system and industrial relations			
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers that were screened using social criteria	During 2022, the Group did not assess any new suppliers on the basis of social criteria.			

Consumer health and safety

GRI 3: Material topics 2021	3-3 Management of material topics	3. Italian innovation and design at the service of the customer			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3. Italian innovation and design at the service of the customer			

Research and development of products with reduced environmental impact

GRI 3: Material topics 2021	3-3 Management of material topics	3. Italian innovation and design at the service of the customer			
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REPORT OF THE INDEPENDENT AUDITORS

Independent auditors' report on the 2022 Sustainability Report

To the Board of Directors of
U-Power Group S.p.A.

We have been appointed to perform a limited assurance engagement on the Sustainability Report of U-Power Group S.p.A. and its subsidiaries (hereinafter also "the Group") for the year ended on December 31, 2022.

Responsibilities of the Directors for Sustainability Report

The Directors of U-Power Group S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of U-Power Group S.p.A. regarding the sustainability performance, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "*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. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with the Group's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the paragraph "U-Power Group: a company safety partner" of the Sustainability Report with those included in the Group's consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have conducted interviews and discussions with the management of U-Power Group S.p.A. and with the personnel of Jallatte S.a.S. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Jallatte S.a.S., which we have selected based on its activity, relevance to the performance indicators and its location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence, on a sample basis, regarding the appropriate application of the procedures and calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that Sustainability Report of U-Power Group S.p.A. for the year ended on December 31, 2022 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological Note" of the Sustainability Report.



Other Information

The comparative information presented in the Sustainability Report for the year ended on December 31, 2020 have not been examined.

Milan, July 20, 2023

EY S.p.A.
Signed by: Gabriele Grignaffini
(Auditor)

All photos used are property of U-Power
www.u-power.it

Creative concept,
design and layout



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Print



U-Power, respecting the environment,
had this Report printed using:

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from responsibly managed forests
according to FSC® criteria and from other controlled sources

inks
with vegetable-based solvents

power
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