




023

## 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

288 MLN€

of economic value generated  
+6% compared to 2022

5,745,000

total pairs of shoes  
sold by the group in 2023

29

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

48

models  
of Carbon Neutral certified footwear<sup>1</sup>

-40%

fewer accidents  
than in 2022

30

short- and medium-term sustainability targets  
identified in the Sustainability Plan

<sup>1</sup> 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.





8%

**market share**

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

44%

**female presence**

in Group personnel in 2023

## U-Green:

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

# LETTER TO STAKEHOLDERS



FRANCO UZZENI  
**PRESIDENT, 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,

The year we have just finished was a challenging chapter in the history of the U-Power Group, a period of growth, innovation and constant commitment to sustainability and safety. Our path has been guided by the belief that hard work and dedication are the key to overcoming challenges and achieving significant results.

We can proudly say that 2023 has seen the U-Power Group further consolidate itself as an international leader in the accident prevention sector. Our turnover reached 288 million euro, an increase over the previous year, a tangible sign of the trust you have placed in us and the quality of our products.

Our vision of the future and our relentless desire to grow and improve have allowed us to emerge as the leading manufacturer of safety shoes in Italy and Europe, a confirmation of our daily commitment to offer Protective Equipment that not only guarantee safety, but are also synonymous with comfort and sustainability.

In fact, 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 allows us to share our goals and achievements over the years, continuing our work with competence and passion.

We are proud to have reduced accidents by 40% by 2022 and to have maintained the female presence in our workforce at 44%, demonstrating our commitment not only to occupational safety, but also to gender equality and inclusion. Furthermore, our

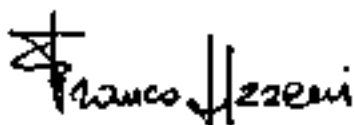


energy consumption decreased compared to last year, accompanied by a 9% reduction in greenhouse gas emissions. This was possible thanks to a series of energy efficiency projects implemented in 2023, such as the installation of a photovoltaic system in Tunisia and the replacement of lighting with LEDs, and thanks to the use of electricity from certified renewable sources throughout 2023 in Italy and France.

Looking ahead, we defined a Sustainability Plan, symbolising our commitment to continuous improvement in the ESG area. With 30 short- and medium-term objectives, the Plan sets out our ambitions in several impact areas, including the goal of optimising production processes also with a view to decarbonisation, promoting the professional growth and well-being of employees, integrating ESG issues in supplier management and preparing specific ESG policies.

We will be able to 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 reading!



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5,227

EMPLOYEES

In line with the previous year

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288 MLN€

OF ECONOMIC VALUE  
GENERATED

+6% compared to 2022

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90,080 GJ

TOTAL ENERGY  
CONSUMPTION OF THE  
GROUP

-3,3% compared to 2022





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# VALUES AND PURPOSE



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.



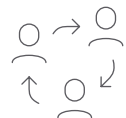
## BELIEVING IN TOMORROW

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



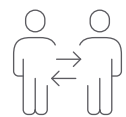
## INVOLVING PEOPLE

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 strive for excellence with the responsibility to preserve the environment and the resources for future generations.





# THE COMPANY

The structure of the Group as at 31.12.2023 is shown below:



## Legend



Holding



Production



Sales



Logistics

**Registered office** in Paruzzaro (NO) - Via Borgomanero 50


**Share Capital:** 10,000,000 euro, fully paid-in

**Fiscal Code and Novara Companies Register** 08482990150

**Novara Chamber of Commerce no.** 163970 R.E.A.







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# U-POWER GROUP: A COMPANY, A SAFETY PARTNER

# 1. U-POWER GROUP: A COMPANY, A 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 stands out therefore 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.

The Group consists of five companies<sup>2</sup>, based in six 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.. U-Group S.r.l. also has subsidiaries in France, Spain, Germany and England.

## 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 main objective is to position the company as a global leader in safety and security products for workers, an area that is gaining increasing attention. The company’s strategy includes expansion both geographically and in the product assortment offered. Although work shoes remain the core business, the group’s portfolio has been enriched over the past year with the introduction of new items such as clothing, gloves, safety helmets and polyurethane boots.

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 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.

<sup>2</sup> It should be noted that the company Lupos GmbH was liquidated during 2023.



## 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

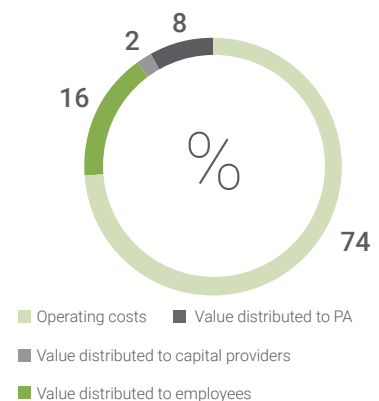
## TUNISIA

Production site

Situation as at 31.12.2023

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (k€)	2021	2022	2023
<b>Economic value generated</b>	<b>232,344</b>	<b>272,595</b>	<b>288,296</b>
Production value	232,303	272,465	287,767
Financial income	41	130	529
<b>Economic value distributed</b>	<b>207,515</b>	<b>255,561</b>	<b>234,355</b>
Operating costs	139,189	159,968	174,355
Value distributed to employees	34,325	37,936	37,169
Value distributed to capital providers	1,063	1,322	3,436
Value distributed to PA	15,838	20,335	19,395
Value distributed to shareholders	17,100	36,000	-
<b>Economic value retained</b>	<b>24,829</b>	<b>17,034</b>	<b>53,941</b>

Distributed economic value 2023



# 1.1 A HISTORY OF INNOVATION IN TRADITION

*A long lasting  
successful History*



## The focus on safety footwear

- Almar registered the Aimont brand, specialised in safety shoes. During these years, production was transferred to Tunisia and there was a significant increase in the number of pairs produced per year.

1988  
2000

1956  
1987

## Almar, the early years

- Pier Franco Uzzeni took over the Italian company Almar founded in 1950 by his father in Soriso (NO). Production focuses on safety shoes, but in parallel, sports shoes are also produced, from brands such as Puma and Adidas.

2000  
2005

## Consolidation

- Pier Franco Uzzeni sells majority stake in Almar to investment fund CVC. Almar is consolidated with leading European competitors Jallatte and Lupos to create the JAL Group. Uzzeni becomes Group CEO.







### 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 2023, turnover is 288 million euro, +5.7% compared to 2022.

2006  
2013

2017  
2023

2013  
2017

2023



### 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.

### Acquisition by NB Renaissance

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

## 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 footwear, U-Power also sells 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 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 & D:** 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.



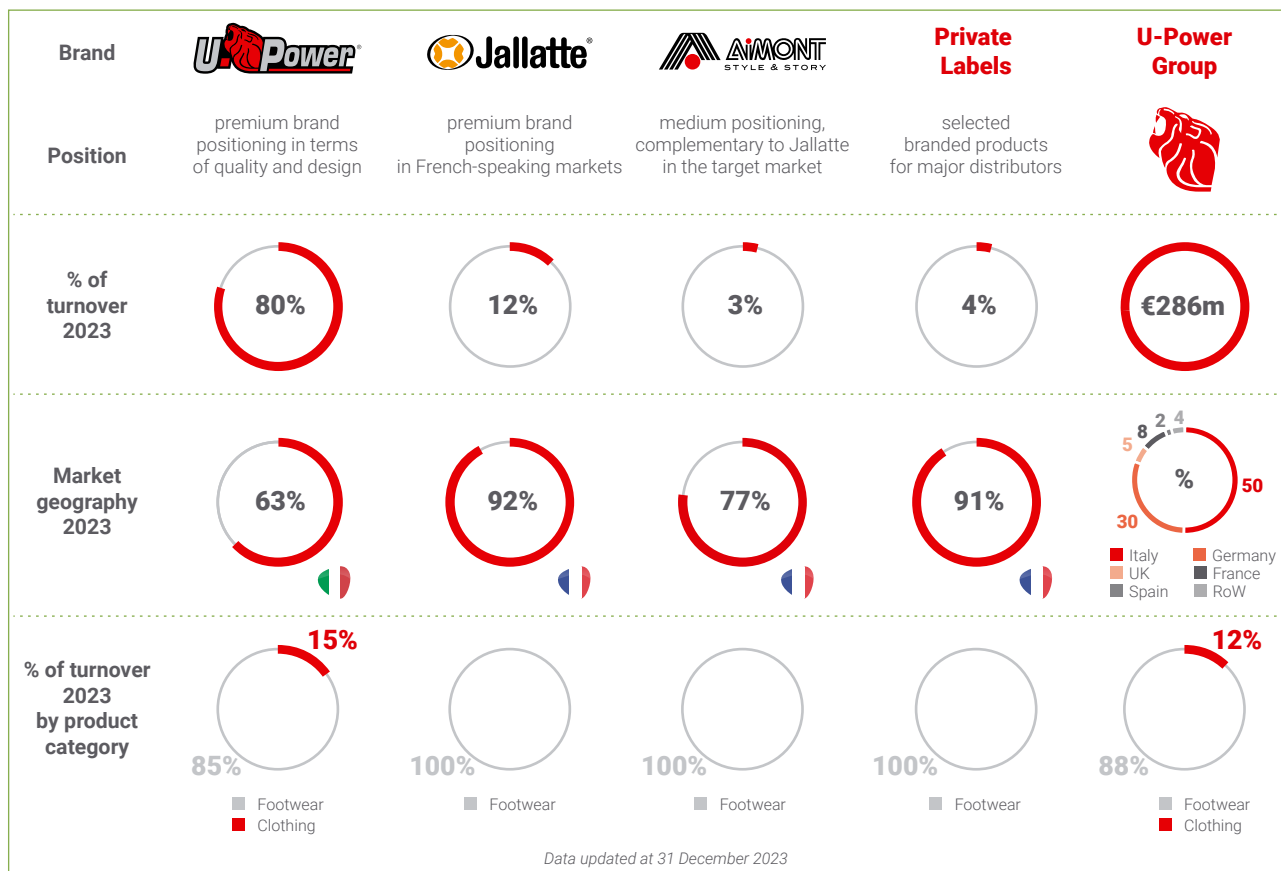
**Sales, customer management and marketing:** the Group markets its products mainly through a network of distributors and dealers comprising more than 70 partners in 2022. These distribution channels allow U-Power products to reach end users, who can purchase them through retailer points of sale.

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.



WINK DG JACKET - HORIZON DG TROUSERS – ERMES SAFETY SHOES FROM RED PREMIUM RANGE – SPOCK GF JACKET  
– ATOM GF TROUSERS – IVY SAFETY SHOES FROM RED PREMIUM RANGE





Europe is the Group's main market area, where it achieved about 96% of its revenues in FY2023. Thanks to consistently innovative products and marketing and communication strategies aimed at strengthening customer loyalty, the Group has managed to consolidate its leading posi-

tion in key markets over the years. During 2023, U-Power also experienced significant growth in other European countries. In Spain, the Group recorded an increase of around 27% over the previous year, while in France growth was around 7%.



## MARKET TRENDS AND CONTEXT<sup>3</sup>

The global PPE market is estimated to be worth **79.5 billion dollars in 2023**, with a projected compound annual growth rate of **7.4% from 2023 to 2030**, driven by increased worker safety awareness. 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 equipment precisely because of an increased awareness of their importance, 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.

Lastly, 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.

<sup>3</sup> 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, 2024 – 2030 (<https://www.grandviewresearch.com/industry-analysis/personal-protective-equipment-ppe-market>)

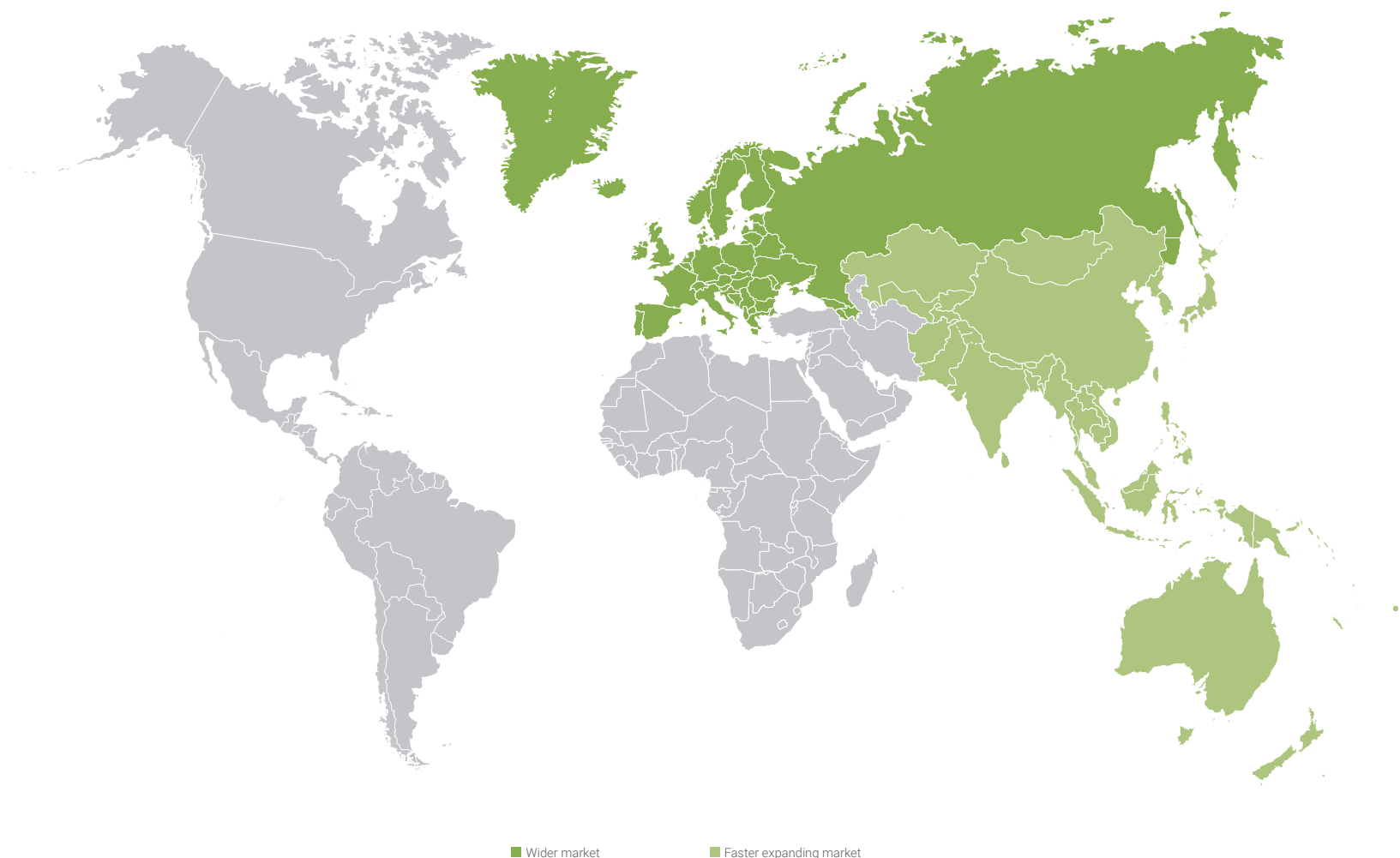




## PPE IN THE WORLD

By 2023, Europe has positioned itself as a major player in the global personal protective equipment (PPE) market, **accounting for more than 30.6%** of total turnover. The 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, thanks to significant economic development and industrialisation still in progress. This growth potential is linked to rising compensation costs, the increasing number of occupational accidents, robust economic development and the need to address occupational safety challenges. These aspects will define the next market trends.



# 1.3 THE ESG ACTION PLAN

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.

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. 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.

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.

 <b>Protecting the planet</b>	 <b>Promoting the safety and well-being of people</b>	 <b>The value of people</b>	 <b>The development and enhancement of the communities within which the Group operates</b>
<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"><li>1. minimise its impact on climate change by taking an active part in combating it,</li><li>2. encourage the development of circular economy practices during both the creation and end-of-life use phase of its products.</li></ol>	<p>U-Power Group is committed to the continuous improvement of the technical and qualitative characteristics of its products that are configured as Personal Protective Equipment to contribute to improving occupational safety, quality of life and well-being.</p>	<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 opportunities for all people regardless of their country of origin, culture or religion, gender to sexual orientation, political opinions and any other personal characteristics and styles.</p>	<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 the pursuit of its corporate purpose and in compliance with the principles inspiring its objectives, the Group undertakes to create, support and develop projects and partnerships with national or foreign, public or private entities.</p>

Ethical responsibility and business integrity



In addition to the publication of the Sustainability Report, the company has chosen to consolidate its commitment through the definition of a Sustainability Plan that aligns with the United Nations Sustainable Development Goals (SDGs) and translates the Group's commitments into concrete actions capable of creating long-term value. U-Power Group has se-

lected 5 specific SDGs that aim to safeguard the planet and the well-being of its inhabitants and that reflect the company's activities and values, to demonstrate its contribution to achieving these global goals<sup>4</sup>.

The four main areas of intervention are:

#### U-Circular & Carbon

focuses on optimising production processes to reduce waste and increase efficiency. In addition, the Group is committed to pursuing the decarbonisation of its activities, reducing greenhouse gas emissions and promoting the use of renewable energy, with a view to a circular economy that values recycling and reuse of resources.

#### U-Innovative Safety

innovation is at the heart of this pillar, with a special focus on products that always guarantee the highest standards of safety and protection. The Group is dedicated to developing innovative solutions that meet the safety needs of workers, integrating advanced technologies and materials with reduced environmental impact.

#### U-People & Community

emphasises the importance of people and communities. The Group is committed to promoting diversity and inclusion, ensuring gender balance at all levels of the company. Training and talent development are key aspects, as is employee health and safety. Finally, it aims to actively collaborate with local communities to contribute to their development and well-being.

#### U-Ethics & Integrity

ethical responsibility and integrity are fundamental to the Group, which is committed to sustainable procurement practices, strict corporate policies and transparent reporting. ESG (Environmental, Social, and Governance) management plays a crucial role in ensuring that a company's activities are conducted in an ethical and responsible manner.

In summary, the Group's Sustainability Plan translates into a concrete commitment to environmental protection, people's safety and well-being, respect for diversity and social inclusion, and the adoption of ethical business practices.



Through these objectives, the U-Power Group positions itself as a responsible leader in its industry, actively contributing to building a more sustainable future.

<sup>4</sup>Business Reporting on SDGs - An analysis of the Goals and Targets (GRI and UN Global Compact)

Pillar	Initiatives	Objective
 <b>ENVIRONNEMENT</b>  <b>U-Circular &amp; Carbon</b>  <b>The circular model and emission reduction</b>   	Improving the efficiency of leather and fabric cutting processes by installing new state-of-the-art machinery.	2024
	Optimisation of logistics activities by creating and implementing an intelligent logistics programme.	2024
	Promotion of energy transition through the production and/or supply of energy from renewable sources	2025
	Definition and implementation of a decarbonisation pathway in line with SBTi	2026
<b>U-Innovative Safety</b>  <b>The development of innovative products. Sustainable and safe</b>   	Diversification of the product portfolio with sustainability features (e.g. carbon neutral, recycled and bio-based materials)	2025
	Enhancing the social impact of products with a view to improving the quality of life of workers	2026
 <b>SOCIAL</b>  <b>U-People &amp; Community</b>  <b>The development of our people and communities</b>   	Promoting the professional development of workers through dedicated training programmes.	2025
	Creation of an internal culture programme to promote safety at work.	2025
	Promoting employee well-being and enhancing the working environment	2025

continue >>

&lt;&lt; continued

Pillar	Initiatives	Objective
 <b>GOVERNANCE</b>  <b>U-Ethics &amp; Integrity</b>  <b>The definition of ethical governance mechanisms</b>  	Integration of ESG issues in supplier management	2024
	ESG policy preparation with a social focus	2024
	Establishment of a Sustainability Steering Committee and identification of an ESG manager	2024
	Implementation of a data privacy programme	2024
	Defining and monitoring KPIs for financial institutions in the ESG area	2024
	Improvement of the EcoVadis score	2024
	Formalisation of initiatives related to the integration of business ethics in all areas of the company	2025



## 1.4 MATERIALITY ANALYSIS

For the preparation of the Sustainability Report for the financial year 2023, the Group confirmed the results of the materiality analysis, which was updated in the previous reporting period. 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 very relevant**. Impacts with very relevant and relevant significance were subsequently aggregated into material topics.

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 <sup>5</sup>
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	? -
Territorial 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	✓ +

<sup>5</sup> Legend: ✓ Actual impact   - Negative impact   + Positive impact   ? Potential impact









2

# GOVERNANCE AND SUSTAINABILITY STRATEGY

## 2. GOVERNANCE AND SUSTAINABILITY STRATEGY

### 2.1 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 informed 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 2023, consists of a Chair and eight Directors.

Board of Directors by gender and age group			Unit of measure	2021	2022	2023
Directors at 31 December	Women	<30 years	no.	0	0	0
		between 30 and 50 years	no.	0	0	1
		> 50 years	no.	0	0	0
	Total female directors		no.	0	0	1
	Men	<30 years	no.	0	0	0
		between 30 and 50 years	no.	0	0	3
		> 50 years	no.	3	3	5
	Total male directors		no.	3	3	8
Total			no.	3	3	9



### The Board of Statutory Auditors

As required by the current legislative framework, the Board of Statutory Auditors 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 September 2023 and will remain in office until the approval of the 2025 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 2023)

### Chair of the Board of Statutory Auditors

Cristian Novello

### Standing Auditor

Berruti Manzone Gianluigi

Salom Maurizio

### Alternate Auditor

Agogliati Cristiano

Castiglioni Monica Antonia

### 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.

As part of the adaptation to Model 231, a "Whistleblowing" system was set up in 2023 through a dedicated procedure. This system makes it possible to report and manage violations of the decree that could compromise the integrity of the Group, including issues such as environmental damage, product safety and compliance, and corrupt practices or misuse of data.

In accordance with the Sustainability Plan 2024-2026, the group has set out to maintain 0 non-compliance cases each year concerning incidents of corruption, anti-competitive practices and improper data management.

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 Ethics<sup>6</sup>, 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.

With the aim of further strengthening the company's ethical culture and ensuring that every employee is fully informed and involved, the decision was taken to distribute the Code of Ethics to all staff. This initiative provides for the Code to be made available to all employees, through internal communication channels, to ensure that every member of the Group can read it and fully understand its content and importance. This step is essential to enable all employees to internalise the values and standards of conduct that the Group expects to be respected and promoted, thus contributing to an ethical, responsible and inclusive working environment.

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 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

<sup>6</sup> The Code of Ethics can be found at the following link: U-Power Group: Group corporate documents



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 cooperation, and with regard to third parties.

As at 31 December 2023, as in previous years, no reports were received through the Group's whistleblowing procedure, nor were there any cases of corruption, anti-competitive conduct, violations of anti-trust and anti-monopoly laws, penalties for non-compliance with laws and regulations in the social or economic sphere, IT incidents or data breaches.

## 2.2 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 2023, said analysis was updated, confirming the risks already identified.

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

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

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

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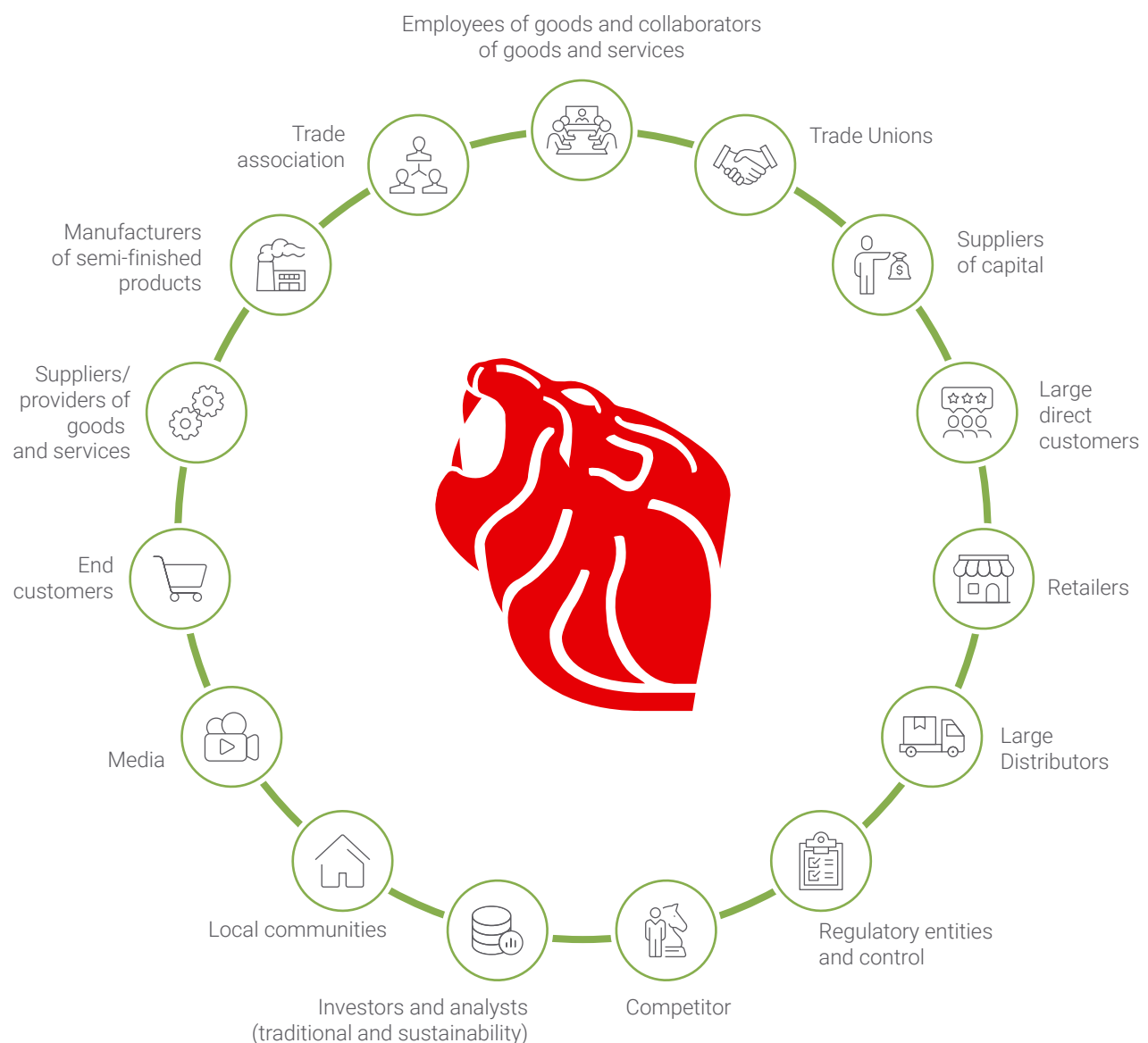
Area	Risk	Risk description	Management and mitigation methods
Environment	Inability to meet customer demands and pressures	<ul style="list-style-type: none"> <li>• Inability to meet customer demands in terms of product innovation (e.g. products with reduced environmental impact, use of recycled and recyclable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

For the aforementioned risks, the management methods and action plans to mitigate their impacts are outlined in the various paragraphs.

## 2.3 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.





In order to consolidate a relationship of mutual trust, transparency and cooperation, U-Power aims to ensure an active and constant dialogue with all its stakeholders, which is able to enhance the specificity of each category identified through the activation of engagement methods and communication channels tailored to the needs of individual stakeholders (for engagement activities, please 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.

*CANYON SAFETY SHOES FROM RED INDUSTRY RANGE*









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



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### 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. The U-Power Group is constantly searching for new technologies that respond to the principles of sustainability, that can offer all-round protection in the immediate term and 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.

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FLYNT GLOVES



## 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 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 tasks, 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 commodities, materials and production components and/or 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.

Then, the Group is constantly searching for new renewable or recycled raw materials to reduce the environmental impact of the entire life cycle of 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 and environmental issues.

The Group has demonstrated its success in research and development, especially in its ability to outperform its competitors in developing cutting-edge technologies and products that meet the most advanced industry standards. Over the years, the U-Power Group has accumulated a total of 29 patents, proving its leadership in the industry. These patents protect the entire range of work shoes, as well as the many innovations introduced in each footwear component.

### PATENTS WITH THE GREATEST MARKET IMPACT

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

The safety of U-Power Group products is an essential prerequisite for ensuring consumer confidence in its products. In order to guarantee the highest product quality, the Group's two production sites and the Italian general office operate according to the ISO 9001:2015 standard. In accordance with the provisions of the standard, systems have been implemented to monitor operational processes related to quality management and customer support, which are the reference points for an organisation to plan, implement, monitor and improve its objectives.

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 environmental aspects, in line with the approach of ISO 14001, which provides for an analysis of relevant environmental risks related to the production site.

Company	ISO 9001	ISO 14001	ISO 45001
U-Group S.r.l (Italy)	•	•	
Jallatte S.a.s (France)	•	•	
Martek (Tunisia)	•	•	•
% of total employees covered <sup>7</sup>	99%	99%	96%

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 toecap, a front lining and an insole, 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 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 verified 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, especially evaluating 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. In 2023, 0.31% of returns and complaints were recorded out of the total number of pairs sold, all due to accidental (aesthetic or shape) and non-substantial defects, thus not related to the safety of the footwear. Thanks to this management and intervention model, no significant cases of product non-conformity were detected during the three-year period 2020-2022.

<sup>7</sup> Considering the specificity of U-Power, due to the large number of employees at the Tunisian site, the Group calculates the percentage of employees covered by certification by relating the number of employees at the certified site to the total number of Group employees.



## 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 has 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 produced and the total number of models on which a product carbon footprint has been carried out and which have been certified Carbon Neutral was increased to 48<sup>8</sup>, with the intention of increasing the number in the coming years.

	2022	2023
<b>Sales of certified carbon neutral products (in pairs)</b>	5,888,000	5,745,000

NIAGARA SAFETY SHOES – RED INDUSTRY GREEN RANGE



<sup>8</sup> 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.

Each company within the Group has contributed to this environmental commitment by developing its own certified footwear line. Furthermore, during 2023, sales increased significantly, with a 39% increase over 2022, reaching a total of 84,220 pairs of shoes sold, thus consolidating the Group's commitment to sustainability and innovation in the field of occupational safety.

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 REDcert<sup>2</sup> <sup>9</sup>. The latter attests to the use of the biomass-balanced approach, a system designed to ensure that within the finished product, fossil-based raw materials have been replaced by sustainable renewable materials.

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 CO<sub>2</sub> 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 premises of Paruzzaro (offices and warehouse) and of St.Hyppolite du Fort. 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 CO<sub>2</sub> emissions related to its production processes. In addition to the energy diagnosis, a feasibility study was carried out for the installation of a 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 a 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.

<sup>9</sup> REDCert<sup>2</sup> is a European certification used to demonstrate that fossil-based raw materials have been replaced by sustainable renewable materials, using the mass balance approach.

### 3.3 RED LEVE

Characterised by extreme lightness, the Red Leve line is a collection of work shoes that includes seventeen models of extremely lightweight safety shoes free of animal components. Each shoe is made with a breathable nylon upper and anti-abrasion toe protection, making them a great 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.

VENUS BO JACKET – CHRISAL BO T-SHIRT – HORIZON DG TROUSERS – TYLER SAFETY SHOES FROM RED LEVE RANGE





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SPOCK AG JACKET – ROAD BC T-SHIRT – HORIZON RL TROUSERS – ANTARES VF HELMET



### 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 53512<sup>10</sup>.

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.

### 3.6 DEVELOPING A RESPONSIBLE SUPPLY CHAIN

The Group is actively committed to maintaining trusting relationships with its suppliers, recognising the importance of these relationships not only to offer value to customers and ensure high quality, but also to guarantee respect for workers and environmental protection in the supply chain. The company is committed to collaborating with suppliers, sharing values and objectives for responsible and sustainable business development, thus ensuring a positive social and environmental impact.

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 2023, 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.

In 2023, 100% of suppliers completed the questionnaire and received a sustainability assessment, while the percentage by value of suppliers audited on site including corporate social responsibility (CSR) issues in 2023 is 63%.

<sup>10</sup> 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.

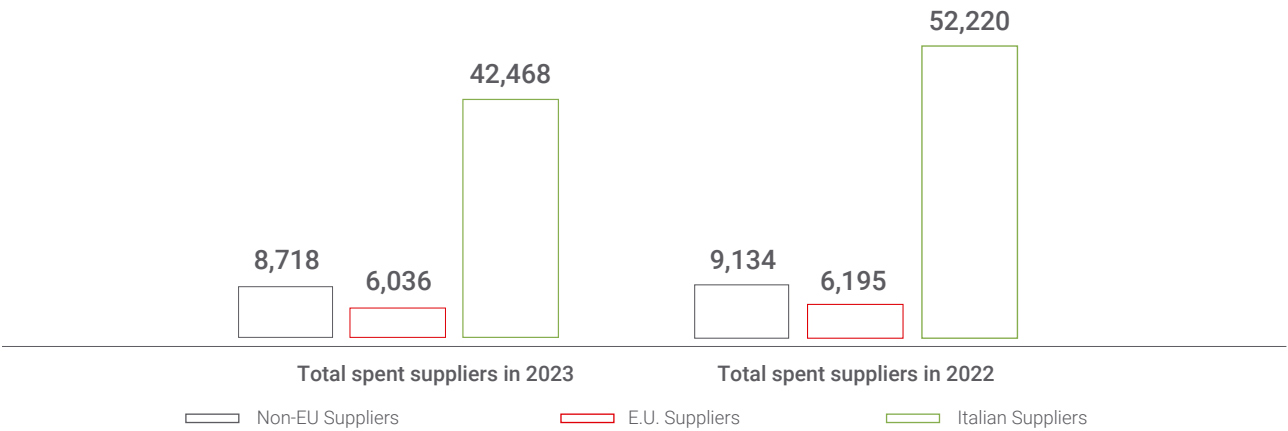
There is also a code of business conduct that regulates all relations that U-Power has with external collaborators/entities (including suppliers). It covers both social issues such as child labour and safety for workers and environmental issues (encouraging environmental protection).

In terms of procurement policies, during 2023, U-Power strengthened its procurement strategy by favouring Italian suppliers, allocating 74% of expenditure to local suppliers. This decision supports the Italian economy and strengthens relations with local companies, contributing to a stronger industrial fabric. At the same time, 11% of expenditure was invested in European suppliers, taking advantage of the di-

versity and specialisation of the market, while only 15% was allocated to non-European suppliers. This distribution aims to reduce environmental impact and improve operational agility.

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. In 2023, 4 second-level audits were conducted for wear suppliers and 1 second-level audit per supplier of synthetics for linings and uppers in China.

Total expenditure by suppliers, broken down by geographical area



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.

During 2024, the Group plans to hire a supply chain manager and develop a programme to ensure that the procurement process is increasingly integrated with the Group's sustainability and social responsibility objectives. Furthermore, U-Power Group plans to assess 30% of its suppliers according to ESG risk criteria by the year 2027.



FLUO YF T-SHIRT – SPACE BC JACKET – ATOM BC TROUSERS – YELLOW SAFETY SHOES FROM RED LION RANGE – U-POWER CAP











4

# OUR TEAM



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## 4. OUR TEAM

To ensure its success, the U-Power Group employs people who bring added value through their skills, professional experience and technical know-how. These are just a few of the elements that distinguish the Group's business 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 introduction in 2023 of the new position of HR (Human Resources) manager is a significant step in this direction, which aims to ensure greater oversight and effective coordination on human resources management issues, from training and professional development to occupational health and safety.

U-Power Group is aware of the importance of its resources, which is why it continuously invests in the search and selec-

tion 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 his or her abilities and talents to the full. The sustainability plan for the next few years includes targeted initiatives in key areas such as Training and Talent Development, to promote the professional growth of employees, and Employee Health and Safety, to create an internal culture that is attentive to well-being and the enhancement of the working environment. In addition, the Group plans to draw up a human resources policy. Through these initiatives, the U-Power Group is committed to supporting and further developing its human capital, considered the real engine of innovation and business competitiveness.

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*TUTENDO GW JACKET – BIOKO BB TROUSERS – DOMINATION SAFETY SHOES FROM RED OVER RANGE*



## 4.1 A COMPANY OF PEOPLE

U-Power places the well-being of its employees at the core of its business, with the aim of creating a safe, inclusive workplace that fosters personal and professional growth and is committed to gender balance. In 2023, the workforce consists of 5,227 employees, 151 collaborators<sup>11</sup> and 53 multi-firm agents.

The Group is committed to providing stable employment for its team by offering mainly permanent contracts as a type

of contract, reaching 69% in the last year, an increase of 11% compared to 2022. This reflects the commitment to building long-lasting and trusting working relationships. Throughout the three-year period 2021-2023, 99.8% of employees are employed on a full-time contract, which ensures professional continuity and constant growth for our teams. The Group however, also recognises that flexibility is an important value for some employees, especially for those who try to balance professional and personal commitments. For this reason, it also offers the possibility of opting for part-time contracts, which were used by 9 people in 2023. There are no employees who are not guaranteed a minimum or fixed number of working hours.

### EMPLOYEES BY CONTRACT TYPE AND GENDER

	Permanent			Fixed-term			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Men	1,511	1,735	1,984	1,287	1,211	927	2,798	2,946	2,911
Women	1,410	1,520	1,631	839	805	685	2,249	2,325	2,316
<b>Total</b>	<b>2,921</b>	<b>3,255</b>	<b>3,615</b>	<b>2,126</b>	<b>2,016</b>	<b>1,612</b>	<b>5,047</b>	<b>5,271</b>	<b>5,227</b>

### EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL AREA

	Permanent			Fixed-term			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Europe	155	168	185	15	6	7	170	174	192
Tunisia	2,766	3,087	3,430	2,111	2,010	1,605	4,877	5,097	5,035
<b>Total</b>	<b>2,921</b>	<b>3,255</b>	<b>3,615</b>	<b>2,126</b>	<b>2,016</b>	<b>1,612</b>	<b>5,047</b>	<b>5,271</b>	<b>5,227</b>

### EMPLOYEES BY PROFESSIONAL TYPE AND GENDER

	Full-time			Part-time			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Men	2,793	2,942	2,907	5	4	4	2,798	2,946	2,911
Women	2,240	2,319	2,311	9	6	5	2,249	2,325	2,316
<b>Total</b>	<b>5,033</b>	<b>5,261</b>	<b>5,218</b>	<b>14</b>	<b>10</b>	<b>9</b>	<b>5,047</b>	<b>5,271</b>	<b>5,227</b>

<sup>11</sup> This figure includes trainees, self-employed, temporary workers.

## EMPLOYEES BY PROFESSIONAL TYPE AND GEOGRAPHICAL AREA

	Full-time			Part-time			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Europe	156	164	183	14	10	9	170	174	192
Tunisia	4,877	5,097	5,035	0	0	0	4,877	5,097	5,035
<b>Total</b>	<b>5,033</b>	<b>5,261</b>	<b>5,218</b>	<b>14</b>	<b>10</b>	<b>9</b>	<b>5,047</b>	<b>5,271</b>	<b>5,227</b>

The Group is dedicated to selecting and recruiting staff according to criteria of objectivity, competence and gender balance, aiming for gender and background diversity among candidates. Through the company portal, an attempt is made to attract talent with technical, managerial and interpersonal skills in line with the company's values. The search is increasingly oriented towards international and diverse candidates to create a collaborative and dynamic working environment.

Over the past year, the Group's commitment has manifested itself in the recruitment of 437 new resources, who have brought innovation and new ideas into the organisation. There was an exit turnover rate of 9%, reflecting the natural career cycle of employees for new opportunities or personal needs. This is offset by an incoming turnover rate of 8%, which demonstrates the Group's continued commitment to welcoming new talent and maintaining a dynamic and evolving workforce.



## NUMBER OF HIRES AND TERMINATIONS BY GENDER

	Hires			Terminations		
	2021 <sup>12</sup>	2022	2023	2021	2022	2023
Men	615	607	219	164	459	255
Women	481	459	218	222	383	226
<b>Total</b>	<b>1,096</b>	<b>1,066</b>	<b>437</b>	<b>386</b>	<b>842</b>	<b>481</b>

## NUMBER OF HIRES AND TERMINATIONS BY AGE GROUP

	2021	2022	2023	2021	2022	2023
Less than 30 years	553	618	234	169	455	226
30-50 years	496	420	192	185	335	210
more than 50 years	47	28	11	32	52	45
<b>Total</b>	<b>1,096</b>	<b>1,066</b>	<b>437</b>	<b>386</b>	<b>842</b>	<b>481</b>

<sup>12</sup> 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 TERMINATIONS BY GEOGRAPHICAL AREA

	2021	2022	2023	2021	2022	2023
Europe	63	35	84	17	31	29
Tunisia	1,033	1,031	353	369	811	452
<b>Total</b>	<b>1,096</b>	<b>1,066</b>	<b>437</b>	<b>386</b>	<b>842</b>	<b>481</b>

## INCOMING AND OUTGOING TURNOVER RATE BY GENDER

	Incoming turnover rate			Outgoing turnover rate		
	2021	2022	2023	2021	2022	2023
Men	22%	21%	8%	6%	16%	9%
Women	21%	20%	9%	10%	16%	10%
<b>Total</b>	<b>22%</b>	<b>20%</b>	<b>8%</b>	<b>8%</b>	<b>16%</b>	<b>9%</b>

## INCOMING AND OUTGOING TURNOVER RATE BY AGE GROUP

	2021	2022	2023	2021	2022	2023
Less than 30 years	50%	54%	23%	15%	40%	22%
30-50 years	14%	12%	5%	5%	9%	6%
more than 50 years	9%	5%	2%	6%	9%	7%
<b>Total</b>	<b>22%</b>	<b>20%</b>	<b>8%</b>	<b>8%</b>	<b>16%</b>	<b>9%</b>

## INCOMING AND OUTGOING TURNOVER RATE BY GEOGRAPHICAL AREA

	2021	2022	2023	2021	2022	2023
Europe	37%	20%	44%	10%	18%	15%
Tunisia	21%	20%	7%	8%	16%	9%
<b>Total</b>	<b>22%</b>	<b>20%</b>	<b>8%</b>	<b>8%</b>	<b>16%</b>	<b>9%</b>

Today's changing and evolving scenario requires new skills, professionalism and flexibility to adapt. The Group recognises the importance of its employees' development and, over the years, has been committed to enhancing their skills and ensuring their professional development.

In 2023, the Group provided a total of 23,862 hours of training, with the executive category benefiting the most from the training activity, with 10 executives participating in specialised courses.

During the year, there was a significant increase in training activities compared to the previous year, mainly due to the involvement of 10 managers in a new training programme introduced in Tunisia. This programme emphasised crucial topics such as occupational health and safety, emphasising the importance of creating a safe working environment in line with current regulations and the highest international standards.

## TRAINING HOURS BY PROFESSIONAL CATEGORY<sup>13</sup>

	2021	2022	2023
Hours of training provided to executives	110	80	95
Hours of training provided to middle managers	163	322	455
Hours of training provided to white collars	1,498	1,083	519
Hours of training provided to blue collars	196	109	22,793
<b>Total</b>	<b>1,967</b>	<b>1,604</b>	<b>23,862</b>

## TRAINING HOURS PER CAPITA PER PROFESSIONAL CATEGORY

	2021	2022	2023
Training hours per capita per executive	6.1	4.7	4.3
Training hours per capita per middle manager	5.6	9.5	12.0
Training hours per capita per white collar	12.5	8.4	4.2
Training hours per capita per blue collar	0.04	0.02	4.5

## TRAINING HOURS BY GENDER

	2021	2022	2023
Training hours provided to women	951	756	13,272
Training hours provided to men	1,016	848	10,590
<b>Total</b>	<b>1,967</b>	<b>1604</b>	<b>23,862</b>

## TRAINING HOURS PER CAPITA BY GENDER

	2021	2022	2023
Training hours per capita per woman	0.42	0.16	5.7
Training hours per capita per man	0.36	0.17	3.6

<sup>13</sup> In reporting the figure for training hours per professional category, more detailed data was available than was considered and reported in the Sustainability Report 2022 for the two-year period 2021-2022. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

## 4.2 DIVERSITY, GENDER BALANCE AND PROTECTION OF HUMAN AND LABOUR RIGHTS

Within the Group, discrimination based on ethnicity, religion, language, gender, political and trade union affiliation is neither permitted nor tolerated. U-Power Group strongly believes in everyone's skills and in the enrichment that comes from diversity and the inclusion of individuals with different backgrounds, experiences and socio-cultural heritages, who represent 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.

In 2024 in order to foster an inclusive culture that values uniqueness, a human resources policy has been put in place to integrate all these aspects and enhance the working environment.

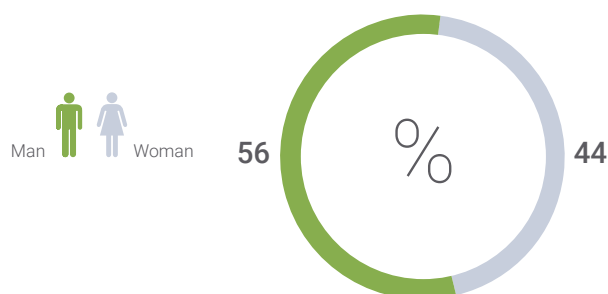
Furthermore, the Group strongly condemns any form of forced or exploitative labour and, more generally, respect for human and workers' rights is of paramount importance to the Group. For this reason, it draws inspiration in its work from the International Labour Standards (ILS) contained in the core conventions of the International Labour Organisation (ILO). During the last three-year period (2021 - 2023), there have been zero documented incidents of child exploitation, forced labour and discrimination within the Group, and no complaints have been made regarding labour practices and/or respect for human rights.

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 45% of the permanent workforce and 42% of the fixed-term workforce. In 2023, the proportion of women with full-time contracts continues to grow (44.3%).

In line with the three-year period 2021-2023, U-Power's core workforce falls into the blue-collar **occupational category**, which constitutes 97% of the workforce. They are followed by white collars at 2.4%, middle managers at 0.6% and, finally, company executives at 0.4%. In 2023, the male presence is predominant among executives (82%) and slightly higher among blue-collar workers (56%) and middle managers (61%), for whom, however, the percentage decreased from 65% in 2022. On the other hand, the number of women (72%) exceeds the number of men in the white-collar occupational category, up (+4%) from the previous year.





## EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2021		2022		2023	
	No.	%	No.	%	No.	%
<b>Executives</b>	<b>18</b>	<b>0.4%</b>	<b>17</b>	<b>0.3%</b>	<b>22</b>	<b>0.4%</b>
Women	3	17%	3	18%	4	18%
Men	15	83%	14	82%	18	82%
<b>Middle Managers</b>	<b>29</b>	<b>0.6%</b>	<b>34</b>	<b>0.6%</b>	<b>38</b>	<b>0.7%</b>
Women	12	41%	12	35%	15	39%
Men	17	59%	22	65%	23	61%
<b>White-collar workers</b>	<b>120</b>	<b>2.4%</b>	<b>129</b>	<b>2.4%</b>	<b>123</b>	<b>2.4%</b>
Women	83	69%	88	68%	89	72%
Men	37	31%	41	32%	34	28%
<b>Blue-collar workers</b>	<b>4,880</b>	<b>96.7%</b>	<b>5,091</b>	<b>96.6%</b>	<b>5,044</b>	<b>96.5%</b>
Women	2,151	44%	2,222	44%	2,208	44%
Men	2,729	56%	2,869	56%	2,836	56%
<b>Total</b>	<b>5,047</b>		<b>5,271</b>		<b>5,227</b>	
Women	2,249		2,325		2,316	
Men	2,798		2,946		2,911	

Also in 2023, U-Power's workforce is predominantly in the 30-50 **age group** (68%), followed by employees under 30 (19%). In contrast, the remaining company population consists of employees over the age of 50 (13%).

## EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

	2021		2022		2023	
	No.	%	No.	%	No.	%
<b>Executives</b>	<b>18</b>	<b>0.4%</b>	<b>17</b>	<b>0.3%</b>	<b>22</b>	<b>0.4%</b>
<30 years	0	0%	0	0%	0	0%
Between 30 and 50 years	4	22%	6	35%	4	18%
>50 years	14	78%	11	65%	18	82%
<b>Middle Managers</b>	<b>30</b>	<b>0.6%</b>	<b>34</b>	<b>0.6%</b>	<b>38</b>	<b>0.7%</b>
<30 years	1	3%	2	6%	5	13%
Between 30 and 50 years	11	37%	10	29%	14	37%
>50 years	18	60%	22	65%	19	50%
<b>White-collar workers</b>	<b>121</b>	<b>2.4%</b>	<b>129</b>	<b>2.4%</b>	<b>123</b>	<b>2.4%</b>
<30 years	14	12%	21	16%	25	20%
Between 30 and 50 years	68	56%	72	56%	65	53%
>50 years	39	32%	36	28%	33	27%
<b>Blue-collar workers</b>	<b>4,878</b>	<b>96.7%</b>	<b>5,091</b>	<b>96.6%</b>	<b>5,044</b>	<b>96.5%</b>
<30 years	1,087	22%	1,117	22%	989	20%
Between 30 and 50 years	3,355	69%	3,445	68%	3,448	68%
>50 years	436	9%	529	10%	607	12%
<b>Total</b>	<b>5,047</b>		<b>5,271</b>		<b>5,227</b>	

The U-Power Group recognises the importance of protecting and promoting human rights and respect for workers' rights, and 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 2021-2023.



## 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 2023, about 4,600 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 2023, 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 the efficiency and progress of an organisation, it is essential to focus on building and expanding a solid 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 necessary for maintaining a leadership position.

The Shareholders' Meeting is responsible for determining the remuneration of the members of the governing body and periodically reviewing the amount of this 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.

The 88 Italian workers are protected by the National Collective Labour Agreement (CCNL) for the footwear sector, which regulates working conditions, including holidays, overtime pay, work flexibility and participation bonuses. In addition, the contract requires that employees be informed in writing in the event of organisational changes such as mergers or sales of business units. In contrast, for the other regions, the employment relationship is regulated according to the specific legislation.

Within the U-Power Group, wages are determined by integrating the minimum values set by the CCNL with company agreements and incentives allocated according to clear criteria, such as responsibility and skills. There are also bonuses for the achievement of company objectives. In addition, the group is committed to maintaining wages 80% higher than the minimum wage.

The Group has initiated a comprehensive analysis involving 100% of employees, with the aim of comparing their salaries with the Living Wage, i.e. those salaries that guarantee an adequate standard of living to cover an individual's basic needs.

In order to incentivise corporate merit, managers can propose salary increases for employees. These proposals are then examined by the steering committees, which evaluate the results of annual performance, the objectives achieved, the potential demonstrated in the fulfilment of their functions and the contribution to the added value of the company, maintaining internal equity and competitiveness in the market.

The U-Power Group's focus on its employees is manifested through a number of initiatives that demonstrate an ongoing commitment to ensuring fair and favourable working conditions. A concrete example of this dedication is the wage policy adopted by the company in the countries where it operates. U-Power Group ensures that all employees, regardless of gender, receive an entry wage that not only respects, but often exceeds the legal minimum or that set by collective bargaining. This approach is an integral part of a broader corporate philosophy that places the well-being of employees at the centre of its priorities.

In 2021, this philosophy was translated into a significant step forward for the Group's Tunisian workers. After a constructive dialogue with the trade union representatives, the U-Power Group reached an agreement to improve wages. The wage increase was deliberately set as a fixed amount rather than a percentage, to ensure that the benefit was equally distributed among the workers, especially those with the lowest wages. In addition, the agreement provided for a one-off retroactive payment, a tangible gesture of support to staff in a time of economic hardship. For workers with fixed-term contracts, who account for 40% of the workforce in Tunisia, the company also recognised a salary increase accompanied by a bonus. Although the increase for these workers was smaller than for their permanent colleagues, it still represents an acknowledgement of their contribution and a step towards greater pay equity.

As far as sales managers are concerned, their remuneration consists of a fixed and a variable portion, balanced to reflect their contribution to the Group's strategic objectives, ensuring a fair balance between the interests of the staff and the company's short- and long-term objectives. Short-term variable compensation, known as Management By Objective (MBO), is structured around quantitative targets that are tailored to the specific function and role. In this context, the Group is developing an initiative within its Sustainability Plan to establish an incentive system for senior executives that also focuses on ESG principles.

As already mentioned, the U-Power Group recognises and protects the right of workers to be represented by trade unions and maintains a relationship with these organisations based on mutual recognition, dialogue and cooperation. The Group handles trade union interactions and negotiations with the utmost integrity and transparency, in compliance with applicable laws.

The U-Power Group's industrial relations policy is based on constructive dialogue aimed at involving employee representatives and preserving a positive working environment. Relations with employees are based on mutual respect and a mature and harmonious system of relations, which made it possible to avoid strikes or union protests in 2023 by workers directly employed by the companies.

Moreover, in 2023, zero incidents of violation or questioning of the freedoms of association and collective bargaining were reported, nor were any suppliers or activities identified where workers' rights to these freedoms were not guaranteed or were at 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 operates in full compliance with the requirements of the specific regulations of the countries in which it operates, aiming for continuous improvement. Although the Group's operations, including those directly related to production, do not pose high risks to the health and safety of workers, the protection of personnel is seen as an essential element in all company activities. Accordingly, U-Power is constantly dedicated to promoting a culture of prevention and is committed to maintaining a safe working environment for all its employees.

At headquarters level, the Group employs the Health and Safety Staff, specialised personnel responsible for ensuring that the working environment is safe and in line with regulations, establishing health and safety guidelines, coordinating control activities and, when necessary, improving safety conditions, supervising the work of designers and architects, and managing relations with workers' safety representatives. In addition, offices and facilities are regularly subjected to compliance audits, which include document analysis and physical inspections (space and equipment control), in order to draw up an improvement plan where required.

With the aim of promoting the health and safety of workers, inspections were carried out at the factory in Tunisia in 2021 to assess its conditions. These inspections, carried out by both internal staff and external bodies, preceded the acquisition of ISO 45001 certification, a management and organisational standard for safety in the workplace that is based on a thorough and regularly updated analysis of risks, set out in the "Risk Assessment Document" (DVR).

The document sets out the criteria and procedures for identifying hazards and assessing risks, both direct and indirect, associated with the activities, products, services and equipment provided by the company or third parties. Currently 96% of the group's employees are covered by the ISO 45001 certified management system, thus ensuring a high standard of safety and well-being for the majority of staff.

The Group's risk analysis is not limited to the Tunisian plant, but also extends to sites in France and Italy. During this analysis, risks to employee health and safety are usually identified in relation to each job role and the most effective preventive measures are determined.

A concrete example of this is the commitment to the prevention of exposure to hazardous substances through the dissemination of procedures containing practices to protect workers from the dangers of using chemicals in operations and others containing instructions for handling the safe storage and transport of these substances. In addition, in order to ensure the safety of employees with regard to noise exposure, detailed phonometric analyses are carried out both in the production facilities and on machinery. The results of these analyses show that sound pressure levels vary from 73.05dB(A)<sup>14</sup> to 96.5 dB(A) depending on the activity performed at the specific workstation.

The purpose of these analyses is to monitor and control noise levels, ensuring that they are within the established safety limits. In addition, preventive and corrective measures are implemented to minimise the noise impact on the working environment, thereby improving the health and well-being of workers. U-Power Group's commitment to monitoring employee accident rates continued in 2023. During the year 147 accidents occurred, mostly involving superficial wounds and bruises, recording a rate of 12.20, down from the previous year.

<sup>14</sup> Decibel A (dBA) refers to the variation in sound intensity level that takes into account the increased sensitivity of the human ear to low frequencies.

During 2023, there were no occupational accidents related to external collaborators. Thus, the total number of hours worked was estimated at 221,817 with a related accident rate of 0. In 2023, there were also no accidents with serious consequences.

## EMPLOYEE ACCIDENT INDICES

	2021 <sup>15</sup>	2022	2023
Hours worked	10,271,961	12,445,046	12,048,111
Total number of accidents	111	172	147
<i>of which resulting from commuting accidents<sup>16</sup></i>	4	15	9
Total number of accidents at work with serious consequences <sup>17</sup>	0	1	0
Occupational accident rate <sup>18</sup>	10.81	13.82	12.20
Rate of occupational accident with severe consequences <sup>19</sup>	0	0.08	0

U-Power Group's goal for 2024 is to maintain zero accidents at work.

For the U-Power Group, internal communication is a fundamental pillar, as it is not merely a vehicle for information, but also a methodology that fosters cooperation and strengthens the bond of belonging between team members. Particularly during the most critical phases, the use of effective internal communication is essential to preserve security and ensure the company's business continuity.

## 4.5 U-POWER GROUP COMMUNITIES

U-Power Group aims to ensure the well-being of its employees and to actively contribute to the well-being of the community. In line with its values and articles of association, U-Power supports the development of charitable initiatives that benefit society. Its commitment to the community is based on the 2030 Agenda, which promotes collaboration between businesses and local realities to achieve sustainable development goals. During 2023, the Group continued to be involved in the communities and territories in which it operates, becoming a point of reference not only for employ-

ment and economic development, but also as an important partner for the community. U-Power Group is systematically committed to supporting initiatives and organisations that generate positive impacts for the development and enhancement of the communities in which it operates.

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:

<sup>15</sup> The data for 2021 differ from the data in the Sustainability Report 2022 due to the availability of more accurate data in 2023.

<sup>16</sup> A commuting accident is an accident that occurs on the way between the workplace and a place belonging to the private sphere, only when the transport was managed by the organisation.

<sup>17</sup> An occupational accident with serious consequences is defined as an occupational accident 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.

<sup>18</sup> The occupational accident rate is calculated as the number of occupational accidents/hours worked\*1,000,000.

<sup>19</sup> The rate of occupational accident with severe consequences is calculated as the number of occupational accidents/hours worked\*1,000,000.



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.



In March, U-Power hosted the students of the Technical Institute for Infomobility and Logistics Infrastructure, Transport and Sustainable Logistics of Novara - Biennium 2023-2025, with the aim of illustrating to them the functioning of logistics that is efficient and undergoing renovation to achieve 4.0 certification.

The visit involved a total of 21 students and they were introduced to all the different departments within the warehouse, from the preparation of shipments of shoe and garment orders to their allocation to couriers for international distribution.



U-Power has renewed its commitment as main sponsor of AC Monza for the 2022/2023 season. This partnership has given U-Power the opportunity to strengthen its presence in the world of sport and to share the values of commitment, determination and success that unite both companies.



U-Power is the new Official Back Jersey Partner of FC Internazionale Milano.

The agreement, signed on 15 September 2023, at the HQ of the Nerazzurro Club, will last four years until 2027.

This new collaboration between U-Power, Europe's leading brand in footwear and workwear, and FC Internazionale Milano, a leading football team, stems from the meeting of common values and the constant propensity to improve performance - with a particular focus on innovation and sustainability - towards the pursuit of excellence, each in its own process of growth.









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# ENVIRONMENT ON THE SPOTLIGHT



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## 5. ENVIRONMENT ON THE SPOTLIGHT

U-Power Group is aware of the challenges related to environmental sustainability and how these play an increasingly important role in international agendas. 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.

In line with its Sustainability Plan, U-Power is dedicating itself to reducing its environmental impact by optimising logistics activities, choosing innovative and sustainable materials and promoting circular economy practices. Furthermore, the Group aims to promote the energy transition through the production of energy from renewable sources, and to define and implement a decarbonisation path.

### 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. In particular, the production plant in Tunisia has had an Environmental Management System (EMS) compliant with the UNI EN ISO 14001 standard since 2021.

In the period 2021-2023, no violations of environmental regulations were found in the countries where the Group operates.

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JOE SAFETY SHOES FROM 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 measures to reduce consumption. This strategy is in line with the Group's desire to promote the energy transition through the production and supply of electricity from renewable sources.

In 2023, the total energy consumption in the two Group's two production companies was 90,080 GJ, a decrease of 3% compared to 2022. An analysis of the energy vectors used in the plants shows that energy consumption includes several sources: electricity supplied by the national grid, fuel for the company fleet, and methane gas used for space heating limited exclusively to the plant located in France. In addition, electricity from renewable sources certified through Guarantees of Origin (GO) was purchased from 2022 onwards, a share that increased to 5.6% of the total electricity purchased in 2023.

### ENERGY CONSUMPTION WITHIN THE ORGANISATION



	2021	2022	2023
<b>Fuel consumption from non-renewable sources (GJ)</b>			
Diesel	5,417	6,370	6,090
Gasoline	613 <sup>20</sup>	916	609
Natural gas	7,941	5,054	4,186
<b>Indirect energy consumption (GJ)</b>			
Electricity consumption purchased from the grid (mixed sources)	74,162	80,827	79,195
<i>Of which with Certificates of Origin</i>	-	3,795	4,422

U-Power Group has adopted a number of strategies to improve energy efficiency and reduce environmental impact. These measures include measures to optimise energy consumption and the implementation of sustainable technologies at various operational sites.

The aim is to pursue sustainability through concrete actions involving the measurement and monitoring of energy consumption, as well as investments aimed at reducing the company's ecological footprint.

<sup>20</sup> 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.

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

 <b>Energy diagnosis carried out in Tunisia and France</b>	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.
 <b>LED lighting system</b>	Energy efficiency in plants is a fundamental step towards sustainability and optimisation of resources. In 2023, the Group successfully completed a project to renovate the lighting systems at its sites in France and Tunisia, replacing old installations with modern LED devices. This transformation has resulted in a 40% reduction in energy consumption and has helped to reduce the environmental impact at the end of the devices' lifecycle, thanks also to the elimination of hazardous metals.



### NEW LEED-CERTIFIED WAREHOUSE AND DISTRIBUTION CENTRE

During 2023, the U-Power Group expanded its logistics infrastructure with the opening of a new distribution centre in Oleggio Castello (NO), representing a significant step forward in the optimisation of goods loading and unloading processes.

The project involved a state-of-the-art automation system with 50 autonomous shuttles handling the movement of goods, ensuring efficiency and precision. This technological innovation enables better inventory management, providing a clear view of the parts and product volumes in stock and minimising the risk of errors in orders. Printing readable labels directly on the conveyor hubs eliminates the need for additional labelling, further speeding up the process.

On a process level, arm conveyors are present in the entrance area of the new building to assist workers in the unloading of trucks and containers. The cartons are then identified, checked and divided between those that should and should not be stored in the automatic system (cross-docking), then automatically diverted to dedicated chutes.

The advantages of this new structure are not limited to simple automation. Operator safety has been significantly improved, as they are no longer directly involved in heavy load handling operations, thus reducing the risk of accidents. In addition, the warehouse has obtained the prestigious LEED Gold certification, which attests not only to the reduction of CO<sub>2</sub> emissions, but also to energy and water efficiency, interior quality and the sustainability of the materials and resources used.

U-Power Group took a further step towards sustainability with the installation of a state-of-the-art photovoltaic system on the roof of the new warehouse and distribution centre. This system, with an output of 451 kW, supplies energy to both the logistics facility and the new offices housing the Group's headquarters.

The system consists of 1,100 photovoltaic modules and is expected to produce 475,000 kWh of electricity per year. This significant amount of energy produced is partly used for the facilities' internal energy needs and partly fed into the national grid, thus contributing to the supply of renewable energy.

The investment reinforces the Group's commitment to reducing the environmental impact of its activities and promoting the use of alternative energy sources, in line with the sustainability and environmental responsibility objectives it pursues.



#### Use of electricity from certified GO sources

The commitment to the use of increasingly sustainable energy sources has resulted in the consumption, for the entire year 2023 in Italy and France, of electricity entirely from renewable sources, certified through a Guarantee of Origin (GO).

The 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: Location-based, a method that uses an average emission factor referring to the national energy mix, and Market-based, which takes into account any contractual agreements made with the electricity distributor.

In 2023, the Group's GHG emissions were 11,972 tonnes CO<sub>2</sub>, a reduction of 9%<sup>21</sup> compared to 2022.

ISLAND SAFETY SHOES FROM RED INDUTRY GREEN RANGE



<sup>21</sup> Data considering Location Based GHG Scope 1 emissions and GHG Scope 2 emissions.



## GHG EMISSIONS

	2021	2022	2023
<b>Direct GHG emissions - Scope 1 (tCO<sub>2eq</sub>)</b>			
Fuel consumption	833	766	680
Refrigerant gas refills	1666	2257	1379
<b>Total</b>	<b>2,499<sup>22</sup></b>	<b>3,022</b>	<b>2,058</b>
<b>Indirect GHG emissions - Scope 2 (tCO<sub>2eq</sub>)</b>			
Electricity (Market-based)	9,192	10,023	9,845
Electricity (Location-based)	9,188	10,084	9,914
<b>Emission intensity (tCO<sub>2eq</sub>/millions €)</b>			
<b>Emission intensity</b>	<b>50</b>	<b>48</b>	<b>42</b>

Although production grew significantly, the Group recorded a decrease in emissions in FY2023. Specifically, from 2021 to 2023 the emission intensity, calculated as the ratio of GHG Scope 1 and 2 (Location-based) emissions to turnover, decreased by 17%.

In order to strengthen its commitment, in FY2023, the Group initiated the calculation of GHG Scope 3 emissions for the two-year period 2022-2023. In particular, the following categories were calculated:

- Category 3, which includes upstream emissions from fuel and energy activities, including the extraction, production and transport of fuels consumed by the Group;
- Category 5, which includes upstream emissions from waste-related operations, such as disposal and third-party treatment of the solid waste and wastewater generated.

## GHG EMISSIONS

	2022	2023
<b>Indirect GHG emissions - Scope 3 (tCO<sub>2eq</sub>)</b>		
<b>Category 3</b>	<b>2,147</b>	<b>2,071</b>
<b>Category 5</b>	<b>0.60</b>	<b>0.67</b>

<sup>22</sup> 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.

As part of its efforts to mitigate its impacts and improve transparency, the Group in 2024 started a monitoring programme for Scope 3 categories, beginning to report on two categories for the years 2022 and 2023. This progress is an essential element in the process of monitoring and reducing environmental impact at the value chain level. The goal is to have 3 categories monitored in the coming year and 6 in 2025.

	2022	2023
<b>Number of Scope 3 categories monitored</b>	<b>0</b>	<b>2</b>

## 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). Within the Plan, the Group defined its commitment to extend the range of certified footwear lines and to diversify the portfolio to increase the use of products with sustainability features, including recycled and bio-based materials.

Also in 2023, data collection on materials was carried out in order to analyse the quantities of the different products purchased and used, classifying them by type:

- raw materials;
- materials needed in the production process that are not part of the final product, such as lubricants for industrial machinery;
- semi-finished materials and components, other than the raw materials that are part of the final product;
- packaging materials.

During the year, the Group experienced a significant decrease in the total amount of materials purchased and used; in 2023, the total volume of materials purchased was approximately 13,000 tonnes, a decrease of 12% compared to 2022.

Among the raw materials, leather represents the main material with a share of around 16% of the total purchased products, a slight increase over the previous year (+1%). At the same time, materials for the production process were reduced by 5% by 2022.

Finally, a relevant category concerns packaging - including cardboard, wooden pallets and other packaging - which decreased by 16% in 2023 compared to the previous year, driven mainly by a reduction in the use of cardboard.

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.

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SPOCK BC SOFTSHELL JACKET – ANTARES WW HELMET





The table below shows the quantities of material purchased in the three-year period 2021-2023.

## PURCHASED MATERIALS

	Renewable	2021	2022	2023
<b>Raw materials (t)</b>				
Leather for lining	No	1,831	1,636	1,311
Leather for upper	No	831	910	762
Tips and foils	No	304	392	365
<b>Total</b>	-	<b>2,967</b>	<b>2,938</b>	<b>2,438</b>
<b>Materials needed in the production process (t)</b>				
Chemicals	No	4,006	4,436	4,217
Fats and oils	No	0.2	0.2	0.2
<b>Total</b>	-	<b>4,007</b>	<b>4,436</b>	<b>4,217</b>
<b>Materials and components other than final raw materials (t)</b>				
Accessories	No	1,185	1,246	1,192
Labels	No	208	346	178
Strings	No	2,376	2,236	1,942
Steel soles	No	21	20	22
Rubber soles	No	15	18	14
Insoles	No	34	38	37
Other soles	No	1	2	1
Infinergy® inserts	No	7	11	8
Other materials	No	1,037	1,083	949
<b>Total</b>	-	<b>4,883</b>	<b>4,998</b>	<b>4,344</b>
<b>Packaging materials (t)</b>				
Cardboard	Si	1,226	1,380	333
Wooden pallets	Si	33	43	50
Other packaging	No	1,162	998	1,641
<b>Total</b>	-	<b>2,422</b>	<b>2,422</b>	<b>2,023</b>
<b>Total materials</b>	-	<b>14,278</b>	<b>14,793</b>	<b>13,023</b>

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).



## WASTE REDUCTION AND SUSTAINABILITY: INNOVATIVE LEATHER CUTTING

U-Power Group made a significant investment by purchasing new machinery to enhance both production efficiency and the quality of the materials used. During 2023, three new cutting machines specifically for leather processing and a reading machine for quality inspection were purchased by the Group, together with two further machines designed for the precise cutting of synthetic materials.

The new leather cutting machines are designed to cover 25 to 30% of upper production, leading to an estimated material saving of 6 to 8%. The project, called “Leather Efficiency Programme”, has been selected to start as a pilot project in 2024, with the aspiration to be fully operational by 2026.

The project, developed in 2023, will enable a progressive reduction of greenhouse gas (GHG) emissions related to leather processing from 2024.

The reading machine is a key element of the process, as it allows any defects in the leather to be identified before cutting, thus ensuring a significant improvement in the quality control of the uppers produced and the management of production waste. As far as cutting synthetic material is concerned, material savings of 8 to 10% are still expected.

By adopting state-of-the-art technologies, the Group demonstrates its dedication to reducing material waste and optimising production processes, thus contributing to the sustainability of the industry. This approach not only minimises the use of valuable resources but also leads to a reduction in water and energy consumption, which are essential for more eco-friendly production. The U-Power Group is constantly researching and developing solutions that can lead to increasingly eco-friendly production, with a focus on the well-being of its workers and customer satisfaction.

In 2024, the Group plans to embark on an initiative to optimise its leather processing practices, a material of fundamental importance to its business. Leather, being a central element in production, requires a targeted approach to improve its sustainability. Therefore, the Group has planned to launch an efficiency programme, which aims to improve production processes and reduce the group’s GHG emissions.

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 the sustainability plan, a target is set to reduce production waste by 6-8% by the year 2026, reinforcing the group’s commitment to waste reduction.

In 2023, the Group generated a total of 487.79 tonnes of waste at its plants, a reduction of 1% compared to 2022 due to the lower volume of materials used. 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, 34% is classified as hazardous; this includes mainly spent metal canisters and chemical compounds.

## WASTE PRODUCED

Type (ton)	2021			2022			2023		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Paper and cardboard	-	60.38	60.38	-	70.46	70.46	-	73.16	73.16
Chemical waste	10.46	76.00	86.46	13.50	95.64	109.14	12.34	87.81	100.15
Electrical and electronic waste	0.35	-	0.35	0.43	-	0.43	0.50	-	0.50
Industrial waste	0.02	61.54	61.56	0.92	105.84	106.76	0.03	94.56	94.59
Metal waste	127.30	10.00	137.30	162.95	12.60	175.55	152.69	38.74	191.43
Organic waste	-	7.00	7.00	-	8.40	8.40	-	8.12	8.12
Textile waste	-	18.00	18.00	-	23.40	23.40	-	19.84	19.84
<b>Total</b>	<b>138.12</b>	<b>232.92</b>	<b>371.04</b>	<b>177.80</b>	<b>316.34</b>	<b>494.14</b>	<b>165.56</b>	<b>322.23</b>	<b>487.79</b>

Waste management is carried out through a carefully organised system. A specialised company, working in agreement with Martek, once it has received approval from the Ministry of the Environment, takes care of the collection of non-recyclable or non-regeneratable waste, such as polyurethane, synthetic materials and leather.

These are then transported and disposed of in a public landfill. Instead, waste that can be recycled or recovered, such as plastic, cardboard, waste oil and pallets, is sent to a dedicated recycling centre, where it will be processed to start a new life as a reusable resource.

### 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, as of 2022, the Group has collected information on water withdrawal and discharge at its production sites 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 2023, 71 mega litres of water were withdrawn exclusively from the aqueduct, totally discharged through the sewage network<sup>23</sup>.

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 stress<sup>24</sup>.

## WATER WITHDRAWAL

	2021	2022	2023
<b>Mega Litres</b>			
Total water withdrawal from public waterworks	65	85	71
<i>Of which from water-stressed areas<sup>24</sup></i>	0	0	0
Water discharge	65	85	71
<i>Of which from water-stressed areas</i>	0	0	0
Water consumption	0	0	0

<sup>23</sup> The water sampled/discharged is fresh water, ≤ 1,000 mg/l total dissolved solids.

<sup>24</sup> 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

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# 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 2023 (January to December 2023), 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 2021-2023, 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 2021 and 2022 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 2023 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"> <li>• Involvement in initiatives and analysis activities on sector trends for the definition of possible common strategies</li> <li>• Implementation of open, lawful and transparent business models and strategies</li> <li>• Full respect for free competition</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships</li> <li>• Collaboration with sector and trade associations</li> <li>• Participation in events and technical working tables</li> <li>• Face-to-face meetings</li> </ul>
	Regulatory and control bodies	<ul style="list-style-type: none"> <li>• Adherence to and compliance with rules and regulations</li> <li>• Participation in the development of regulations and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with institutions and participation in working groups</li> <li>• Regular consultation and joint projects, certification audits</li> </ul>
Procurement	Manufacturers of semi-finished products	<ul style="list-style-type: none"> <li>• Punctual and correct fulfilment of contractual conditions</li> <li>• Continuity in supply requests</li> <li>• Possibility of developing strategic partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Direct meetings</li> <li>• Site visits</li> <li>• Partnerships</li> <li>• Discussions during contract definition</li> <li>• Ongoing relations with the purchasing function</li> </ul>
	Suppliers of goods and services	<ul style="list-style-type: none"> <li>• Punctual and correct fulfilment of contractual conditions</li> <li>• Continuity in supply requests</li> <li>• Possibility of developing strategic partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Direct meetings and site visits</li> <li>• Partnerships</li> <li>• Discussions during contract definition</li> <li>• Ongoing relations with the purchasing function</li> </ul>
Production, quality control	Employees and external collaborators	<ul style="list-style-type: none"> <li>• Respect workers' rights</li> <li>• Protect occupational health and safety</li> <li>• Be adequately trained for skills development and personal growth</li> </ul>	<ul style="list-style-type: none"> <li>• Area meetings</li> <li>• Point of sale visits</li> <li>• Internal communication</li> <li>• Definition of goals and targets</li> <li>• Involvement activities</li> <li>• Sharing of informal feedback</li> <li>• Training and induction programmes for new hires</li> </ul>
	Trade associations	<ul style="list-style-type: none"> <li>• Collaboration, inclusion and participation in activities and programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation in local and international associations</li> <li>• Sharing of best practices with sector associations</li> </ul>
	Trade Unions	<ul style="list-style-type: none"> <li>• Transparency and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Open and ongoing dialogues</li> <li>• Regular meetings</li> <li>• Definition of joint initiatives and projects</li> </ul>
	Capital providers	<ul style="list-style-type: none"> <li>• Transparency and timely and complete sharing of information</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous and transparent dialogue with the financial community</li> <li>• Information sharing through press releases and regular meetings</li> </ul>

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

#### DOMINATION SAFETY SHOES FROM RED OVER RANGE



## U-POWER GROUP IMPACTS

Material topics	Impacts	Description of impacts
<b>Energy management and climate change</b>	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.
<b>Worker health and safety</b>	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 accidents during raw material procurement, production processes and logistical input and output operations.
<b>Waste management</b>	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.
<b>Materials used</b>	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.
<b>Protection of human rights</b>	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.
<b>Territorial and community development</b>	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.

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Material topics	Impacts	Description of impacts
<b>Worker development and training</b>	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.
<b>Consumer health and safety</b>	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.
<b>Business Ethics</b>	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.
<b>Diversity and gender balance</b>	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.
<b>Water consumption</b>	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.
<b>Research and development of products with reduced environmental impact</b>	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.

## PERSONNEL 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 accidents/hours worked\*1,000,000.
- Accident rate with serious consequences: number of accidents with serious consequences, 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 accidents.

## 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 2021, 2022 and 2023.

## 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 CO<sub>2</sub> equivalent (gases included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O) 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", 2021, 2022 and 2023 editions.
- Indirect emissions (Scope 2): indirect emissions correspond to electricity consumption. The factors in Figure 4 of the document "European Residual Mixes" (2020 editions for 2021, 2021 edition for 2022, 2022 edition for the year 2023), published by the Association of Issuing Bodies, for France, were taken into account for the calculation of elec-

tricity 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 (2019 data, for the years 2021, 2022 and 2023) were taken into consideration.

- Indirect emissions (Scope 3): Value chain-related GHG emissions, not accounted for as Scope 1 or Scope 2 emissions, fall into this category. Based on the GHG Protocol, the following categories were reported for the two-year period 2022-2023:
  - Category 3: For the calculation of this category, the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting" for 2022 and 2023 were used.
  - Category 5: For the calculation of this category, the emission factors from the Ecoinvent database were used.

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







# 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 2023 – 31 December 2023.
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, a 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 Review of information	Methodological note			
	2-5 External assurance	Methodological note Audit Report			
	2-6 Activities, value chain and other business relations	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 Non-employees	4.1 A company of people			
	2-9 Governance structure and composition	2.2 The governance model			
	2-10 Appointment and selection of the highest governing body	2.2 The governance model			
	2-11 Chair of the highest governing body	2.2 The governance model			
	2-12 Role of the highest governing body in impact management control	2.2 The governance model			
	2-13 Delegation of responsibility for impact management	2.2 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 2: Informative generali 2021	2-14 Role of the highest governing body in sustainability reporting	2.2 The governance model			
	2-15 Conflicts of interest	2.2 The governance model			
	2-16 Communication of critical issues	2.2 The governance model			
	2-17 Collective knowledge of the highest governing body	2.2 The governance model			
	2-18 Performance evaluation of the highest governing body	4.3 The remuneration system and industrial relations			
	2-19 Remuneration Rules	4.3 The remuneration system and industrial relations			
	2-20 Procedure for determining remuneration	4.3 The remuneration system and industrial relations			
	2-21 Annual total remuneration 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 Commitment in terms of policy	2.2 The governance model			
	2-24 Integration of commitments in terms of policies	2.2 The governance model			
	2-25 Processes to remedy negative impacts	2. Governance and Sustainability strategy 3. Italian innovation and design at the service of the customer 4. Our Team 5. Environment on the spotlight			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
<b>GRI 2: General Disclosures 2021</b>	2-26 Mechanisms for requesting clarification 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 contracts	4.3 The remuneration system and industrial relations			
<b>MATERIAL TOPICS</b>					
<b>GRI 3: Material topics 2021</b>	3-1 Process of determining material topics	2.5 The new materiality			
	3-2 List of material topics	2.5 The new materiality			
<b>Territorial and community development</b>					
<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	1. U-Power Group: a company, a safety partner 4.1 A company of people 4.5 U-Power Group communities			
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	1. U-Power Group: a company, a safety partner			
<b>GRI 401: Employment 2016</b>	401-1 New hires and turnover	4.1 A company of people			
<b>GRI 413: Local communities 2016</b>	413-1 Activities involving local community involvement, impact assessment and development programmes	4.5 U-Power Group communities			
<b>Business Ethics</b>					
<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	2.2 The governance model			
<b>GRI 205: Anti-Corruption 2016</b>	205-3 Established incidents of corruption and action taken	2.2 The governance model			
<b>GRI 206: Anti-competitive conduct 2016</b>	206-1 Legal actions relating to anti-competitive conduct, trust activities and monopolistic practices	2.2 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation

**Materials used**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer 5.2.2 Materials and Waste			
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	5.2.2 Materials and Waste			
<b>GRI 308: Environmental assessment of suppliers 2016</b>	308-1 New suppliers that have been assessed using environmental criteria	During 2023, the Group assessed 100% of new suppliers on the basis of environmental criteria.			

**Water consumption**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	5.1 Environmental protection in our value creation 5.2.3 Water			
<b>GRI 303: Water and effluents 2018</b>	303-1 Interaction with water as a shared resource	5.2.3 Water			
	303-2 Management of Impacts related to water discharge	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**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	5.1 Environmental protection in our value creation 5.2.1 Energy and emissions			
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	5.2.1 Energy and emissions			
<b>GRI 305-2: Emissions 2016</b>	305-1 GHG direct emissions (Scope 1)	5.2.1 Energy and emissions			
	305-2 GHG indirect emissions from energy consumption (Scope 2)	5.2.1 Energy and emissions			

**Waste management**

<b>GRI 3: Material topics 2021</b>	3-3 Managing 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 Managing 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 and consultation and communication on occupational health and safety	4.4 Our safety			
	403-5 Occupational health and safety training for workers	4.4 Our safety			
	403-6 Workers' health promotion	4.4 Our safety			
	403-7 Prevention and mitigation of occupational health and safety impacts within the business relationship	4.4 Our safety			
	403-8 Workers covered by a health and safety management system	4.4 Our safety			
	403-9 Occupational accidents	4.4 Our safety			
Worker development and training					
GRI 3: Material topics 2021	3-3 Managing Material Topics	4.1 A company of people			
GRI 404: Training and education 2016	404-1 Average hours of annual training per employee	4.1 A company of people			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation

**Diversity and gender balance**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	4.2 Diversity, gender balance and protection of human and labour rights			
<b>GRI 405: Diversity and gender balance 2016</b>	405-1 Diversity in governance bodies and among employees	4.2 Diversity, gender balance and protection of human and labour rights			
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective measures adopted	4.2 Diversity, gender balance and protection of human and labour rights			

**Protection of human rights**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer 4.3 The remuneration system and industrial relations			
<b>GRI 407: Freedom of association and bargaining agreements 2016</b>	407-1 Activities and suppliers where the right to freedom of association and collective bargaining may be at risk	4.3 The remuneration system and industrial relations			
<b>GRI 408: Child labour 2016</b>	408-1 Activities and suppliers at significant risk for incidents of child labour	4.2 Diversity, gender balance and protection of human and labour rights			
<b>GRI 409: Forced or compulsory labour 2016</b>	409-1 Activities and suppliers at significant risk for incidents of forced or compulsory labour	4.2 Diversity, gender balance and protection of human and labour rights			
<b>GRI 414: Social evaluation of suppliers 2016</b>	414-1 New suppliers that have been assessed using social criteria	During 2023, the Group did not assess any new suppliers on the basis of social criteria.			

**Consumer health and safety**

<b>GRI 3: Material topics 2021</b>	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer			
<b>GRI 416: Customer Health and Safety 2016</b>	416-2 Incidents of non-compliance involving 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**

<b>GRI 3: Material topics 2021</b>	3-3 Managing 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 2023 "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, 2023 (hereinafter also "Sustainability Report").

### 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 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. and Martek S.a.r.l., 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 , 2023 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.

Milan, June 28, 2024

Signed by: Gabriele Grignaffini  
(Auditor)

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





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Creative concept,  
design and layout



Print



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

paper  
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according to FSC® criteria and from other controlled sources

inks  
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**U.S. Power**  
*Don't worry... be happy!*