IRSAP

SUSTAINABILITY
REPORT
2024

IRSAP

LETTER TO STAKEHOLDERS

Over the past eighty years, Europe has experienced a period of unprecedented peace and cooperation. This long journey, which started after the tragic events of the Second World War, has allowed our continent to build a development model based on collaboration, democracy and sustainable growth. It is in this context that companies, projects and communities were esatblished that are able to look to the future with confidence.

However, in recent years, we have been witnessing a worrying change. Geopolitical tensions, armed conflicts on Europe's borders and the recent escalation that led the European Union to increase defence investments remind us how fragile peace is and how indispensable dialogue and collective responsibility are. In a historical period marked by uncertainty and instability, it is essential to reaffirm the values on which we want to build our future.

For IRSAP, sustainability remains our cornerstone. It is not just a commitment to the environment, but also a guiding principle that embraces the economy, social and governance. In line with the Sustainable Development Goals of the UN 2030 Agenda, we continue to work for a business model that promotes energy efficiency, respect for resources, social inclusion and people's welfare.

During 2024, we strengthened our initiatives to reduce our environmental impact, improved people's working conditions through organisational practices that stimulate continuous improvement starting from the proposals of operators, invested in sustainable technological solutions and actively supported cultural and social projects in the areas in which we operate through our Foundation.
We believe that even in a complex global context, companies have a duty to stay true to their values and act as drivers of responsible development.

We would like to thank you for the trust you have placed in us and for the constant exchange of ideas that allows us to grow, improve and contribute to a more just and regenerative economy. Even in the most difficult periods, IRSAP confirms its commitment to contribute to a future that always focuses on people, the environment and communities.

Marco Rossi
CEO

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GENERAL INFORMATION

DRAFTING GUIDELINES

BP-1 General drafting guidelines for sustainability reporting

This document constitutes **the Sustainability Report of the IRSAP Group,** prepared pursuant to Italian Leg. Decree no. 125 of 6 September 2024, implementing Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive – CSRD), in accordance with the **European Sustainability Reporting Standards (ESRS),** issued by the European Financial Reporting Advisory Group (EFRAG) and adopted by the European Union.

This is the first year that the IRSAP Group has drawn up – on a voluntary basis - its sustainability statement in accordance with the ESRS. In previous years, this report was prepared according to the guidelines of the **Global Reporting Initiative (GRI),** in particular referring to the GRI Sustainability Reporting Standards (GRI Standards).

The Report has been prepared to ensure full clarity of the information about the Group's activities, in line with the qualitative characteristics set out in ESRS 1 – Appendix B.

The document covers the sustainability issues for the 2024 financial year (from 1 January to 31 December), in line with the scope of the IRSAP Group Consolidated Financial Statements.

Consequently, the information of the following companies is included on a consolidated basis:

- **IRSAP S.p.A. (hereinafter also "IRSAP" or "parent company")**
- **IRROM Industrie S.r.l. (Romania)**
- **IRSAP Iberica S.L. (Spain)**
- **IRGROUP S.a.r.l. (France)**
- **IRSAP UK Ltd (United Kingdom)**
- **BEMM GmbH (Germany)**

There are, however, some changes compared to the previous year, as the reporting scope has been extended and standardised:

- for matters related to **ESRS E1 – Climate change,** the data cover the entire scope of the Group, since commercial offices have been included in the data collection process since 2024
- for matters related to **ESRS E5 – Resource use and circular economy,** the scope is limited to the IRSAP S.p.A. and IRROM Industrie S.r.l. Production facilities, as the commercial offices do not generate significant amounts of waste
- the matters related to **ESRS S1 – Own workforce** are reported at Group level, including for the first time the metrics for occupational health and safety, previously limited to production sites only. The only exception concerns the metric on parental leave, for which it was not possible to collect data for the German headquarters Bemm GmbH.

All changes to this reporting scope and any revisions to the information made in previous reporting periods, including the reasons for the revisions, are duly reported in the document.

The information contained in this Report includes **the material impacts, risks and opportunities** also related to **direct and indirect business relationships in the upstream and downstream value chain**. In particular, the Group has analysed its value chain by structuring it into **upstream, core and downstream operating activities,** in order to ensure a broad vision consistent with the double materiality approach.

However, most of the topics reported mainly refer to the Group's scope, both in terms of policies, goals and actions, and with regard to the scope of quantitative metrics required.

IRSAP Group has voluntarily drafted its first Sustainability Report according to the ESRS, covering 2024 and including scope changes compared to the past. The document highlights the IRSAP Group's commitment to improving transparency and alignment with new European sustainability regulations.

BP-2   Disclosures in relation to specific circumstances

IRSAP has chosen to anticipate the application of ESRS with respect to the mandatory deadlines, which is why some **transitional provisions,** such as those relating to the effects arising from sustainability issues, **disclosure S1-13 (training and skills development) and scope 3 emissions,** have not been fully applied or are treated in a terms of quality. These aspects will be progressively integrated in the coming years, in line with the regulatory requirements and development plan of the reporting systems [1].
All changes and any revisions to the information published in the past, including methodological changes, are duly reported in the document, as well as estimates made in the absence of direct data. In such cases, information is provided based on calculation, and, where possible, on the actions planned to improve the accuracy of the estimates in the future.

Following the transition **from the GRI to the ESRS frame-work,** in fact, changes have been made **to the calculation methodologies and structure of the information** for the 2023 report. These changes are explained in the points where they occur and, where necessary, the comparative data recalculated according to the new logic are reported. If it was not possible to present comparable information, the reason was specified.

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[1]   According to Appendix C of ESRS 2, it is possible to report some matters in the years following the first year of mandatory reporting.

GOVERNANCE

GOV-1 Role of the administrative, management and supervisory bodies

In 2024, the governance of IRSAP was structured through two main bodies, namely the Board of Directors and Board of Statutory Auditors.

The Board of Directors (hereinafter also "BoD") consists of three members, all male, one of whom is aged between 30 and 50 and two over 50. Two of them, **Fabrizio Rossi, CEO of IRSAP, and Marco Rossi, Co-CEO, hold executive positions as "CEO",** while the third is a director without executive duties, for a percentage of independent members equal to 33.3%. The company has not adopted specific diversity policies within the Board of Directors, although it declares its commitment to exclude any form of discrimination related to ethnicity, gender, sexual orientation, religion or personal views.

The Board of Statutory Auditors, consisting five members, is also entirely made up of men and represents a key component for the direction and supervision of company activities.

> **In 2024, the governance of IRSAP saw the Board of Directors and Board of Statutory Auditors actively manage ESG matters. The CEOs drive sustainable strategy and goals, supported by a Sustainability Manager and dedicated business departments.**
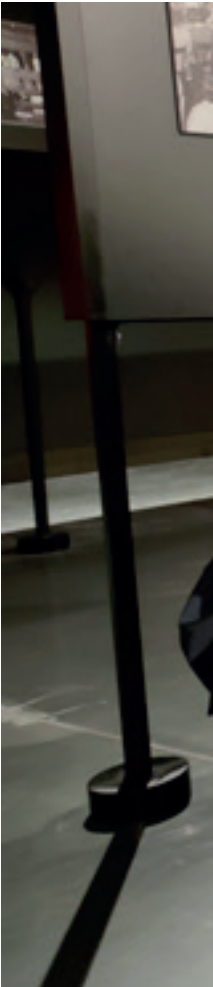
GOVERNING BODIES BY GENDER	2024				
	FEMALE	MALE	OTHER	NOT REPORTED	TOTAL
Board of Directors	0	3	0	0	3
Board of Statutory Auditors	0	5	0	0	5
TOTAL	0	8	0	0	8
PERCENTAGE	0%	100%	0%	0%	100%

As far as **worker representation is concerned,** in May 2023 the company Union Representation elections were held, which led to the election of six workers' representatives (3 CISL, 2 UIL and 1 CGIL). Three of them also hold the role of RLS – Workers' Safety Representatives – with mandatory training pursuant to Italian Leg. Decree 81/2008.

The Board of Directors represents the governance body with **the highest responsibility for sustainability.** In particular, the CEOs take an active role in the:

- definition and updating of the organisation's mission, vision and values, including the adoption of the new corporate vision aimed at sustainable, technological and design-oriented comfort solutions
- approval of ESG strategies and goals, as well as company policies for sustainable development
- ESG risk and opportunity assessment, integrated into the company strategy through the ESG Plan, in line with the 2023–2027 Strategic Plan
- monitoring of progress against sustainability-related goals and initiatives.

Although there is no ESG commission formally established in the Board of Directors, top management, in particular the two CEOs, **actively collaborate with the sustainability department,** ensuring continuous updating and monitoring of ESG matters. This interaction allows the company to responsibly manage impacts, risks and opportunities, translating them into policies and concrete actions. Management, in fact, reviews the double materiality assessment following a structured process that involves management and external stakeholders with specialist skills in the ESG field, ensuring that the company's strategic priorities are updated in line with the material impacts, risks and opportunities. During 2024, the top management team demonstrated that it has adequate skills and knowledge in the field of sustainability, as also confirmed by the revision of the Company Vision, which explicitly integrates sustainability as a strategic pillar. As evidence of this, Marco Rossi, CEO of IRSAP, received the special award **"Best Young Entrepreneur"** as part of the eleventh edition **of the Environment Company Award** – organised by Unioncamere and the Venice Rovigo Chamber of Commerce – for the innovative approach to integrating economic, environmental and social sustainability into business processes. IRSAP had already been honoured in the ninth edition of the same award for **"Best Management for Sustainable Development".**

In addition, the CEOs work with a **Sustainability Manager,** a figure who collaborates across the board with the HSE, Quality, Human Resources departments, whose tasks include **advising on, making proposals for and monitoring** ESG goals, initiatives and positioning, and who reports operationally to the **Human Resources Department.**
The departments involved in the direct management of ESG impacts include:
-   Technical Department
-   HSE role
-   Human Resources
-   operations
-   procurement
-   marketing
-   Finance and Control Administration

With regard **to health, safety and environmental impacts,** the Board has delegated specific responsibilities to the Heads of HSE, Operations and the Technical Department: the department directors, in fact, report monthly on the progress of company projects in order to examine the strategic KPIs associated with the projects and discuss any deviations. On a **six-monthly basis,** on the other hand, the management team convenes **extended meetings** with middle managers, sales managers and project leaders to share updates on strategy, objectives, KPIs and future actions.

The governance bodies monitor the ESG strategy through committees, regular meetings and structured analyses. They evaluate impacts, risks and KPIs, approve goals and resources, ensuring the monitoring of sustainability matters.

GOV-2 Information provided to the company's administration, management and supervisory bodies and sustainability issues addressed by them

As also described in GOV-1, the evolution of the ESG strategy, impact monitoring and analysis of the implementation of policies, actions and related KPIs are subject to structured oversight by governance bodies and management departments.

In particular:

- the **Directors' Committee,** composed of the heads of the main company departments, meets **monthly** to verify the progress of the sustainability strategy and goals, the correct progress of the planned actions, as well as the progress of the monitoring KPIs
- Cross-functional **thematic committees**, dedicated to specific ESG areas (e.g. energy, quality, environmental and social compliance), meet **bimonthly or quarterly,** in order to analyse in detail the specific operational and regulatory matters related to the topics covered
- the **extended Staff Meeting** with the Area Project Leaders takes place on average twice a year, or more frequently if required, to ensure cross-functional operational coordination
- the **Board of Directors**, composed of directors and members of the Board of Statutory Auditors, receives the necessary information at periodic meetings, in particular when **approving the sustainability reporting project** and in conjunction with the publication of the consolidated financial statements.

In addition, as part of the Integrated Management Review for Quality, Environment and Sustainability Management Systems (QMS), the management team:

- annually approves the **analysis of stakeholders** according to the ISO 26000 guidance
- verifies and approves the **analysis of the material risks and opportunities**
- analyses the **results achieved** in the previous year and **confirms or adapts future goals**
- also verifies the suitability of the human, material and economic resources made available for the implementation of ESG policies.

The complete list of impacts, risks and opportunities considered by the administrative, management and supervisory bodies in the reference period, collected in the **risks and opportunities assessment of the Quality, Environment and Sustainability Management System (SGQA),** was also the source of the double materiality analysis described in paragraph IRO-1 of the following document, which lists all the material sustainability impacts, risks and opportunities that emerged.

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

Currently, there are no incentive systems or remuneration policies linked to sustainability goals or impacts for members of the administrative, management and supervisory bodies. Consequently, performance is not assessed against ESG metrics, nor are these metrics considered benchmarks within remuneration policies.
Similarly, there is no definition of a share of variable remuneration linked to environmental, social or governance goals. The conditions relating to incentive systems are approved and updated according to standard internal procedures, which at the moment do not include parameters specifically related to sustainability.

GOV-4 Statement on due diligence

Due **diligence** is the process through which an organisation identifies, prevents, mitigates and reports on current or potential negative impacts that its activities may generate on the environment and people. This process is achieved through the adoption of dedicated policies, operational tools and supervisory mechanisms, as well as the formalisation of a procedure that summarises the overall approach. Although IRSAP, to date, does not yet have a formalised and structured procedure that organically governs the entire due diligence process, it has nevertheless launched initiatives and adopted tools that reflect the essential elements of this process.

The following **table** provides an overview of the main references within this sustainability statement, highlighting the methods and sections in which the various components of the due diligence process are applied, with the aim of providing a transparent overview of the path initiated by the Group towards a more systemic integration of this approach.

FUNDAMENTAL ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN SUSTAINABILITY STATEMENTS
Integrating due diligence into the governance, strategy and business model	Reference to: - The role of the administrative, management and supervisory bodies (GOV-1) - Information provided to and sustainability matters addressed by the company's administrative, management and supervisory bodies (GOV-2) - Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3) - Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1) - Adoption of a code of conduct and supplier code of conduct, which formalise the integration of ESG principles in supply chain governance and management (G1-1)
Engage stakeholders in all key stages of due diligence	Reference to: - Stakeholder interests and views (SBM-2) - Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1) - Active communication of the supplier code of conduct (G1-1) - Internal communication and whistleblowing channels also used as a listening tool (G1-1)
Identify and assess negative impacts	Reference to: - Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)
Take action to address negative impacts	Reference to: - Description of whistleblower reporting channels and whistleblower management procedures (G1-1) - Processes for workers to raise concerns and manage complaints (S1-3) - Processes for affected communities or other stakeholders to raise concerns or manage complaints (S3-3) - Adoption of an ISO 14001 certified Management System (E1-2) - Customer complaint management system structured via Zendesk and Support Centres through which corrective measures are activated (S4-3)
Monitor the effectiveness of interventions and communicate	Reference to: - Description of whistleblowing channels and methods of monitoring and follow-up of reports received (G1-1) - Periodic review processes of the Code of Conduct and policies related to ESG matters - Quarterly analysis of complaints through SAP, with dissemination to sales representatives (S4-3) - External audits related to the retention of ISO 14001 certification (E1-2)

In 2024, IRSAP consolidated the sustainability report, coordinated by the Sustainability Manager and approved by the BoD. The process includes risk analysis based on double materiality and initiatives to strengthen ESG oversight.

GOV-5 Risk management and internal controls on sustainability reporting

IRSAP is now in its fourth edition of the Sustainability Report. For 2024, the **Board of Directors** formally approved the reporting project, ensuring support in terms of **economic and organisational resources.** The coordination of the process was assigned to the **Sustainability Manager,** who, with the support of an **internal and cross-functional ESG team,** conducted the data collection at Group level and oversaw the preparation of the report. The progress of the project is regularly reported to the Board of Directors, which approves the final version of the report, incorporating any revisions required during the process.

The risk analysis is carried out through an approach based on the **double materiality process,** described in section IRO-1 below, which enables the identification and prioritisation of the key matters, both from the point of view of the company's impact on the environment and society (inside-out), and from that of the risks and opportunities that these matters represent for the company (outside-in).

For the 2024 financial year, although structured **mitigation strategies** have not yet been defined, IRSAP launched key initiatives to strengthen the monitoring of ESG risks, including the certification process according to **ISO 14067,** with the aim of measuring the carbon footprint of the main products, and the adoption of **Reference Practice UNI/PdR 125** for the management and assessment of social sustainability. For aspects related to governance, a **legal risk analysis matrix** is active, subject to periodic review, and the **Organisation and Management Model** is fully implemented pursuant to Italian Leg. Decree 231/2001.

The results of the risk analysis, in particular those deriving from the double materiality process, will be integrated into business processes through the definition of a **roadmap** which will guide the **prioritisation of risks,** including with reference to ESG reporting. This roadmap will be an operational tool to progressively guide corporate departments in managing sustainability risks, promoting coherence between the strategy and internal supervisory system.

The Sustainability Manager will also have the task of periodically reporting to the administrative, management and supervisory bodies not only on the progress of the reporting project, but also on the results of the **gap analysis** and roadmap prepared as part of the adjustment process to the requirements of the **Corporate Sustainability Reporting Directive (CSRD).**

STRATEGY

SBM-1 Strategy, Business Model and Value Chain

IRSAP Group recognises the importance of monitoring the structural changes that affect its sector and more generally the economic and social context. To this end, it regularly carries out market analysis to align its strategy with the following **6 global trends:**

1. **Artificial Intelligence and Demographic Change**
   IRSAP integrates AI solutions into its processes, in particular for operational digitisation and automation, thus responding to both technological innovation and the evolution of the workforce.
2. **Sustainability**
   The Group is a leader in ecological transition, through eco-friendly products, green packaging projects, environmental certifications (e.g. ISO 14001) and compliance with new European regulations such as CSRD.
3. **Customer Experience**
   Customer centricity in the B2B2C model, strengthening of touchpoints, development of a centralised CRM and customisation of the offer to create a distinctive and value-based experience.
4. **Technological development**
   IRSAP constantly invests in product innovation, digitalisation of the supply chain and automation of industrial processes. An innovation committee has been set up and time-to-market accelerated.
5. **Quality-price ratio**
   The company aims to maintain operational excellence to offer products with high added value, while optimising costs, production efficiency and after-sales service.
6. **Care and health of people**
   IRSAP promotes health and safety at work through dedicated projects, as well as initiatives for organisational welfare and work-life balance.

In response to the main global trends and ESG goals, **six strategic priorities** have been defined that guide business action in the medium to long term. These priority areas represent the fundamental levers on which the Group's development is focused and constitute the common thread of the operational initiatives implemented in the various business areas.

1. **Sustainable growth** is the first pillar of the IRSAP strategy: the company aims to diversify its offer, in particular towards innovative solutions, such as controlled mechanical ventilation and smart systems.
2. Another central objective is improvement of **operational efficiency,** through the adoption of a streamlined and high-performance management model. IRSAP aims to set the benchmark for industrial excellence, optimising net working capital, digitising the supply chain and spreading the Lean model throughout the organisation.
3. In the knowledge that **human capital** is a strategic

IRSAP adapts its strategy to the main global trends, focusing on sustainability, innovation, operational efficiency and customer centricity. It integrates ESG criteria throughout the value chain, promoting health, safety and digital transformation.

resource, the company invests in the development of people and organisational culture, with multi-level continuous training programmes, employer branding initiatives and policies aimed at promoting an inclusive, collaborative work environment that focuses on the physical and mental well-being of its employees.
4. In line with its distinctive positioning, IRSAP attaches great importance **to innovation** and **design.** The goal is to accelerate the time-to-market of high value-added products and strengthen the brand as an icon of Made in Italy design in the sector.
5. Improving the **customer experience** is a further strategic axis, which includes integrated management of all customer contact points along the value chain.

6. Lastly, **environmental** and **social sustainability** is an integral part of the company's strategic choices. IRSAP is committed to integrating ESG principles into all business decisions and along the supply chain, investing in projects such as improving packaging, carrying out LCA audits, reducing CO_2 emissions and obtaining environmental certifications. Particular attention is also paid to safety culture and risk assessment, with the aim of ensuring a safe and secure working environment.

This environmental strategy is formally set out in the Environmental Policy, which represents the organisation's commitment to complying with environment legislation, the prevention and reduction of impacts, the promotion of the use of renewable energies and employee awareness through continuous training. The Environmental Policy states that environmental protection must be an integral part of company culture and included in strategic decisions, actively engaging all employees in the environmental management system and promoting the development of increasingly sustainable solutions. IRSAP is also committed to ensuring transparency, responsibility and reliability towards its stakeholders, constantly monitoring its environmental performance through measurable goals and periodically updating the document as part of the Management review.

Similarly, these priorities are also realised in specific projects and initiatives developed across the board in the different business areas. Marketing, for example, is engaged in the creation of value-added after-sales services and in the personalisation of the offer in a B2B2C perspective. Operations are working on standardising processes and digitising the supply chain, while the technical department is developing more sustainable industrial and packaging solutions, with a clear, joint innovation roadmap.

On the people front, IRSAP promotes a lean company culture, based on individual accountability and on-going training. In parallel, the sustainability area oversees compliance with new reporting regulations (such as CSRD), reinforces ESG data collection systems and works on the engagement of the actors in the supply chain. The Finance and IT departments also contribute to the achievement of strategic goals, with digital transformation projects, including the migration to the SAP S4 system, and the introduction of artificial intelligence solutions in management and industrial processes.

Progress is monitored through a structured planning and supervisory system, which uses performance indicators consistent with the main ESG reporting standards.

In 2024, the Group continued to strengthen its sustainability strategy, with a focus on integrating life cycle analysis (LCA) into product design and manufacturing. To this end, the Carbon Footprint certification for the **Tesi range** was launched, as described in more detail in the MDR-A section relating to the theme "Product Quality and Innovation", one of the main lines of the Heat business unit, produced entirely in Italy. This process will continue in 2025 and 2026 with the extension of the certification to other ranges made in the production facility in Romania.

The strategic goals in the field of sustainability focus mainly on reducing emissions in areas 1 and 2, through the use of LCA methodologies and obtaining environmental product certifications. These tools enable the transparent communication of impacts towards different categories of stakeholders. Additional priorities include the strengthening of circular economy processes along the supply chain, in particular through the **Close the Loop** project, also explored in depth in the section on "Product Quality and Innovation" and reducing the accident frequency rate through specific projects dedicated to occupational safety.

The lack of regulation on the transparency and integrity of environmental, social and governance (ESG) rating activities has created considerable uncertainty in the **ESG assessment systems** to which the company is subject. Despite this uncertainty, IRSAP Group obtained an ESG Rating of 55 out of 100 from **Ecovadis,** improving on the previous rating result. The goal for 2025 and beyond is to progressively improve the score.

In line with the developments outlined above, the main challenge for IRSAP in the future will be to maintain its competitiveness in the reference markets, leveraging sustainability and the high quality of its products as a competitive advantage. The assessment of current products and markets with respect to the sustainability goals is consistent with the findings outlined in the previous reports relating to the business units.

The main benefits for customers, investors and stakeholders concern the supply of increasingly environmentally efficient products, reliability throughout the supply chain and the consolidation of business relationships based on transparency and accountability.

The IRSAP value chain is divided into upstream and downstream activities. In **upstream,** procurement plays a strategic role, particularly for the categories of **raw materials** and **electronic components.**
In 2024, the steel market faced a significant slowdown worldwide. In China, the world's leading producer, crude steel production decreased by 2.7% in the first 11 months of the year. In Italy, steel production fell by 5.2% compared to 2023, due to the contraction of demand in the construction and automotive sectors. Prices of steel products, down from the peak in May 2022, continued to fall in 2024, registering a decrease of about 10% compared to the CRC (Cold Rolled Coil) average of 2023. However, forecasts for 2025 indicate a possible recovery, with moderate growth in demand and price lists. The market for **electronic components** in Europe has also slowed, characterised by weaker demand and logistical and supply difficulties, which affect the entire production chain.

IRSAP maintains consolidated relationships with a network of strategic suppliers, loyal customers and both direct and indirect distribution channels. Downstream, the main customers consist of distributors, professional installers and end customers in the residential and contract sectors. The company maintains an active role in managing the relationship throughout the value chain, implementing responsible supplier selection practices and sustainability-oriented co-innovation projects.

SBM-2 Stakeholder interests and views

Stakeholder involvement is an essential and transversal element of IRSAP Group's sustainability strategy. Developing solid relationships, based on a structured and transparent dialogue, allows the company to strengthen its commitment to sustainable and responsible growth, in line with company values and the expectations of the socio-economic context in which it operates.

In 2024, the Group identified the main categories of stakeholders, drawn up according to the guidelines of the ISO 26000 standard. These categories include:

- IRSAP employees
- professional supply chain
- end users
- suppliers
- trade unions
- future generations
- community and society
- financial backers
- political institutions and associations

IRSAP's business model is based on the design, production and marketing of solutions for indoor comfort, divided into three separate **business units:**

- **IRSAP HEAT:** this is the most traditional line, where classic and modern merge into timeless designer steel radiators. With over 500,000 sizes available, any domestic requirement can be met. The high construction quality, laser welds, modularity and large heat exchange surface make these radiators efficient and suitable for low-temperature systems, in line with the goals of energy efficiency and environmental sustainability.
- **IRSAP SMART:** this unit integrates advanced technology and connectivity for smart heating management. The **NOW** system, developed in-house in the IRSAP R&D laboratories, allows room-by-room temperature control, optimisation of consumption and automatic learning of household habits. Compatible with different types of system and hydraulic valves, the system guarantees significant energy savings, with a reduced environmental impact, thanks also to the use of FSC-certified packaging.
- **IRSAP AIR:** focuses on **Controlled Mechanical Ventilation (CMV),** offering solutions for indoor air quality, living comfort and energy efficiency. IRSAP AIR systems can be single or double flow with heat recovery, also integrated with dehumidification and air conditioning (as in the **EASY CLIMA** solution). This approach enables optimal management of heating requirements, particularly in high-efficiency buildings.

The engagement of these stakeholders represents a strategic pillar for IRSAP, based on a continuous and structured dialogue aimed at strengthening the company's social responsibility and generating shared value in the long term. The methods of engagement are differentiated according to categories and include:

- **periodic surveys** aimed at employees to assess the effectiveness of training activities
- **ESG questionnaires to suppliers,** administered for the second consecutive year in 2023, to analyse their sustainability performance
- **consultations with middle and top management** and the professional supply chain in the context of the double materiality survey, aimed at identifying and assessing the material impact matters in relation to the company.

An understanding of the interests and views of key stakeholders has emerged systematically through the **double materiality analysis** process**,** which made it possible to map the expectations and priorities of stakeholders, assess the relevance of ESG issues with respect to the strategy, business model and impacts generated by the company, and integrate the results into the strategic plan, thus ensuring consistency between the sustainable positioning of the Group and expectations of stakeholders. The Board of Directors and managers are informed about the results of stakeholder engagement through the results of the double materiality analysis, which are discussed with reference to:

- the mapping of the most significant sustainability impacts
- the strategic priorities that emerged from discussion with customers, partners and suppliers
- the need for integration or revision of any ESG goals.

In particular, the IRSAP Group promotes the structured and continuous engagement of is workers in the definition of its strategy and business model, recognising the value of social dialogue as a fundamental tool to ensure transparency and inclusiveness.
In the case of the parent company, the discussion with workers takes place regularly through organised trade union meetings on a quarterly basis. These meetings can be convened both by the company and at the request of the trade union representatives. During these meetings, issues regarding the company's strategy are addressed, such as market trends, the evolution of demand and any critical issues that may affect the effectiveness of the actions taken by the organisation. Decisions taken and agreements reached are formalised through official minutes, which guarantee the traceability of information and sharing of results.

IRROM has also developed a structured system of worker engagement that is consistent with the most important operational needs and issues. In particular, quarterly meetings of the **Safety Committee** are planned, with the joint participation of workers' representatives and company managers. In these meetings, the main critical issues on health and

safety, and shared proposals for improvement are discussed, all duly recorded in the minutes. The initiatives proposed by the workers are collected via the trade union representatives and then brought to the attention of the Committee, thus ensuring effective listening and active participation.

In addition to this, there is a further opportunity for discussion, in the form of **monthly meetings for all employees,** focused on issues such as job protection and emergency management. These meetings are also an opportunity to collect requests, share updates on company activity and provide clarifications following the training courses carried out.

During the year, the company also organises several **briefings with trade unions and workers' representatives** aimed at outlining market trends, expected work volumes and investment plans. A particularly important opportunity for dialogue takes place during the **negotiation of the company collective agreement,** when contractual and strategic aspects are discussed in detail with the individual production units.

Through these tools for discussion and participation, the company ensures that the interests, views and rights of workers are constantly considered in strategic decision-making processes and in the definition of company policies, helping to build a responsible, participatory and sustainability-oriented business model.

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

The actual and potential impacts on the company's own workforce, identified in accordance with the provisions of ESRS 2 IRO-1, are closely linked to the organisational and strategic model of the Group companies.
The protection of workers is a guiding principle that influences the company's choices, also in relation to automation or production reorganisation processes. An example is the adoption of new technologies at IRROM, which has generated a surplus of personnel in welding: the people involved were relocated internally following specific training, thus minimising negative employment impacts.

Neither IRSAP nor IRROM operate in geographical areas or industries exposed to risks of human rights violations, such as forced or child labour. On the contrary, they promote fair and inclusive working conditions, offering opportunities for professional growth, welfare and operational flexibility, such as part-time or working from home.
The measures adopted – from support to supplementary social security to supplementary healthcare and welfare initiatives – have material positive impacts, strengthening the attractiveness and resilience of the business model in the medium to long term.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

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

Continuing on its path of alignment with European regulations, the IRSAP Group has strengthened its commitment to sustainability reporting increasingly aligned with European requirements, carrying out an in-depth analysis of material matters through the so-called **"double materiality"** process, as required by the new ESRS[2] standards published by the European Financial Reporting Advisory Group (EFRAG), and following the guidelines included in the implementation of the assessment[3]. This process, which is a key step in defining what information should be disclosed in an organisation's Sustainability Report, is based on the combination of two perspectives:

- **Impact Materiality**, which assesses the current or potential effects generated by the Group's activities on the economy, the environment and people (inside-out approach)
- **Financial Materiality**, which identifies the risks and opportunities related to sustainability factors, which can influence the Group's economic and financial performance (outside-in approach)

The starting point of the analysis consisted in the search for a first set of potentially material topics:

- With regard to the impact materiality, the material matters for some companies belonging to the sectors in which the Group's three Business Units operate were taken into consideration.
- For financial materiality, reference was made to the corporate strategy, the assessment of risks and opportunities and IRSAP SWOT analysis. To complete the picture, the main frameworks of ESG reporting for the industrial and financial context (including TCFD, TNFD and SASB) were consulted, as well as respected sources such as the Global Risk Report 2025, the ENCORE observatory, European Environment Agency (EEA), ISPRA, Copernicus Climate Change Service and World Meteorological Organisation. Lastly, the criteria adopted by the main ESG rating systems, such as EcoVadis, GRESB and CDP, were also analysed.

IRSAP has adopted the "double materiality" process to identify material impacts, risks and opportunities, integrating internal analysis, stakeholder engagement and European regulations, in order to strengthen ESG reporting and strategic coherence.

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[2] The European Sustainability Reporting Standards (ESRS) were introduced in the European Union by EU Directive 2022/2464 (so-called Corporate Sustainability Reporting Directive, or CSRD) and adopted with EU Delegated Regulation 2023/2772. In Italy, the CSRD was implemented by Decree no. 125 of 6 September 2024.

[3] EFRAG IG 1: Material assessment implementation guidance.

Once the initial themes were outlined, the next step involved the direct engagement of the stakeholders. In compliance with the provisions of the legislation, a structured internal process was initiated, which involved the relevant company representatives in the two main production sites, IRSAP and IRROM, with the aim of assessing impacts, risks and opportunities in a more technical and systematic way.

The assessment process involved defining the specific parameters to analyse the **severity** - understood as a summary of the nature of the magnitude, scope and (in the case of negative impacts) irreparability of the impact - and the **probability** of generated or potential impacts, as well as the magnitude and probability of the economic and financial effects associated with each identified risk or opportunity. All the assessments collected were then processed and aggregated, in order to define relevance thresholds that would allow for a clear distinction to be made between the matters to be considered material, both in terms of their impact on the environment and society, and in terms of possible financial repercussions for the organisation.

Lastly, the results of the two analyses – one on impacts and the other on risks and opportunities – were integrated to give a complete overview of the material sustainability matters in relation to IRSAP. This framework was subsequently approved by both the internal working group and

the Administration Manager, ensuring consistency with the company's strategy vision and with the more "traditional" risk and opportunity analyses carried out by the Group. In addition, the Group decided to involve its customers through the administration of a questionnaire, aimed at learning about their perceptions of the impacts generated by the company's activities. With a view to predicting future trends, the questionnaire was designed to identify the issues that customers believe will be more or less relevant in the coming years.

The tool has been translated and sent to the customers of all six Group companies, with the intention of ensuring a representative and across-the-board view. For the customers who participated in the initiative, a simplified assessment was prepared that included the attribution of a score to the relevance of the impact, considering the relevance as a synthesis of the severity and probability of the impact itself.

The themes emerging from this process largely reflect issues already covered by the Group, but reinforce their relevance, constituting the areas on which disclosure has been provided within this report on themes, sub-themes and sub-sub-themes listed by the standard and associated with the so-called ESRS Topical Standard. In addition, an "entity specific" issue also emerged, i.e. One that is particularly relevant to IRSAP's operational and local area situation, the subject of an ad hoc disclosure [4].

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[4] For each entity-specific topic not covered by the ESRS disclosure requests, the minimum disclosure requirements were reported within the respective sections (so-called Minimum Disclosure Requirement, or MDR) included in ESRS 2 with reference to specific policies, actions and goals.

Topic Sub-topic	Impacts, risks and opportunities	IRO categorisation	Positive/negative impact Risk/ opportunities	Timeframe
ESRS E1: CLIMATE CHANGE				
1 Adaptation to climate change	Climate change can lead to a rise in temperatures and an increase in the duration of sunlight exposure, resulting in less requirement for radiators	R - Pure	⚠️	LT
	The rise in temperatures can lead to an increase in situations of work discomfort occurring in the hottest months	R - Pure	⚠️	BMT - LT
2 Climate change mitigation	Production of energy-efficient radiators compatible with renewable sources, reducing CO_2 emissions in consumer buildings	I - Potential	➕	BMT - LT
	Loss of competitiveness due to product price increase resulting in the reduction of environmental impact (production or packaging)	R - Strategic	⚠️	BMT - LT
	Development of low-emission products or services to access new sustainability-oriented markets and suppliers	O - Strategic	📈	BMT - LT
3 Energy	High energy consumption in the melting and processing phases of metals for the production of radiators	I - Potential	⛔	BMT - LT
	Unpredictable and uncontrolled price increase	R - Financial	⚠️	BMT - LT
ESRS E5: CIRCULAR ECONOMY				
4 Resource inflows and outflows	Commodity price fluctuations or shortages thereof with consequent increase in the costs of procurement	R - Financial	⚠️	BMT - LT
5 Waste	Production of special waste from chemical treatments and coatings	I - Actual	⛔	BMT - LT
ESRS S1: INTERNAL WORKFORCE				
6 Balance between professional and private life	Maintaining a positive working environment thanks to flexible and WFH models for employees in the administrative and design area	I - Actual	➕	BMT
	Leave/sick leave	R - Operational	⚠️	BMT - LT
	Ability to retain talented personnel in the company with ample room for growth	O - Strategic	📈	BMT - LT
7 Training and skills development	Ideas for improving production (equipment, cycles, tools, equipment)	O - Operational	📈	BMT - LT
8 Occupational health and safety	Greater safety in the workplace thanks to the correct implementation of advanced personal protective equipment and automated systems to reduce the risk of accidents	I - Actual	➕	BMT - LT
ESRS S3: COMMUNITIES INVOLVED				
9 Local area impacts	Improvement of the social and economic conditions of the local area in which IRSAP operates and of local communities through sustainable work practices and social engagement initiatives	I - Actual	➕	BMT - LT

	Topic Sub-topic	Impacts, risks and opportunities	IRO categorisation	Positive/negative impact Risk/ opportunities	Timeframe
ESRS S4: END USERS AND CONSUMERS					
10	**Confidenti-ality**	Risk of cyber attacks and violation of the privacy of customers using home automation systems connected to the Internet	I - Potential	⛔	**BMT - LT**
11	**Consumer health and safety**	Design of radiators and ventilation systems compliant with safety regulations and tested to minimise risks of malfunction	I - Actual	➕	**BMT - LT**
		Receiving negative reviews/returns due to technical issues	R - Reputational	⚠️	**BMT - LT**
ESRS G1: BUSINESS CONDUCT					
12	**Supply Chain Management**	Adoption of ESG criteria for selecting suppliers, encouraging sustainable practices along the supply chain	I - Potential	➕	**BMT**
		Unreliability in deliveries	R - Operational	⚠️	**LT**
ENTITY SPECIFIC					
13	**Product quality and innovation**	Improving product quality through stringent controls and adoption of high quality and safety standards and certified production processes, helping to ensure that the product meets regulatory requirements and remains safe	I - Potential	➕	**BMT**
		Downturn in sales due to non-innovative or underperforming products	R - Strategic	⚠️	**BMT - LT**
		New products, new markets	O - Strategic	📈	**BMT - LT**
		Create a relationship of trust over time thanks to the high quality of the products	O - Reputational	📈	**BMT - LT**

Impact		Risk / Opportunity		TIMEFRAME
Board of Directors				Short- to medium-term (**BMT**)
Positive ➕	**Negative** ⛔	**Risk** ⚠️	**Opportunities** 📈	Long Term (**LT**)

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

If you wish to consult the complete list of disclosure requirements with which the IRSAP Group has complied in the preparation of this document, please refer to the **List of Disclosure Requirements ,** available in the section "Annexes to Sustainability Report".

IRSAP has identified material impacts and related risks and opportunities linked to climate, energy, workforce, communities, consumers and innovation, over short, medium and long term frames.

02

ENVIRONMENTAL INFORMATION

IRSAP Group has integrated sustainability into its 2027 strategy, launching projects to reduce climate impact. The IRSAP 2030 plan guides energy and environmental interventions, addressing physical and transition risks related to climate change.

ESRS E1
Climate change

ESRS 2 GOV-3 Integration of sustainability performance in incentive systems

Information about the integration of sustainability performance in incentive schemes is described in section GOV-3.

E1-1 Climate change mitigation transition plan

In defining its strategy, the IRSAP Group has integrated sustainability as a pillar in its industrial vision for 2027, embarking on a path aimed at assessing and reducing its climate impact. In particular, environmental certification projects and analysis of the **carbon footprint** of the main product ranges have been launched, with the aim of making the company's contribution to climate change mitigation increasingly transparent and measurable. Although a climate transition plan with a defined time frame has not been formalised to date, the **IRSAP 2030** plan is a reference tool for the technological transition of production processes that includes actions and investments aimed at energy efficiency. With a view to adaptation, in 2025, the revamping and repowering of the photovoltaic power station at the Arquà Polesine facility, aimed at increasing the production of renewable energy for self-consumption. In addition, as further confirmation of the Group's commitment, the installation of a new photovoltaic system at the IRROM plant is scheduled to start in 2026.

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

With regard to the information provided in section IRO-2, following the double materiality analysis, the Group has identified a number of material climate risks that may affect its strategy and business model. The **physical risks** identified included the following:
- the rise in temperatures and extended period of sunlight, which could reduce the demand for radiators in winter months
- the increase in uncomfortable conditions for workers in the hottest periods
- the potential instability of energy costs, with unpredictable price fluctuations.

With regard **to transition risks, on** the other hand, the following were found to be material:
- the possibility of loss of competitiveness in the face of increased costs related to the adoption of solutions with less environmental impact (both in the production and packaging phases)
- price volatility or shortage of strategic commodities

To date, a structured analysis of climate resilience in line with ESRS standards has not yet been carried out, nor have specific climate scenarios been used. However, climate change has been considered as part of the analysis of impacts, risks and opportunities integrated into the quality, environment and sustainability management system. Following this evaluation, the Group launched projects such as **IRSAP 2030**, aimed at optimising energy use in production processes, and the analysis of the **product Carbon Footprint** according to the LCA (Cradle to Grave) methodology. These projects, currently under way, represent the first stages of a more structured approach to climate resilience assessment, which will be strengthened on the basis of future results relating to the quantification of the product carbon footprint.

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

Information on the description of the processes to identify and assess material impacts, risks and opportunities for climate-related matters described in the IRO-1 section.

E1-2 Policies related to climate change mitigation and adaptation

The Group address the topic of managing material impacts, risks and opportunities related to climate change mitigation and adaptation.

In its **Environmental Policy,** prepared as part of the implementation and operation of IRSAP's Environmental Management System, ISO 14001 certified, multiple issues are addressed, such as environmental protection and impact reduction throughout the production cycle, continuous Improvement of environmental performance and regulatory compliance, and the development of an internal environmental culture based on staff training in environmental monitoring. More specifically, the policy acts as guidance for both **mitigation** (through reducing emissions and using as much energy from renewable sources as possible for its activities) and **adaptation** (through the inclusion of corporate investment strategies, such as efficiency and productive resilience initiatives).

In 2024, during the audit for the continuation of ISO 14001 certification, the treatment of climate change in the document system was reinforced. Following this, the parent company initiated a structured review of its analysis documents, which led to the **formal integration of climate change** into the **context analysis,** the **identification of stakeholder needs,** and **risk and opportunity assessment.**

Specifically:

- the **context analysis** has been updated, introducing the **"planet"** stakeholder and assessing the risks and opportunities related to climate change, such as the evolution of demand for low-emission products, possible infrastructure damage due to extreme events, or the development of low-carbon technologies (e.g. photovoltaic)
- the **expectations of stakeholders** - customers, employees, suppliers, local communities, institutions, the environment - have been recalibrated in light of the challenges posed by the climate crisis
- the **IRO assessment** has been updated to include climate change-related scenarios and impacts: both negative (e.g. business interruptions or reputational damage) and positive (e.g. market opportunities linked eco-design or energy efficiency). The results will support the definition of new targeted environmental goals and the implementation of concrete actions
- lastly, a direct link was introduced **between significant environmental aspects and impacts** (emissions, energy consumption, waste) and the "climate change" impact category, strengthening the strategic and operational oversight of the issue.

E1-3   Climate change policy actions and resources

The commitment included in the Environmental Policy, described in section E1-2, translates into a series of actions aimed at mitigating and adapting to climate change that the Group has undertaken and planned.

The main initiatives concern:

- **the calculation of the carbon footprint of the main product ranges,** started in 2024, with the aim of obtaining ISO 14067 certification (Carbon Footprint – Systematic Approach). In particular, the certification will be carried out for the TESI range by the end of 2025, while for bathroom and designer radiators, the process will continue until 2026
- **deliberate investments in photovoltaic systems,** with the installation of new systems and updating of existing ones at both Group production sites. In 2025, the revamping and repowering work at the IRSAP site (Arquà Polesine) was concluded, while new photovoltaic systems will be built at the IRROM facility, aimed at increasing the self-production of energy from renewable sources

In 2024, IRSAP boosted the integration of climate change into the environmental management system, launching projects on carbon footprint, renewable energy, circular economy, and environmental monitoring in line with ESG strategies.

- **the launch of the IRSAP 2030 project,** aimed at identifying the best investment proposals to increase the company's energy efficiency. The analysis and definition of priority solutions are planned during 2025
- the development of the **"Close the Loop" circular economy project for packaging,** operational since March 2025 for the TESI range, also being extended to other product lines by the end of the same year. The project aims to reduce the environmental impact and close the materials cycle, with evidence of the reduction of the carbon footprint linked to this initiative expected in the next reporting period
- in the IRROM facilities, a **diversification of cooling systems has been implemented,** thus improving overall efficiency. In addition, the Group invested in the installation of a new compressor with inverter and a centralised system for the optimised management of the compressed air line, contributing to further energy savings.

E1-4   **Goals related to climate change mitigation and adaptation**

IRSAP Group includes climate goals in its strategic pillars and Environmental Policy, both described in paragraph ESRS 2 SBM-1, aimed at the continuing improvement of its environmental performance, with a particular focus on reducing the impact throughout the entire product life cycle and the integration of ESG criteria in decision-making processes.

Currently, the main goals laid down by the Group for climate change are:

1. **Formalisation of climate goals**
   One of the main goals is the formalisation of specific environmental targets related to the mitigation of greenhouse gas emissions. Although these targets have not yet been definitively laid down, the company has already started the necessary preparatory work, with the intention of consolidating these commitments through the development of a GHG emission mitigation plan in the coming years consistent with its environmental policies.

2. **Strengthening of the environmental monitoring system**
   To support these commitments, a structured of monitoring and supervisory system of environmental aspects has been introduced, to allow for an integrated, qualitative and quantitative assessment, which includes:
   - a digital platform for reporting environmental risks
   - the constant updating of the Risk Assessment Document (RDA) and emergency management procedures

   - the Quality, Environment and Sustainability Management System (QMS) manual and a schedule for the management of regulatory compliance (e.g. UAA)
   - tools for calculating the carbon footprint of the main product ranges,
   - systematic monitoring of energy consumption
   - and lastly, environmental questionnaires addressed to critical suppliers.

3. **Reduction of direct emissions (scope 1 and scope 2)**
   The company has already planned specific interventions to reduce direct emissions. In particular, energy efficiency interventions have been launched at production facilities. Further actions in this regard are also planned for 2025, confirming a continuous and progressive approach.

4. **Preliminary analysis of indirect emissions (scope 3)**
   An initial indirect emissions analysis exercise (scope 3) was also launched during the year, with an initial focus on shipment-related emissions. Although still in the preliminary phase, this activity is the first concrete step towards a more comprehensive assessment of the environmental impact along the entire value chain.

5. **Energy requalification interventions**
   A redevelopment of a part of the building used for services is planned for 2025 to confirm the focus on infrastructural aspects, as well. The intervention involves the replacement of obsolete equipment aimed at improving overall energy efficiency and comfort of environments earmarked for employees and visitors.

6. **Extension of the environmental approach on international level**
   Lastly, a pre-audit was carried out to start the ISO 14001 certification process for the site in Romania. During 2025, the preliminary tasks to obtain the certification will be started by hiring of a figure dedicated to environmental management and by delivering specific training for the correct creation of the environmental management system. The intention is to extend its environmental approach – including the circular economy and closed-loop management model – to IRROM and the commercial subsidiaries as well, thus promoting greater consistency at Group level.

E1-5   **Energy consumption and energy mix**

In 2024, the IRSAP Group expanded the scope **of energy consumption collection** to include not only IRSAP and IRROM but also the commercial subsidiaries. The Group has also expanded the type of data collected, adding the consumption of the **company fleet** (diesel, petrol, and Liquefied Natural Gas), certain types of biomass, and diesel for emergency generators to the electricity purchased and self-produced and natural gas. Given the significant methodological difference compared to previous years, only energy consumption for 2024 is shown below.
In particular, renewable sources account for 43% of total energy consumption, thanks mainly to the purchase of Guarantees of Origin[5] by IRSAP and IRROM.

ENERGY CONSUMPTION AND ENERGY MIX[6]	2024
1) Consumption of coal and coal products (MWh)	0
2) Consumption of crude oil and petroleum products (MWh)	2,165
3) Natural gas consumption (MWh)	20,229
4) Consumption of fuels from other non-renewable sources (MWh)	0
5) Consumption of electricity, heat, steam and cooling from fossil, self-produced or acquired sources (MWh)	3,081
6) Total energy consumption from fossil sources (MWh) (sum of lines 1 to 5)	**25,476**
Share of fossil fuels in total energy consumption (%) (sum of lines 1 to 5)	**57%**
7) Consumption from nuclear sources (MWh)	**0**
Share of nuclear sources in total energy consumption (%)	**0%**
8) Fuel consumption for renewable sources, including biomass (also includes industrial and urban waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	15
9) Consumption of electricity, heat, steam and cooling from renewable, self-produced or acquired sources (MWh)	12,400
10) Self-produced renewable energy consumption without the use of fuels (MWh)	6,606
11) Total energy consumption from renewable sources (MWh) (sum of rows 8 to 10)	**19,022**
Share of renewable sources in total energy consumption (%)	**43%**
Total energy consumption (MWh) (sum of rows 6 and 11)	**44,497**

Of the 6,606 MWh self-produced by the Group's photovoltaic systems, 871 MWh were consumed by IRSAP, while the remaining 5,735 MWh were sold to third parties.

All the Group companies operate in sectors with a high climate impact[7]. The Group's energy intensity, equal to the total energy consumption compared to the net revenues of the Group's activities, is shown below.

ENERGY INTENSITY FOR NET REVENUES	2024
Total energy consumption of activities in sectors with a high climate impact compared to the net revenues deriving from these activities (MWh / Million euros)	247.28

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[5]   Although the Guarantees of Origin for 2024 consumption have not yet been purchased due to the technical delays on the part of the Energy Market Operator (GSE), the percentage of energy from renewable sources (43%) reflects the purchase of Guarantees of Origin made in previous years.
[6]   The conversion factors used to transform energy consumption into MWh were taken from the UK Government GHG Conversion Factors for Company Reporting (version 2024) document, published by the UK Department for Energy Security and Net Zero (previously developed by DEFRA). This document is acknowledged for its regular updates, high-quality data and broad coverage of energy sources, which is why it is widely used outside the United Kingdom to calculate energy consumption and Scope 1 emissions.
The energy consumption of the French branch building, powered exclusively by electricity, was estimated on the basis of square metres of surface area multiplied by the factor in MWh/m2 of the PCAF European building emission factor database.
[7]   The sectors referred to in Annex I, Sections A to H and L, of Regulation (EC) No 1893/2006 of the European Parliament and of the Council (33) (as defined in Commission Delegated Regulation (EU) 2022/1288 (34).

02 ENVIRONMENTAL INFORMATION

E1-6	**Gross scopes 1, 2, 3 and total GHG emissions**

The collection of data on **gross GHG emissions** was carried out in the same way as that for the energy consumption reported in ESRS E1-5. I.e. the commercial branches were also involved and the type of data collected was expanded; the collection of data on fugitive F-gas emissions was added to the consumption already indicated in the ESRS E1-5. Given the significant methodological difference compared to previous years, only GHG emissions for 2024 are shown below.

In particular, **Scope 1 GHG emissions** include the stationary combustion consumption of the Group's premises, the fuel consumption of the company's fleet cars, and fugitive emissions. Emissions from stationary combustion and the fleet were obtained by multiplying the consumption of different energy sources for emission factors published in the GHG Conversion Factors for Company Reporting (version 2024)

document published by the UK Government[8]. The fugitive emissions of refrigerant gases (F-Gas) were calculated based on the global warming potential (GWP) of the sixth IPCC report (so-called AR6).

Scope 2 **GHG emissions include** electricity purchased for the Group's sites (including that for electrically powered cars charged at the IRSAP site). For the location-based method, emissions were derived by multiplying energy consumption by the emission factors published by ISPRA (2024 edition)[9]. For the market-based method, the share of **certified renewable electricity purchased, equal to 80%** of the total electricity purchased, generates zero emissions; however, for the share of electricity not covered by Guarantees of Origin[10], the AIB emission factor (published in 2025) was used[11].

The Group has planned the calculation of Scope 3 emissions.

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[8] Since the consumption and emissions of the French branch are not included in the numerator, the corresponding revenues are excluded from the denominator.

[9] The document is published by the United Kingdom Department for Energy Security and Net Zero (previously developed by the so-called DEFRA). This document is acknowledged for its regular updates, high-quality data and broad coverage of energy sources, which is why it is widely used outside the United Kingdom to calculate energy consumption and scope 1 emissions.

[10] Italian Institute for Environmental Protection and Research (ISPRA) - Report 404/2024 - Efficiency and decarbonization indicators in Italy and in the biggest European countries.

[11] Although the Guarantees of Origin for 2024 consumption have not yet been purchased due to the technical delays on the part of the Energy Market Operator (GSE), the percentage of energy from renewable sources (43%) reflects the purchase of Guarantees of Origin made in previous years.

GHS EMISSIONS UNIT OF MEASUREMENT FY 2024	UNIT OF MEASUREMENT	FY 2024
Scope 1 GHG emissions[12]	tCO2eq	4,779
Percentage of total Scope 1 GHG emissions covered by regulated emissions trading schemes (%)	%	0
Scope 2 GHG emissions (location-based)[13]	tCO2eq	3,677
Scope 2 GHG emissions (market-based)	tCO2eq	769
Total GHG emissions (location-based)	**tCO2eq**	**8,456**
Total GHG emissions (market-based)	**tCO2eq**	**5,548**

All the Group companies operate in sectors with a high climate impact[14]; the **GHG intensity based on net revenues is shown below,** equal to the total GHG emissions compared to the net revenues of the Group's activities.

GHS INTENSITY COMPARED TO NET REVENUES	2024
Total GHG emissions (location-based) compared to net revenues (tCO$_2$eq / Million euros)	46.99
Total GHG emissions (market-based) compared to net revenues (tCO$_2$eq / M euros)	30.83

Comparison compared to the three-year period 2022 - 2024

The trend relating exclusively to the consumption of purchased electricity and natural gas of the **IRSAP** and IRROM **sites is shown below.** This narrower scope corresponds to the reporting scope of the 2023 Sustainability Report, in order to show the concrete results of the actions undertaken by both companies on the energy efficiency front. Given the change in calculation methods compared to previous years (also due to the adoption of the new ESRS standards), **previously reported energy consumption and generated emissions have been recalculated** using the new methodological criteria and new sources of emission factors[15].

The table below show that, in the three-year period 2022–2024, there was an **overall reduction in energy consumption of 15%,** demonstrating the effectiveness of the measures implemented.

The table also highlights a 25% reduction in the procurement from fossil fuel sources, thanks mainly to the introduction of the purchase of **Guarantees of Origin** by IRROM as well, which, in 2024, purchased 59% of **certified electricity** from **renewable sources.**
These results confirm IRSAP and IRROM's commitment to promote a more eco-friendly use of resources and implement strategies for continuous improvement in the environmental field.

Energy consumption and energy mix in IRSAP and IRROM sites	2022	2023	2024	2024 vs 2022 (in%)
3) Natural gas consumption (MWh)	20,778	18,730	18,864	-9%
5) Consumption of electricity, heat, steam and cooling from fossil, self-produced or acquired sources (MWh)	8,111	7,057	2,835	-65%
6) Total energy consumption from fossil fuel sources	28,889	25,787	21,699	-25%
Share of fossil fuels in total energy consumption	72%	73%	64%	-9%
9) Consumption of electricity, heat, steam and cooling from renewable, self-produced or acquired sources (MWh)	11,124	9,546	12,400	+11%
11) Total energy consumption from renewable sources	11,124	9,546	12,400	+11%
Share of renewable sources in total energy consumption	28%	27%	36%	+9%
Total energy consumption at IRSAP and IRROM sites	40,013	35,333	34,099	-15%

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[12] The biogenic CO2 emissions of scope 1 GHG, from biomass and the biofuel content in diesel and petrol, amount to 38 tCO$_2$.
[13] The emission factors used to calculate Scope 2 GHG emissions do not distinguish the percentage of biomass or biogenic CO$_2$. In addition, they do not include GHG emissions other than CO$_2$.
[14] The sectors referred to in Annex I, Sections A to H and L, of Regulation (EC) No 1893/2006 of the European Parliament and of the Council (33) (as defined in Commission Delegated Regulation (EU) 2022/1288 (34)).
[15] The calculations performed in this section were carried out following the methodologies described in sections E1-5 and E1-6. The emission factors used to calculate energy consumption and emissions for 2022 and 2023 are taken from the same sources used for 2024, but using the versions published in the respective reference years.

The effects of the reduction in energy consumption on the generation of **Scope 1 and 2** emissions by the IRSAP and IRROM sites are also shown below.

The data show a significant reduction in greenhouse gas emissions over the period 2022–2024, with a particularly sharp decline in market-based **Scope 2 emissions**

(–70%) and an overall reduction in total emissions of 24% (**location-based approach)** and 30% (**market-based approach) respectively.** These results confirm the effectiveness of the energy efficiency and optimisation actions described in this chapter.

GHS emissions	Unit of measurement	2022	2023	2024	2024 vs 2022
Scope 1 GHG emissions	tCO$_2$eq	4,203	3,796	3,822	-9%
Scope 2 GHG emissions (location-based)	tCO$_2$eq	5,616	3,949	3,634	-35%
Scope 2 GHG emissions (market-based)	tCO$_2$eq	2,237	1,500	661	-70%
Total GHG emissions (location-based)	**tCO$_2$eq**	**9,818**	**7,744**	**7,457**	**-24%**
Total GHG emissions (market-based)	**tCO$_2$eq**	**6,439**	**5,296**	**4,483**	**-30%**

Reduction of

24%

of total GHG emissions (location-based) in 2024 compared to 2022
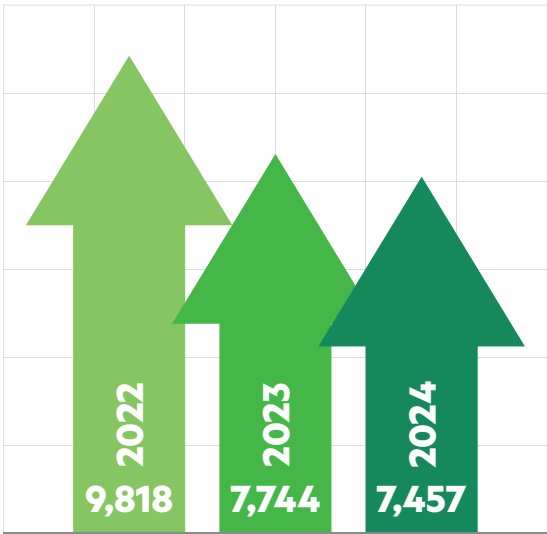
Total GHG emissions (location-based)
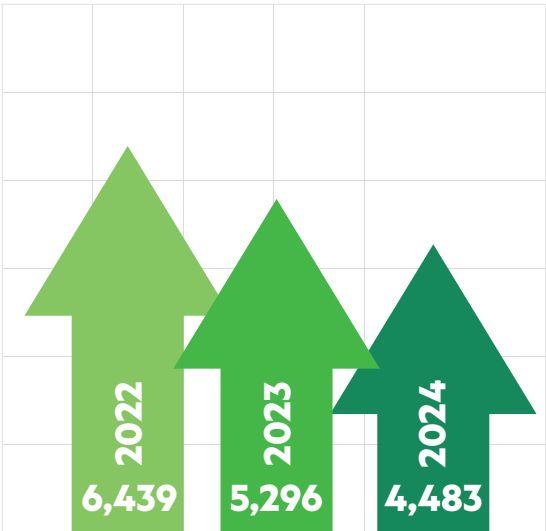
Total GHG emissions (market based)

Reduction of

30%

of total (market-based) GHG emissions in 2024 compared to 2022
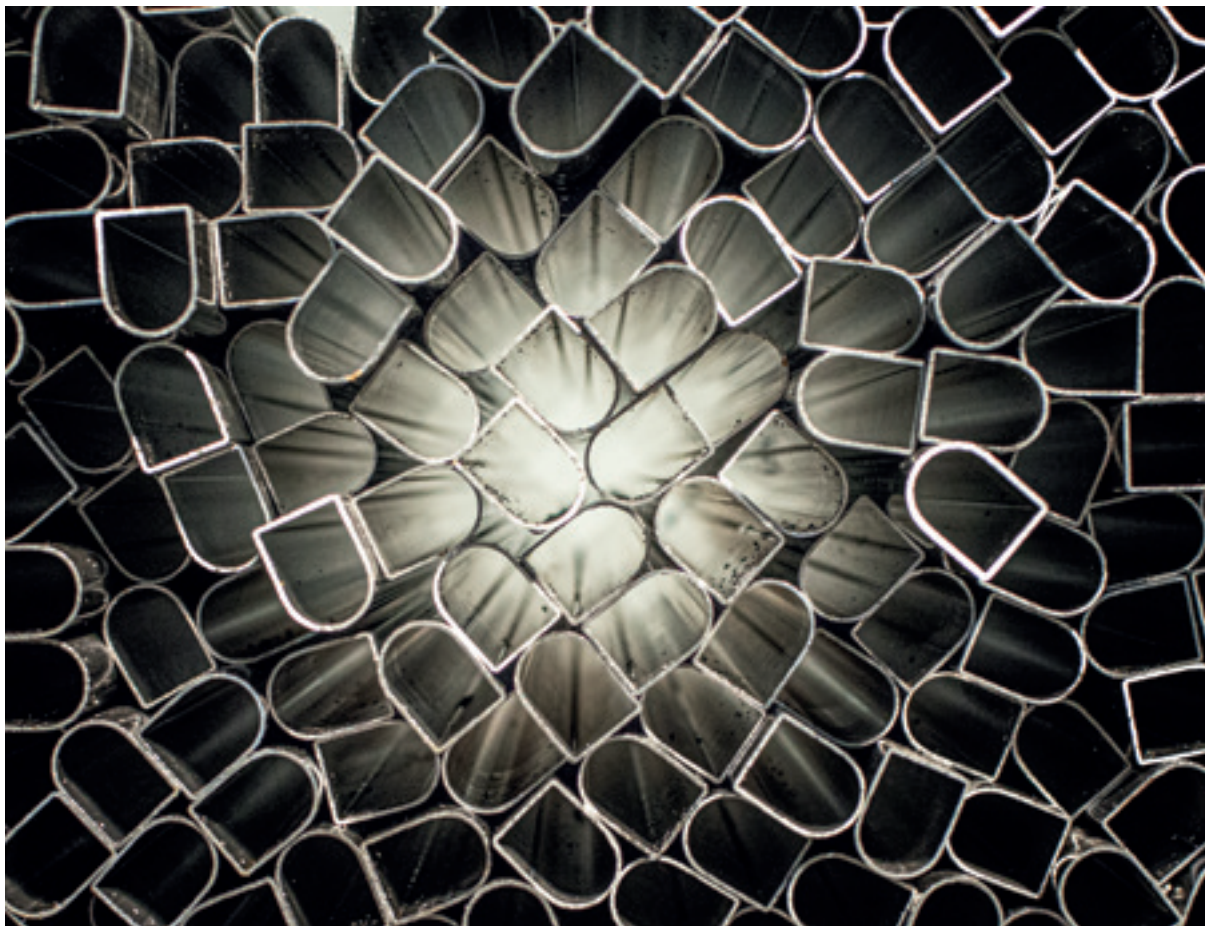
ESRS E5
Use of resources and circular economy

ESRS 2 IRO-1 **Description of the processes to identify and assess material impacts, risks and opportunities related to resource use and circular economy**

Information on the description of the processes to identify and assess material impacts, risks and material opportunities related to resource use and circular economy are described in the IRO-1 section.

E5-1 **Resource use and circular economy policies**

Although it does not currently have a policy specifically dedicated to the use of virgin resources or the use of secondary resources, the IRSAP Group addresses these issues within the broader **Environmental Policy** adopted by the parent company. This document, shared internally and subject to annual review, defines the organisation's general commitments on environmental matters, including:

- compliance with applicable environmental regulations and compliance obligations
- **the progressive reduction of environmental impacts,** including through the adoption of advanced technologies and practices
- the promotion of **responsible consumption of natural resources**
- the adoption of **models inspired by the circular economy,** such as the recycling of materials and the streamlining of production processes
- **environmental training of personnel** as a lever for continuous improvement and active engagement
- **optimised waste management,** with a focus on the prevention and reduction of waste

In addition, a document was prepared in 2024 for the management of risks and opportunities related to resource use, also focusing on the value chain. In particular, an in-depth study was included on the "environmental risk for unreliable suppliers". To mitigate this risk, the company has planned specific actions, including:

- avoiding single-supply situations
- monitoring the environmental performance of suppliers through:
    - the administration of environmental questionnaires
    - media screening activities
    - the request for environmental certifications.

**E5-2   Actions and resources related to re-
               source use and circular economy**

During 2024, the Group initiated numerous concrete
actions aimed at **reducing the use of virgin resources,**
optimise the materials used in packaging and **increase the
use of recycled materials.**
Among the main initiatives are:

- a new pallet configuration, which has allowed an **18%
  reduction in the use of wood** for each unit handled
- **the replacement of polypropylene (PP) straps with
  recycled PET straps,** with significant impacts on the
  reduction of virgin plastic
- the launch of the **Close the Loop** project (being imple-
  mented in 2025), aimed at the recovery and recycling of
  plastic for the creation of new packaging. This project
  will allow IRSAP to reuse shrink wrap film with 50% of
  recycled plastic from IRSAP's own waste. Thanks to the
  strategic partnership with the suppliers involved in the
  project, CO_2 reduction data attributable to this project
  and calculated according to the LCA methodology will
  also be available.
- **taking action on renewable sources:** in 2025, the
  obsolete photovoltaic panels at the IRSAP headquar-
  ters will be replaced to increase energy capacity and, at
  the same time, a new photovoltaic park will be installed
  at the IRROM headquarters.

These projects involve **different actors in the company
and value chain:** from packaging suppliers, to technical
departments and end customers. The interventions are
part of the **upstream and downstream phase** of the
supply chain and represent a first concrete step towards
circular transition.

The activities were self-financed through operational
expenses (OpEx), including the activation of new **laser
centres** in 2024, and investments for energy efficiency, also
with a view to optimised consumption management and
access to **green certificates,** as in the case of the site in
Romania.

**E5-3   Targets related to resource use and
               circular economy**

To date, no specific or structured targets related to resource
use and circular economy have been formalised. The actions
implemented are, in fact, the result of the initiative of the
individual operational or project functions, and progress
has been assessed **in terms of perceived economic and
environmental benefit**, but not yet tracked through con-
solidated quantitative indicators.

Although no measurable targets have been set, the compa-
ny **monitors the effectiveness of these actions through
internal management tools,** assessing the results
achieved retrospectively in relation to the general targets of

its Environmental Policy. In this context, we plan to include
indicators relating to:
- the use of recycled materials in packaging
- reducing the consumption of virgin wood and plastic
- **circular design** of products and packaging

E5-4   Resource inflows

IRSAP Group has tracked the main resource inflows used
in its production activities, with particular attention to the
materials used, water resources and material technologi-
cal assets. Although water is not directly used in primary
industrial processes, it is used for ancillary purposes, such
as system cooling, sanitation and cleaning. Water consump-
tion is monitored through management systems, with the
aim of ensuring its efficient use and minimising any waste.
The group's production facilities employ a wide range of
systems and machinery for production, including coating
lines, laser cutting and bending systems, presses and assem-
bly machines: during 2024, investments were launched to
install **new laser centres and revamp the photovoltaic
systems** at the Italian headquarters.

In this sense, the Group monitors its resource inflows as
they are closely linked to the responsible management of
raw materials, production efficiency and reduction of the
environmental impact throughout the entire life cycle of
the products.

The technical materials used, which represent about
84.5% of the total materials used, include mainly steel
pipes, metal accessories, steel sheets, metal components,
cardboard and wood packaging, coating powders, brass
valves, packaging made of plastic and electronic com-
ponents. These elements represent the material basis of
IRSAP production, and are used both in the production of
finished products and packaging and shipping operations.

Of these, recycled materials, such as recycled steel and plas-
tic (PET straps), used both in the production and packaging
of products, represent a significant share of the total. Overall,
recycled materials amount to **2,983 tons,** corresponding **to
11.3% of the total materials used.**

There is also a significant commitment to the use of
biological materials from a sustainable supply chain, which
represent 15.5% of the total materials used. Certifications
used to certify sustainable origin include:

- **PEFC** (Programme for the Endorsement of Forest
  Certification) for wood
- **LEED** for steel
- **PSL** (Plastic Second Life) for some cardboard and
  plastic packaging.

MATERIALS USED BY WEIGHT	UNIT OF MEASUREMENT	2024
Total weight of materials used	t	26,475
Of which from biological materials	t	4,105
Of which recycled materials	t	2,983

E5-5 **Resource outflows**

Also in 2024, IRSAP Group continued to closely monitor the production and destination of waste generated by its activities, recognising an essential component of its sustainability strategy in this area . The data in this section refer to IRSAP S.p.A. and IRROM Industrie facilities, where the main production activities take place and, consequently, most of the waste generation.

Almost all of the waste produced consists of non-hazardous waste, while **hazardous waste** represents a marginal share, equal to about **1% of the total.** Overall, about **87%** of the waste generated was sent to **recovery operations,** confirming the Group's commitment to reusing and maximising resources. Within this share, recycling is one of the main methods adopted, alongside other forms of recovery. The remaining 13% of the waste was instead earmarked for disposal, through incineration, landfill or other methods.

Waste generated (t)	2024								
	of which earmarked for recovery				of which earmarked for disposal				Total waste generated
	Preparation for reuse	Recycling	Other recovery operations	Total waste recovered	Incineration	Landfill	Other disposal operations	Total waste for disposal	
Hazardous waste	0.5	4	6	10	25	0	7	32	41
Non-hazardous waste	0	827	2,271	3,099	196	25	213	434	3,533
Total waste produced	0.5	831	2,277	3,108	221	25	220	466	3,574

In comparison with previous years, an **overall decrease in the production of waste produced was noted:** in 2024, in fact, waste production stands at around **3,574 tons,** compared to over 4,600 tons in 2022 and 3,700 tons in 2023.

In addition, there is a sharp decrease **in hazardous waste destined for landfill,** from over 30 tons in 2022 to only 6.63 tons in 2024, a sign of a more responsible management of this type or waste with a high environmental impact.

WASTE GENERATED (T) [16]	2022			2023		
	Total waste recovered	Total waste for disposal	Total waste generated	Total waste recovered	Total waste for disposal	Total waste generated
Hazardous waste	14	30	44	15	17	32
Non-hazardous waste	4,222	339	4,561	3,282	388	3,670
Total waste produced	4,236	369	4,606	3,297	405	3,702

[16] Since 2024, in line with the requirements of the ESRS E5-5, data have been collected in greater detail; this table shows the data that were collected for the previous Sustainability Reports.

ENVIRONMENTAL SOCIAL

ESRS S1
OWN WORKFORCE

ESRS 2 SBM-2   Stakeholder interests and views

Information about stakeholder interests and views is de-scribed in section SBM-2.

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

Information about material impacts, risks and opportunities and their interaction with strategy and business model is described in section SBM-3.

S1-1   Policies related to own workforce

During 2024, the IRSAP Group continued to manage its hu-man resources through consolidated procedures, although not yet formalised in a unitary Group policy. Although no specific policy has been formalised, the HR practices imple-mented reflect a concrete focus on the welfare and rights of the workforce, in line with the main sustainability regula-tions and expectations.

In fact, in its **Code of Conduct[17],** the parent company recognises human resources as the fundamental and irreplaceable asset for the success and development of the company. For this reason, IRSAP selects the employees it hires in a transparent manner, taking into account only the specific expertise related to the role, while rejecting any improper conditioning, either external and/or internal, protecting professional growth and development in order to grow the skills of each employee, through the delivery of suitable training, in order to increase the overall quality of the service and improve the performance of the structure. In managing employment relations and collaboration, IR-SAP is guided by full respect for workers' rights, with particu-lar regard to the moral and physical integrity of employees, promoting their full development and refraining from any discriminatory behaviour.

In terms of **health and safety,** IRSAP has, in fact, defined a management system for accidents at work in accordance with national legislation (Italian Law 319/2006). Accidents are classified according to the assessment of the Territorial Labour Inspectorate, which in the event of an assessment implements corrective actions. A "Thematic Training Plan" is prepared annually, which includes monthly meetings on

In 2024, IRSAP managed human resources with a focus on welfare, rights, health and safety, promoting inclusion, equal opportunities and training. It adopted a whistleblowing policy to protect corporate integrity and legality.

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[17]   The Code of Conduct has been adopted in IRSAP S.p.A., IRROM, IRSAP Iberica S.L., and IRSAP UK Ltd , while it has not yet been fully implemented in BEMM GmbH and Irgroup S.a.r.l.

health and safety, divided into sections such as purpose, field of application, regulatory references, description of training activities, expected dates and responsibilities. In addition, the safety responsibilities are defined in the job descriptions of each operator.

In the field of **diversity & inclusion,** the Group launched the "Observatory for Gender Equality" project in 2023, set up on 8 March. The initiative aims to promote equal opportunities, diversity and inclusion through concrete actions, such as **the publication of a Manifesto for Gender Equality** that includes the fundamental principles aimed at promoting collaboration between colleagues and overcoming gender stereotypes through effective, non-violent and non-discriminatory communication, favouring growth paths based on merit, regardless of gender. Particular attention is paid to parenting, considered a value to be protected through concrete measures to **reconcile private and working life.** The company also encourages **personal-**

ised skills development and is committed to ensuring balanced representation in key roles and decision-making processes. IRSAP intends to overcome the traditional division of roles in the workplace, through training and awareness-raising initiatives accessible to all. Lastly, it has a zero-tolerance policy towards any behaviour that harms people's dignity, reminding all staff to follow the principles set out in the company's Code of Conduct.

In addition, the Group, with the aim of protecting its work force and promoting an ethical and safe environment, has adopted a **Whistleblowing Policy** in accordance with Italian Leg. Decree 24/2023, which guarantees employees, collaborators and other individuals linked to the company the possibility of reporting, in a confidential and protected manner, any illegal conduct or irregularities. The instrument strengthens the culture of legality and represents an essential safeguard for the protection of the rights of anyone who works in or in collaboration with the Company.

In 2024, IRSAP actively engaged workers through regular meetings with trade union representatives, promoting welfare, health, safety and inclusion. It set up channels to report critical issues and implemented targeted interventions to improve welfare and working conditions.

S1-2 **Processes for engaging the workforce and employee representatives on impacts**

During 2024, the IRSAP Group adopted a structured and continuous approach to the engagement of its workforce and representatives, as previously outlined in ESRS 2 SBM-2, aimed at managing and improving the material impacts on the workplace and employee welfare.

Engagement takes place mainly through workers' representatives (directly elected by the workforce or appointed by the union) who act as intermediaries in communications with the company. The procedures include periodic meetings between RSUs (Unitary Trade Union Representation) and company representatives that take place on a quarterly basis and serve to provide information and advice, and to deliberate. In addition, paid monthly meetings are held, during working hours, in dedicated premises made available by the company, where workers are informed about decisions and can express their needs.

In addition to structured meetings, there are ad hoc discussions to address critical issues or proposals for improvement, with the full support of the employer.
At company level, the Chief Operating Officer and Chief People Officer are responsible for ensuring that these engagement processes are carried out correctly and that the results are integrated into corporate decisions at IRSAP, while for IRROM, this task is carried out by the General Manager and the Head of Human Resources.

The engagement of the workforce also translates into concrete agreements: in Italy, there is a supplementary company agreement in place that provides for advanced welfare measures, including extended paternity leave, financial support for parental leave and initiatives to promote gender equality. IRROM has also entered into a supplementary agreement that includes benefits for significant family events and financial support for thermal spa therapy.

The effectiveness of these tools is monitored through participation in corporate climate surveys, such as the **Great Place to Work®** questionnaire, which is an organisational climate analysis model based on the analysis of different aspects of corporate culture, including employee confidence in leadership, the fairness and impartiality of organisational practices, sense of belonging and well-being of employees, as well as through monitoring the use of the welfare platform. IRSAP has also adopted transparent procedures for the dissemination of company agreements, by emailing documents and posting them on the bulletin board.

Lastly, particular attention is paid to understanding the perspectives of the most vulnerable groups, such as women, migrants and people with disabilities, also through specific tools for listening and detecting organisational welfare.

S1-3 **Processes to remedy negative impacts and channels that allow the workforce to raise concerns**

The Group has set up a structured system to address and resolve the material negative impacts that may affect its own workforce . If it is the company that causes or contributes to causing a negative impact, a formal process to assess and manage the matter will be activated through direct involvement of the HR department, the workers' representatives and, where necessary, the trade union.

The disciplinary procedure is managed in compliance with the timeframes provided for by the CCNL, concluding within a maximum of 11 days from notification, and aims to ensure fairness and transparency. The effectiveness of the remedies is assessed by monitoring the resolution of the case and collecting feedback in subsequent meetings with workers' representatives.

Workers can communicate their concerns through:
- **quarterly meetings** with workers' representatives
- **monthly meetings on occupational safety,** where issues related to welfare and working conditions can also be voiced
- **company whistleblowing channel,** as included in the specific policy adopted by the parent company, which enables reports to be submitted anonymously or by name, and to be addressed to the **Supervisory Body (SB)**

The whistleblowing channel can be accessed via the online platform and used by all the group's employees, in accordance with current legislation and Italian Leg. Decree 24/2023.

All employees are required to comply with the disciplinary code, defined in the CCNL and in the Internal Rules and Regulations (ROI), both distributed to each worker and posted in an accessible place. In the event of formal reports, the appropriate disciplinary procedure is activated by the HR department. To ensure workers are familiar with and use the available channels:
- every employee has received a copy of the CCNL and ROI, containing information on rights, duties and disciplinary procedures
- training is carried out **twice a year** for department managers on the disciplinary code and correct use of communication and reporting channels
- each request or complaint is accompanied, at the request of the worker, by a union representative, to protect the individual

The Group's whistleblowing system also enables independent handling of reports, through a process that includes the management of whistleblowing reports, preliminary verification and possible initiation of internal investigations in compliance with current legislation, with a guarantee of anonymity, confidentiality and protection against retaliation.

S1-4   **Taking action on material impacts on own workforce and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

During 2024, the IRSAP Group implemented a series of interventions aimed at the structured management of the material impacts on its own workforce, while pursuing development and welfare opportunities for its employees. These interventions are part of a broader strategy of responsible management of human capital, consistent with the goals outlined in the **Group's People** Strategy.

The main actions carried out include the meetings held with the workers' representatives (RLS) to analyse the results of microclimatic and air quality surveys in the facilities. These analyses have led to the definition of a multi-year project to improve environmental conditions, formalised and integrated into the risk assessment document. Still on the subject of health and safety, the Group has proposed preventive initiatives such as flu vaccination and specific training programmes, including GYMHUB, actively engaging workers' representatives.

At local area level, IRSAP is one of the most important industrial companies in the province of Rovigo, offering inclusive and non-discriminatory job and professional development opportunities. With this in mind, welfare measures aimed at all employees have been strengthened.
These include: the annual coverage by the **Metasalute health fund,** support from the HR department managing health-related paperwork, the promotion of adherence to supplementary pension funds through the timely payment of contributions, the willingness to enter into part-time contracts beyond the provisions of the national collective labour agreement (CCNL) and the adoption of flexible working arrangements for all compatible tasks.
With regard to the inclusion of individuals belonging to vulnerable groups, the Group is committed to job placement of people with disabilities. In IRROM, in the second half of 2024, a partnership was initiated with authorised Romanian companies that employ workers belonging to protected categories, in particular for the supply of company clothing.

The welfare package is completed by a daily meal voucher for all employees, a gift voucher on public holidays and a monthly attendance bonus, aimed at rewarding regular attendance at work.

From the point of view of work organisation, the internal regulations relating to **working from home were revised in 2024,** extending their adoption to employees with compatible roles and duties. It is expected that, from the second half of 2025, this method will be further expanded, with the possibility of carrying of working from home up to 10 days a month. At the same time, a half-hour flexibility in working hours has been introduced for office staff, starting from January 2025, in response to a specific need that emerged from the analysis of the corporate climate.

To assess and improve organisational welfare, the parent company initiated a partnership with **Great Place to Work®,** carrying out a climate survey, the results of which were shared in the company after being compared with national benchmarks, prompting nine improvement projects, aimed at promoting corporate satisfaction, productivity and attractiveness. These include: **the IRSAP Mentor Academy** for career growth, the organisation **of the IRSAP Family Day,** the introduction of a **Lean Manufacturing and Lean Office System programme,** initiatives to improve internal communication and the adoption of digital information tools.
The improvement plan also included specific initiatives for the employees of the IRROM facility, where the working hours were diversified according to the municipality of residence, in order to reduce traffic and improve work-life balance. Participation in collective events, such as the Color Run and corporate sports tournaments, was aimed

at strengthening inter-departmental ties and a sense of belonging.

All the projects concerned all the employees of the parent company and, in addition to staff, also involved trade union representatives, training organisations and, in some cases, the local area. The activities have different time frames: while some, such as sick leave management or training programmes, are continuous, others will be started or implemented during 2025, such as extended WFH or flexible hours.

During the reporting period, no damages were identified due to actual negative impacts on the internal workforce, therefore, it was not necessary
to initiate specific corrective actions. However, a proactive approach has been adopted to prevent risks and promote positive impacts, in line with the **2025 strategic goals,** which include attracting and retaining talent and developing key skills through continuous training.

| S1-5 | **Targets related to managing material impacts, advancing positive impacts as well as risks and opportunities** |

IRSAP has defined a set of results-oriented strategic goals for managing its workforce, described in paragraph ESRS 2 SBM-1. These goals are aimed at reducing potential negative impacts, strengthening positive ones and proactively managing risks and opportunities related to human capital, in line with its own path of integrating ESG criteria into the company strategy.

In particular, the people strategy is structured along four main lines:
- **Talent Management:** IRSAP has launched a strategic project dedicated to the identification, development and enhancement of internal talents, with the aim of improving internal communication, increasing a sense of belonging and encouraging employees to stay with the company. This intervention aims to strengthen the organisation's ability to attract and retain key resources, contributing to the reduction in the risk of turnover.
- **Life-Work Balance:** in order to enhance the positive impact on the well-being of workers, initiatives have been launched aimed at improving the balance between professional and private spheres, including the adoption of new leadership and people management models. The goal is to increase employee satisfaction and engagement by combating work-related stress and absenteeism.
- **Training and Development:** IRSAP has defined a multi-level training program, which includes courses aimed at both internal staff (such as, for example, the delivery of technical/specific training on environmental product certifications and LCA methodology) and high school and university students. The aim is to attract young talent, encourage

their inclusion and promote a process of continuous upskilling and reskilling of staff, thus strengthening the company's competitiveness and organisational resilience.
- **Company Culture:** IRSAP undertakes to spread a corporate culture geared towards efficiency, reducing bureaucracy and empowerment at all levels. These values support worker autonomy and help create a more flexible, collaborative and inclusive work environment.

In addition to these medium- to long-term strategic goals, the company has also defined specific actions to prevent and manage risks related to the workforce's welfare and psychological safety. In 2025, formal guidelines **for the prevention of violence and harassment,** including sexual abuse, will be adopted with the aim of promoting a safe, respectful and inclusive work environment. A whistleblowing channel **and a procedure** dedicated to handling reports of moral and sexual harassment are already in place in IRROM: the goal is to gradually extend these tools to commercial branches as well.

In addition, a **questionnaire was administered to female workers** to gather qualitative data on the perception of gender equality.

In the same year, IRSAP will initiate **a process to implement a gender equality** management system, which will formalise the procedures aimed at preventing and managing cases of discrimination. The company, in fact, believes that gender equality is a fundamental value for its success. In 2024, with the aim of developing an engaged and efficient organisation, **the Observatory for Gender Equality** was created, a group made up of male and female colleagues who want to actively engage in this issue. During 2024, the observatory published the first IRSAP Gender Equality Manifesto, proposing and implementing specific activities and initiatives.

The goal-setting process is led by management, with the progressive involvement of HR functions and internal representations. In particular, in relation to some initiatives (e.g. gender equality questionnaire, training programmes), direct involvement of the workforce has already been initiated, aimed at finding out about employee needs and expectations. This participatory approach will also be progressively extended to the results monitoring phase, to ensure that the goals are aligned with the real needs of individuals and to identify any areas for improvement, through tools that assess their effectiveness, such as the adoption of **social KPIs** and the systematic collection of feedback

S1-6 Characteristics of company employees

In the three-year period 2022–2024, a gradual downturn can be observed in the total number of employees, with a decrease of 12% compared to 2022, affecting both male and female staff, while maintaining a stable gender balance over time: the proportion of female share employees remains at around 25% of the total.

	2022	2023	2024
Gender	**Number of employees**		
Men	831	789	739
Women	287	263	251
Other[18]	-	-	-
Not stated	0	0	0
Total employees	**1.118**	**1.052**	**990**

An analysis of the type of contract shows an increase in open-ended contracts, which accounted for over 98% of the workforce in 2024. At the same time, the number of fixed-term contracts progressively decreased, from 77 in 2022 to just 12 in 2024, a sign of growing occupational stability.
In terms of working hours, most employees continue to work on full-time contracts. However, there is an increase in the part-time component, particularly in 2024, where the doubling of male part-time workers seems to highlight a possible evolution in the need for flexibility.

	2024				
	Women	**Men**	**Other**	**Not stated**	**Total**
Number of employees					
Number of employees with open-ended contracts	247	731	-	0	978
Number of employees with fixed term contracts	4	8	-	0	12
Total	**251**	**739**	**-**	**0**	**990**
Number of full-time employees	228	715	-	0	943
Number of part-time employees	23	24	-	0	47
Total	**251**	**739**	**-**	**0**	**990**

	2023				
	Women	**Men**	**Other**	**Not stated**	**Total**
Number of employees					
Number of employees with open-ended contracts	257	755	-	0	1,012
Number of employees with fixed term contracts	5	35	-	0	40
Total	**263**	**789**	**-**	**0**	**1,052**
Number of full-time employees	237	778	-	0	1,015
Number of part-time employees	26	11	-	0	37
Total	**263**	**789**	**-**	**0**	**1,052**

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[18] In Italy, it is not possible to legally register as belonging to a third gender, for this reason the "other" category is not applicable.

	2022				
	Women	**Men**	**Other**	**Not stated**	**Total**
Number of employees					
Number of employees with open-ended contracts	274	767	-	0	1,041
Number of employees with fixed term contracts	13	64	-	0	77
Total	**287**	**831**	**-**	**0**	**1,118**
Number of full-time employees	157	819	-	0	1,076
Number of part-time employees	30	12	-	0	42
Total	**287**	**831**	**-**	**0**	**1,118**

Lastly, the data for 2024 show a negative turnover rate of 10%, higher than the rate of new hires (5%).

	2024				
NEW HIRES AND TURNOVER	**No. of employees**	**No. of new hires**	**No. of terminations**	**Positive turnover rate**	**Negative turnover rate**
Total	**990.00**	**49.00**	**100.00**	**5%**	**10%**

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

In 2024, the IRSAP Group started monitoring its non-employee workers. In particular, 22 interns and trainees were involved, testifying to the Group's commitment to promoting training courses and career opportunities.

New hires in 2024

49

S1-14   Health and Safety Metrics

The protection of workers' health and safety is a priority for the Group, which ensures the coverage of 100% of its employees through an occupational health and safety management system. This commitment is also reflected in the Organisational, Management and Control Model pursuant to Italian Leg. Decree 231/2001 adopted by the parent company, which includes an organisational structure dedicated to health and safety, in accordance with Confindustria Guidelines and current prevention regulations. In particular, the Company has drafted the Risk Assessment Document (DVR) for each site and secondary unit, as well as the clear and formal definition of the figures responsible for safety in the workplace, with the aim of eliminating – or, where this is not possible, reducing and managing – occupational risks. Office workers, middle managers and top management are considered **low risk** in terms of occupational health and safety. Workers, on the other hand, are classified according to the **specific risk associated with the task performed,** as defined in the Risk Assessment Document.

In the three-year period 2022-2024, no deaths related to occupational injuries or diseases were recorded among Group employees. With regard to accidents, a decrease both in their overall number and in the rate of recordable accidents at work [19]: from 16.83 in 2022 (data referring only to IRSAP and IRROM for the two-year period 2022-2023), the number fell significantly to 11.73 in 2024, despite a slight increase in hours worked due to the expansion of the reporting perimeter to include the commercial subsidiaries.

Similarly, working days lost in 2024 due to accidents and injuries also fell to 450 compared to 578 in 2023, for an overall reduction of 22% compared to 2023.

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[19] The occupational accident rate is calculated using the following formula: (Number of accidents / Hours worked) × 1,000,000.

EMPLOYEE HEALTH & SAFETY METRICS	2022	2023	2024
Number of deaths due to occupational injuries and illnesses	0	0	0
Number of work-related accidents	28	28	18
Work-related accident rate	16.83	18.54	11.73
Number of work-related illnesses	0	0	0
Number of workdays lost due to injuries and deaths at work, as a result of accidents and illnesses	472	578	450

The good results illustrated above are also confirmed by other indicators that are monitored internally by the parent company; indeed, the **frequency (IF) and severity (IG) indices** for 2024 **have decreased compared to the last five years** taken in comparison. This good result was achieved thanks to the **greater attention paid** to workers' activities, thanks to the **training campaign** carried out in 2024 and also to the **awareness** raised in workers **during the safety project interviews.** The above-mentioned points have, in fact, increased the number of near miss (+50%), accidents and risks (+69%) reported compared to previous years.

S1-15   Work-life balance

100% of the Group's workers are covered by collective bargaining agreements, except for employees of BEMM GmbH and IRSAP UK Ltd, which are regulated by specific national regulations. The attention to the well-being of employees is also reflected in the improvement **of parenting support:** thanks to internal surveys, the number of days of paternity leave has been increased (from 10 to 15) and the amount of optional maternity leave has been increased by 20%. Employee benefits have also been formalised in commercial branches in line with the respective regulatory contexts. In particular, IRSAP UK has provided for the extension of parental leave. Although regulatory differences do not allow the adoption of a single website for corporate welfare, IRSAP ensures that all benefits are formalised and accessible to staff in each country.

In 2024, all employees, except those of Bemm, for whom the data is not currently available, were also entitled to **parental leave,** confirming a constant commitment to the question of work-life balance. In 2024, 2% of eligible employees took leave, in line with previous years.

2024					
FAMILY LEAVE [20]	**Women**	**Men**	**Other**	**Not reported**	**Total**
Total employees	237	705	-	0	942
Employees entitled to parental leave	237	705	-	0	942
Percentage of employees entitled to parental leave	100%	100%	-	0	100%
Eligible employees who took parental leave	5	15	-	0	5
Percentage of eligible employees who took parental leave [21]	2%	2%	-	0	2%

2023					
FAMILY LEAVE	**Women**	**Men**	**Other**	**Not reported**	**Total**
Total employees	244	750	-	0	994
Employees entitled to parental leave	244	750	-	0	994
Percentage of employees entitled to parental leave	100%	100%	-	0	100%
Eligible employees who took parental leave	7	6	-	0	13
Percentage of eligible employees who took parental leave	3%	1%	-	0	1%

2022					
FAMILY LEAVE	**Women**	**Men**	**Other**	**Not reported**	**Total**
Total employees	264	789	-	0	1,053
Employees entitled to parental leave	264	789	-	0	1,053
Percentage of employees entitled to parental leave	100%	100%	-	0	100%
Eligible employees who took parental leave	14	6	-	0	20
Percentage of eligible employees who took parental leave	5%	1%	-	0	2%

In 2024, IRSAP recorded a drop in accident rates thanks to training and raising awareness. Parental support also improved, with extended leave and benefits formalised internationally.

Number of near miss reports

+50%

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[20] Family leave includes maternity leave, paternity leave, parental leave and caregiver leave included in national legislation or collective agreements.

[21] The percentage of eligible employees who actually took parental leave is calculated by dividing the number of beneficiaries by the total number of eligible employees, then multiplying the result by 100.

ESRS S3
Affected communities

ESRS 2 SBM-2   Stakeholder interests and views

Information about stakeholder interests and views is described in section SBM-2.

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

Information about material impacts, risks and opportunities and their interaction with strategy and business model is described in section SBM-3.

S3-1   Policies related to affected communities

IRSAP Group undertakes to generating a positive impact on local communities through the **IRSAP FOUNDATION ETS,** a business foundation established in 2022 by IRSAP S.p.A. and the Red and Zen Families, founding partners. The Foundation represents the evolution of the consolidated social commitment of the founders, with the aim of strengthening the link between the company and the local areas in which it operates, promoting inclusion, culture and environmental sustainability.

IRSAP Foundation pursues, on a non-profit basis, civic, charitable and socially useful aims by engaging, exclusively or primarily, in activities of general interest pursuant to Art. 5 of Italian Leg. Decree 117/2017 (Third Sector Code). Its statutory purposes constitute in all respects the Group's policy regarding the management of material impacts, risks and opportunities related to affected communities. In particular, the Foundation aims to:

- support the most fragile social categories
- protect and enhance nature and the environment
- promote culture and historical and artistic heritage
- reduce the cultural and digital divide, encouraging access to new technologies.

The governance of the policy is entrusted to the **Foundation's Board of Directors,** which meets at least twice a year to assess the actions carried out and plan future ones. In addition, during the year the members maintain constant relations with the beneficiary associations, monitoring the continuity and quality of the projects supported.

The Foundation's scope of action mainly concerns the local communities where the parent company and its companies are based, also extending to international contexts where the Group is present. The main stakeholders are, therefore, associations, third sector entities and the direct beneficiaries of social activities.

In 2024, IRSAP promoted inclusion, culture and sustainability through the IRSAP Foundation and the iGreen project, actively engaging local communities and stakeholders in social, environmental and solidarity initiatives, with monitored impacts.

The Foundation is **registered in the Italian National Register of the Third Sector (RUNTS),** implementing Articles 45 et seq. of the Third Sector Code. The statute is available to the public on the RUNTS website. Among the projects supported is the participation in the Green Up call for bids by Fondazione Cariparo, in collaboration with the Municipality of Rovigo, for the creation of a biodiversity garden, with environmental and educational purposes.

The community policy is not currently included in the IRSAP Code of Conduct, but formalised in the Foundation's bylaws. IRSAP, as a majority shareholder, actively participates in achieving the stated goals, thus making the IRSAP Foundation an instrument consistent with the Group's corporate values and ESG approach.

S3-2   Processes for engaging with affected communities about impacts

IRSAP Group, through the activities of the IRSAP Foundation ETS and the iGREEN initiative, adopts a structured and continuous approach to the engagement of the communities affected, both local and non-local, in order to responsibly manage material social impacts.
The **Foundation is contacted directly by the third sector associations** operating in the areas where the Group is present. They propose their own projects in order to receive financial support.

The selection of initiatives to be financed is carried out internally by IRSAP Foundation on the basis of criteria of social merit, consistency with the statutory goals and economic sustainability. During these six-monthly meetings, the projects presented are assessed and those already supported are monitored: in doing so, the member of the Board in charge maintains a constant dialogue with most of the funded associations, collecting updates and assessing new proposals.

The point of view of the affected communities is taken into account through direct contact with the representatives of the organisations involved, who help to guide the Foundation's philanthropic activities. A prime example is the **"Mamma Bambino"** project promoted by the **Peter Pan social cooperative** of Rovigo – an organisation committed to preventing gender-based violence – which led to the restoration of a historic building to create a community shelter in Adria. These activities show the Foundation's focus on particularly vulnerable categories such as women and children, in line with the principles of social inclusion and gender equality.

The functions responsible for the organisation and monitoring of community engagement are the Foundation's Board of Directors and, operationally, the member of the Board responsible for relations with associations.

The effectiveness of these processes is assessed in terms of quality, through the degree of continuity and impact of the projects supported over time, as well as through direct feedback from the beneficiaries.

At the same time, the **iGreen project, which** has been running for over five years, represents an internal activation tool for the promotion of social and environmental sustainability, both inside and outside the company.
The iGreen group is made up of about 20 volunteer collaborators, who are at the forefront of raising awareness on crucial issues such as saving energy, optimising resources, reducing waste and refuse, but also on social issues such as violence against women.
The group's goal is to increase **internal awareness** and contribute to a **sustainable corporate culture,** through concrete projects developed in the short, medium and long term. At the beginning of each year, the themes to be explored and the thematic days to be organised are identified. The events are assessed beforehand from an economic point of view, to ensure consistency with the available budget, and afterwards, in terms of results achieved, also based on the level of **engagement generated** among workers and the continuity of the projects supported.

In 2024, IRSAP managed impacts on communities through the IRSAP Foundation and the iGreen project, promoting listening, inclusion, and social and environmental initiatives. Targeted goals and local collaborations are planned for 2025.

S3-3

Processes to remediate negative impacts and channels for affected communities to raise concerns

IRSAP Group adopts an approach based on transparency and social responsibility also the management of any negative impacts that could affect the communities with which it interacts.

Firstly, the Group makes its whistleblowing channel available, allowing any behaviour contrary to business ethics or significant matters to be reported, including to external communities.

In addition, through its corporate foundation, IRSAP Foundation, **tools for listening and continuous dialogue** with the supported associations have been prepared, in order to guarantee the possibility of expressing concerns, needs and requests for support. Among the main **channels activated** are:

- the Foundation's dedicated email address: irsap.foundation.ets@gmail.com, to which the beneficiary associations can write to receive clarifications or make requests
- the direct relationship with the member of the Foundation's Board, who maintains regular contacts with the supported organisations

These tools allow not only the communication of needs or critical issues, but also represent a useful tool to prevent risk situations and to activate, if necessary, **timely remedial mechanisms.**

To ensure the reliability of the entities supported and prevent potential negative impacts, IRSAP Foundation requires that partner organisations be correctly registered in the Italian National Register of the Third Sector (RUNTS). This requirement, which can be verified publicly, allows the selection of subjects who have already undergone institutional checks in terms of transparency and administrative correctness.

The monitoring of the reported issues and the **quality of the dialogue with the affected communities** takes place through regular updates and dedicated meetings, with particular focus on the effectiveness of the tools activated. In addition, as specified in section G1-1 of the report, IRSAP Group adopts protective measures for individuals who use the channels made available, in order to prevent any form of retaliation against whistleblowers.

S3-4   **Taking action on material impacts on affected communities and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**

IRSAP Group, through its corporate foundation **IRSAP Foundation,** adopts a structured approach to respond to the needs of the affected communities and generate a positive and tangible impact in the social, cultural and environmental fields. Once the contribution has been approved, IRSAP Foundation maintains a **continuous dialogue** with the beneficiaries: this approach allows the effectiveness of the interventions to be assessed and the selection of future projects to be improved, contributing to the identification of opportunities for collaboration in the local area, aimed at improving the social and economic conditions of the area in which IRSAP Group operates.

The Foundation's activities fall within the scope defined in the Third Sector Code[22] and are classified according to the ICNPO classification system (International Classification of Non-Profit Organisations). Areas of intervention include:

- **social services** (ICNPO 4100): support for families in difficulty, assistance for the elderly and vulnerable individuals
- **education and training** (2300 and 2200): professional, university and post-university education activities
- **environmental protection** (5100): support for projects for the protection of the local area, such as the Garden of Biodiversity in collaboration with Fondazione Cariparo
- **culture and art** (1100 and 1300): promotion of cultural, artistic and recreational initiatives
- **scientific research** (2400): financing of activities with a strong social and environmental impact
- **charity** (4300): disbursement of monetary contributions, goods or services to disadvantaged individuals.

S3-5   **Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

Throughout 2024, **IRSAP Foundation ETS** and the iGreen business project continued to be the main tools through which IRSAP Group manages the impacts on the affected communities. Although no quantitative objectives or performance indicators have been defined aimed at reducing negative impacts, the focus is on strengthening the positive impacts generated by the social, cultural and environmental activities supported.

For 2025, IRSAP Foundation ETS confirms its commitment to:
- supporting projects with a social impact, in particular in favour of fragile categories (families in difficulty, women victims of violence, children and the elderly)
- prioritising local area initiatives, with reference to the contexts in which the parent company and its intercompanies operate
- consolidating multi-year projects to guarantee a lasting and structured impact on the beneficiary communities
- encouraging partnerships with third sector entities, in compliance with the statutory purposes (Article 5 of Italian Leg. Decree 117/2017)

At the same time, the iGreen working group, which has been active for five years in IRSAP, has set targets for 2025 aimed at raising the environmental and social awareness of employees and their families. In particular, the group undertakes to:
- promote good practices of energy saving and waste reduction
- promote greater awareness in waste collection and waste management
- combat smoking, food waste and promote healthy eating
- carry out educational and participatory events to strengthen the sense of community and the adoption of sustainable lifestyles.

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[22] The reference is to Art. 5, paragraph 1, of Italian Leg. Decree no. 117 of 3 July 2017, which lists the activities of general interest that third sector entities may carry out exclusively or primarily.

IRSAP protects consumers
and end users with
quality, privacy and
security policies. It
promotes engagement
through customer journey
mapping and handles
complaints via Zendesk.

ESRS S4
Consumers
and end-users

ESRS 2 SBM-2   Stakeholder interests and views

Information about stakeholder interests and views is described in section SBM-2.

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

Information about material impacts, risks and opportunities and their interaction with strategy and business model is described in section SBM-3.

S4-1   Policies related to consumers and end-users

In the context of its production and commercial activities, the IRSAP Group recognises the strategic importance of the relationship with consumers and end-users. Their trust and satisfaction are fundamental elements for the continuity and reputation of the company, as well as key levers to promote innovation, quality and social responsibility.

IRSAP adopts an approach that focuses on the needs of its customers, which translates into procedures and tools to ensure quality, safety, and regulatory compliance throughout the value chain. This approach is formalised in the parent company's **Quality Policy**, shared at all levels of the organisation, made available on official company channels and periodically updated, in which the guiding principle is "maximum customer satisfaction". The main goals include continuous listening to customer needs, providing competent and timely services, continuous improvement of products and service level. The Policy is implemented through a structured monitoring process based on internal audits, customer satisfaction surveys and quality control, consistent with the ISO 9001 certified management system.

These values are also confirmed in the **Code of Conduct,** which establishes the commitment to guarantee the best performance in terms of appropriateness, timeliness, effectiveness, consistency and continuity required by the customer. IRSAP is also committed to complying with current regulations on safety, environmental impact and privacy in all the markets in which it operates, paying attention to the selection of raw materials and the responsibility of its supply chain.

Respect for consumer rights is also guaranteed through full compliance with internationally recognised standards, such as the United Nations Guiding Principles on Business and Human Rights and European legislation on the protection of personal data[23], regulated within the **Parent Company's** Privacy Policy. IRSAP, in fact, processes customer data transparently and in compliance with legal obligations, specifying the purposes, the legal basis, retention periods, parties involved and the rights of the data subject.

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

IRSAP Group recognises the importance of engaging consumers and end-users, both for the management of the impacts associated with its products and services, and to promote a continuous improvement of the relationship with the customer.

Currently, the Group manages any reports or critical issues on a **case-by-case basis,** with a pragmatic approach based on emerging priorities, in order to ensure effective and timely responses.

During 2024, the parent company **launched a customer journey mapping** project with a specific focus also on the end-user experience. This project aims to identify the main touchpoints between the company and end customers, collect quality and quantity feedback and progressively integrate the results into the internal decision-making process.

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

IRSAP has put in place a structured system for the management of reports, complaints and requests for assistance from consumers and end-users, in order to promptly identify any negative impacts and activate effective remedial processes.

Through the **company website,** customers can directly contact the **Service Centres** or pre- and after-sales services, by submitting their requests through the Zendesk portal. Reports relating to product issues or "defects" are recorded in the system and subsequently analysed in monthly meetings between **the Customer Care department and Quality department.**

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[21] The regulatory reference is to the GDPR (General Data Protection Regulation) – EU Regulation 2016/679, which establishes rules on the protection of natural persons with regard to the processing of personal data, as well as on the free movement of such data.

IRSAP protects consumers with monitoring systems, complaint management and dedicated assistance. Although no critical events occurred in 2024, it promotes customer centricity through CRM, the installer network and Lean project, geared towards the continuous improvement of the user experience.

If a complaint is founded, IRSAP proceeds to verify the non-conformity or defect, involving the relevant departments such as Quality Control or Marketing/Product Development, depending on the type of problem found. Remedies may include, where necessary, compensation or replacement of the product. In addition to official channels, the Group also offers **contact methods through corporate social media channels.**

To ensure effective monitoring of the issues raised, the **SAP** system is used to process quarterly reports, which are sent to the sales representatives of each area. These reports make it possible to systematically assess the effectiveness of the reporting management system.

To ensure the availability of channels on a local area level, IRSAP has also developed and outsourced a **network of Service Centres.** The maintenance and updating of the information accessible to customers is also done through the official website, managed by a dedicated team.

However, the Group intends to further integrate additional safeguards in the broader context of the its customer relationship management policies, in line with the business conduct commitments described in section ESRS G1-1.

S4-4 **Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions**

Over the years, IRSAP has shown attention to the management of impacts on consumers and users through an internal system that allows you to intervene promptly in the event of critical issues. In particular, it should be noted that in the past **recall** operations (withdrawal from the market) of certain products have been activated, thanks to the presence of internal monitoring, traceability and labelling tools. In 2024, there were no events that required the activation of extraordinary interventions or specific action plans for consumers.

Although no structured action plans have been prepared, IRSAP maintains active reporting and listening tools and channels through which it is possible to receive reports and assess any emerging risks. In the event of defects, the company is able to check the product, involve the relevant internal departments and, if necessary, proceed with remedial actions such as replacements, refunds or updates to the technical documentation. This confirms the Group's commitment to maintaining effective communication with its customers through different channels. The **"Customer Care"** structure is made up of over 100 internal colleagues and 50 external collaborators, who work to ensure constant, qualified assistance. Among the main communication channels, the company offers:

- **targeted training** for designers, architects, installers and showroom operators, to ensure that all professionals who interact with IRSAP products have a thorough and up-to-date understanding
- **interactive, constantly updated website** which allows direct, uninterrupted access to information by customers and professionals
- **care of physical places,** with particular attention to showrooms

This approach, geared towards **information transparency,** is embodied in the preparation of:

- **dedicated instruction sheets** for each product
- **price lists and detailed technical documentation**
- updated content **on the company website and social media channels**
- **video tutorials** and **technical training** aimed at showrooms, architects and other sector-based stakeholders

This commitment aims to ensure the well-informed, correct use of products, thus reducing the risk of misuse and, consequently, repercussions on the safety of its end users. As confirmation of this, no incidents related to consumers or end users have been recorded.
In any case, the parent company continues to monitor complaints through the SAP system and to generate reports shared with commercial contacts, such as supervisory and prevention measure of the risks related to the quality perceived by customers.

| S4-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities |

Although IRSAP has not yet defined formalised and quantitative goals, the topic of the relationship with consumers and end users is already integrated into the Group's strategy, as illustrated in the ESRS 2 SBM-1 section.
In this context, the **centrality of the customer** is identified as one of the fundamental pillars, and is pursued through an approach geared towards customisation, listening and continuous improvement of the use and purchase experience.

In fact, a series of **quality and target goals** have been identified**,** which represent the strategic priorities to improve interaction with the final consumer:

- **Development of a centralised CRM (Customer Relationship Management),** to ensure an integrated and structured management of customer relationships throughout all phases of the product and service life cycle.
- **Boosting the customer experience,** through the analysis of touchpoints, systematic collection of feedback and improvement of the customer journey, with a particular focus on post-sales.

- **Creation of a qualified network of installers,** to improve the perceived quality of the service and strengthen the oversight of the end customer, also in terms of consultancy.
- **Optimisation of the product range,** aimed at simplifying the offer, making it more legible and more in line with consumers' needs.

These strategic objectives are complemented by **two evolving elements,** which represent important operational levers to strengthen the commitment to the customer:

- **Management of complaints and critical issues:** the company adopts a reactive approach to the management of negative impacts, addressing the reported problems on a case-by-case basis, in close collaboration with the Quality department. As there are no defined standard deadlines, resolution also depends on the timeliness of response of the suppliers involved. However, a service KPI managed by the Customer Care team has been set internally, which includes:
  • customer feedback within 24 hours
  • resolution of the issue within 48 hours
- **Continuous improvement through the Lean project:** in 2024, a Lean process was launched in the production area that will be extended to the offices in 2025. This program, still in its initial phase, aims to optimise internal processes, including those with an impact on the end customer, such as complaint management and efficiency in response times.

The goal-setting process is included as part of the implementation activities of the Lean project in 2025, in which it will also be possible to assess ways to include structured feedback from customers and improve the company's focus on the end user experience.

04

GOVERNANCE INFORMATION

ESRS G1 BUSINESS CONDUCT

ESRS 2 SBM-2   Stakeholder interests and views

Information about stakeholder interests and views is described in section SBM-2.

ESRS 2 GOV-1   The role of administrative, management and supervisory bodies

As parent company, IRSAP S.p.a. has adopted a traditional Governance model that aims to ensure the proper operation of the Company and Group. The model includes the following bodies:

- the Shareholders' Meeting
- the Board of Directors (BoD)
- the Board of Statutory Auditors

The statutory audit is performed by an Auditing Firm, appointed by the Shareholders' Meeting.

The current Administrative Body, appointed by the Shareholders' Meeting, consists of a **Board of Directors (BoD), currently composed of three members.**
The Board of Directors has all the powers of ordinary and extraordinary administration and, in accordance with Articles of Association, has delegated part of its powers to two directors.

The Chief Executive Officers, in particular, develop strategies, assess the Group's **economic, social and environmental performance**, analyse **risks and opportunities, and** assess **compliance with regulations and codes of conduct.**
As of December 31, 2024:

- the Board of Directors is composed of three members, two executive and one independent
- the term of office of the governing body is three financial years
- the Board of Directors is composed entirely of male members

No specific diversity policies have been adopted in relation to the composition of the Board of Directors, but forms of discrimination are excluded based on considerations of ethnicity, nationality, country of origin, sex, sexual orientation, religion, political or other views.

IRSAP adopts transparent and responsible governance, based on ethics, integrity and tools such as Code of Ethics, Model 231 and whistleblowing. The Board of Directors guides strategies and checks, while reports and risks are managed through structured safeguards and processes.

The Code of Ethics, approved by the Board of Directors on 22/12/2020, constitutes the fundamental reference for the conduct of all the individuals operating in the Group. It establishes the prohibition of any corrupt practice, including improper payments, donations of benefits or gifts to public or private entities, whether direct or indirect. The Code is publicly available in the "Policies and Documents" section of the company website.

To complete the internal regulatory framework, IRSAP Group has also adopted a **Code of Conduct,** already implemented in IRSAP S.p.A., IRROM, IRSAP Iberica and IRSAP UK Ltd. The document includes the contents of the IRSAP Code of Ethics, excluding, however, the regulatory references to Italian Leg. Decree 231/2001, and will be progressively extended to the other Group companies (Irgroup S.a.r.l. and BEMM GmBH.), thus promoting a uniform approach to corporate culture in the international arena.

IRSAP also draws inspiration from key **international standards,** including the International Bill of Human Rights, International Labour Organization Declaration on Fundamental Principles and Rights at work, the UN Rio Declaration on the Environment and the ten principles of the UN Global Compact, integrating these principles into its internal Codes and the Supplier Code of Conduct.

To foster correct behaviour and intercept any illegal conduct, IRSAP has implemented a multilingual **whistleblowing portal**, accessible by all Group companies. The portal guarantees the anonymity of the whistleblower and compliance with European regulations on the matter. The reports are handled by the Legal Department and the Owner of the portal. In 2024, approximately 50% of the parent company's employees attended training sessions dedicated to the operation of the tool.

Alongside whistleblowing, IRSAP has activated several channels for managing reports:
- **Health, Safety and Environment:** through dedicated software and the DS04 hard-copy form, reports are assessed by the HSE Manager and Health and Safety Manager, and discussed during periodic reviews, pursuant to Art. 35
- **Cybersecurity:** internal mailbox to report phishing and spam attempts
- **Customer care:** three dedicated channels depending on the business units (Heat, Smart, Air), which allow customers to report problems and be directed to the relevant office.

Lastly, **the IRSAP Supervisory Body** (SB) is responsible for monitoring the application of Model 231 and receives periodic updates on the reports and corrective actions taken through summary reports. The Board of Directors and Board of Statutory Auditors are also constantly informed about the activities of the Body.

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

The information on the description of the processes to identify and assess material impacts, risks and opportunities is described in the IRO-1 section.

G1-1   Business conduct policies and corporate culture

IRSAP Group bases its business culture on principles of transparency, integrity and responsibility, promoting ethical behaviour in all its activities and relationships, both internal and external. To ensure the effective implementation of these principles, the company has adopted an integrated system of safeguards and regulatory tools, including **the Organisation, Management and Control Model pursuant to Italian Leg. Decree 231/2001, the Code of Ethics, Code of Conduct, and Anti-Corruption Guidelines.**

IRSAP promotes a responsible and innovative supply chain, based on quality, sustainability and ethical relationships. It monitors suppliers with ESG criteria, aims for continuous improvement with measurable goals on product, efficiency, people and environmental impact.

G1-2	Management of relationships with suppliers

IRSAP Group recognizes the strategic importance of a responsible supply chain based on sustainability, transparency and legality. In line with the principles enshrined in the Code of Ethics and Model 231, relationships with suppliers are managed on the basis of shared ethical principles, formalised in the **Supplier Code of Conduct,** which formalises the commitment to promote sustainable practices throughout the value chain. The document recalls and extends the contents of the Code of Ethics, including minimum standards that suppliers – as well as their subcontractors and representatives – are required to comply with in the areas of: human rights, occupational health and safety, environmental protection, anti-corruption, compliance with current regulations, prevention of discrimination and enhancement of human capital.

IRSAP requires suppliers to adopt environmental management systems, in particular in cases of activities with significant environmental impacts, as well as a commitment to act in compliance with the principles of impartiality, integrity, transparency and legality. Periodically, the Group sends self-assessment questionnaires to suppliers to monitor their ESG performance and consistency with company values. If violations of the Code are found, IRSAP reserves the right to request corrective measures and, in the absence of agreement, to terminate the contractual relationship.

All suppliers, including employees, agents and subcontractors, are required to comply with these standards and share their principles. IRSAP promotes partnerships based on mutual trust, believing that a sustainable supply chain is a key element for competitiveness and business resilience.

In 2024, the company continued to monitor the sustainability practices of its suppliers through the dissemination of an **ESG questionnaire,** aimed mainly at suppliers of direct and indirect goods and materials. The tool is used to gather information on the environmental, social and governance policies adopted and represents a useful lever to guide future choices in the selection, risk assessment and management of supply.

G1-6	Payment practices

The management of payments to suppliers represents a further material aspect for the construction of transparent and trustworthy business relationships along the value chain. The Group periodically tracks and analyses its payment practices with the aim of ensuring efficiency, fairness and compliance with the agreed contractual conditions.

During 2024, **the average time taken by the Group to settle an invoice was 45 days,** a slight increase compared to the previous year (42 days in 2023, 40 days in 2022). This data has been calculated on the basis of data extracted directly from the company management system and represents the weighted average of payment times starting from the contractual or legal expiry of the invoice, without recourse to any sampling.

The standard payment terms vary depending on the product category of the suppliers:
- **Suppliers of raw materials:** 90 days
- **Suppliers of ancillary materials:** 65 days
- **Utility suppliers:** 23 days
- **Transport service providers:** 60 days

In 2024, 6,356 invoices were managed, of which **86% were paid on time,** confirming a level of punctuality in line with previous years.

Lastly, it should be noted that there are no pending legal proceedings related to late payments.

ENTITY SPECIFIC: PRODUCT QUALITY AND INNOVATION

MDR-P   **Policies adopted to manage sustainability matters**

Quality and innovation are fundamental strategic levers for IRSAP Group to ensure long-term competitiveness and to respond effectively to the needs of a constantly evolving market.
This translates into the need to promote the continuous improvement of its products and services, the digitalisation of processes and the training of people, in order to consolidate long-lasting relationships with customers, collaborators and suppliers.

To this end, the parent company has adopted a policy, drawn up in compliance with the requirements of **ISO 9001** as an integral part of its Quality Management System, aimed at guaranteeing the quality of products, promoting innovation and seizing opportunities related to sustainability, focusing on active customer listening and continuous improvement. This policy reflects the commitment to generate long-lasting value throughout the value chain, while ensuring the responsible management of risks and related opportunities, which is integrated into business processes and carried out at least annually, through context analysis and the application of structured methodologies that produce dedicated documentation.

The **Quality Policy** is based on several key principles:
- constant listening to customer needs
- delivery of services in a competent and timely manner
- continuous improvement of products and service levels
- enhancement of skills and training of personnel
- search for operational efficiency to ensure competitiveness
- building long-term relationships with customers, suppliers and collaborators

Based on these commitments, IRSAP has identified six strategic areas of development that guide its activities: **Growth, Sustainability, Customer, Innovation and Design, Efficiency and People.**

The policy, whose implementation and execution is entrusted to the Managing Directors, applies to the entire Group production of radiators and accessories, and takes into account the interests of the organisation's main stakeholders – customers, employees, collaborators and suppliers – whose involvement is considered essential to achieve the company goals. In fact, the Quality Policy is available and accessible online on the IRSAP website and it is displayed on all company bulletin boards ,in order to ensure its full internal dissemination.

MDR-A   **Actions and resources in relation to material sustainability matters**

Thanks to the new strategic plan, in 2024, the first product of the **TESI 3** range was certified according to the **ISO 14067** standard (Product Carbon Footprint), through which the carbon footprint of the radiator was estimated according to the product life cycle analysis (LCA - Cradle to grave). This has allowed IRSAP to identify the main phases that impact the environment and provide customers with an increasingly transparent emission estimation service. Annex C of ISO 14067 provides guidance for the application of a systematic approach to the calculation of a product's carbon footprint (CFP). This approach considers the entire life cycle of the product, from the extraction of raw materials to the end of its life cycle, including the stages of production, transport, use and disposal. This certification, obtained for the first time by the company, represents an important step towards greater transparency and environmental responsibility in the domestic heating sector.

The work team dedicated to implementing CFP issues consists of the Sustainability Manager, HSE Manager, Strategic Marketing Manager and, in addition, makes use of the help and primary data provided by the data owners. During the data collection, several actors in the supply chain were involved, mainly suppliers.

The carbon footprint management system according to ISO 14067-Annex C (so-called **Systematic Approach**) was first implemented in IRSAP in 2025 and will be subject to a third-party audit by the Bureau Veritas® accredited body in May 2025. The Carbon Footprint management system (so-called CFP) is based on the primary product data provided by the different company departments and uses 2023 as its base year for measurement.

IRSAP's application of Annex C for the Tesi range indicates that the company:

- defined **the boundaries of the system and the functional unit:** clearly identifying which phases of the life cycle were included in the assessment and the declared functional unit
- collected specific data: acquiring **site-specific data** relating to energy consumption, materials used, production processes and logistics to quantify the greenhouse gas emissions associated with the core and downstream phases. Data from typical product scenarios were employed for the use phase and end of life
- used **appropriate emission factors**: converting activity data into CO_2 equivalent emissions using relevant emission factors
- calculated **the carbon footprint:** adding up the greenhouse gas emissions for the entire life cycle of the Tesi radiator
- identified areas for **improvement:** analysing the results to identify the phases with the greatest impact and define strategies for reducing emissions.

In 2024, IRSAP certified the first product according to ISO 14067, launching a Carbon Footprint management system and circular economy project for the recycling of plastic films.

The first product of the THESIS 3 range was certified according to the standard

14067

In addition, the Close The Loop project relating to shrink wrap film was implemented, involving different actors in the supply chain.

An initiative that breaks new ground in circular economy: Crocco S.p.A. SB, IRSAP S.p.A. and Aliplast (HERA Group) worked together to implement a new recycling process in which all polyethylene waste originating from IRSAP's production process is fully recovered and transformed into new heat-shrinkable films. Every kilogram of production scrap generated by IRSAP's plastic packaging, recovered by Aliplast, finds new life in Crocco's products, with no waste or residues to be disposed of. The process is based on a circuit as simple as it is innovative, all made in Italy. IRSAP uses polyethylene films to package its designer radiator products; the scrap generated by this process, which is considered waste in all respects, is collected by Aliplast, which collects, sorts, washes and transforms it into post-consumer plastic granules.

In 2025, it is expected that approximately 95 tons of film containing IRSAP waste recovered by Aliplast (approximately 45 tons) will be produced, thus absorbing all of IRSAP's production waste. The project also guarantees cost

stability: the use of 50% recycled material does not entail price increases compared to traditional solutions, offering a concrete possibility of transitioning to more sustainable production processes.

The synergy between Crocco, IRSAP and Aliplast, all based in Veneto but destined to inspire other companies, shows that plastic can be managed in a virtuous way, limiting waste as much as possible and with tangible advantages for the environment and for industrial competitiveness. The film obtained from this process confirms that, with the right collaboration and appropriate technologies, circular economy can form the basis for a new development model. During 2025, the expansion of the project to IRROM will also be assessed.

The field of action remains IRSAP S.p.A. Italia, but during 2025, the actions will be expanded to include the IRROM Industrie headquarters, where the other production facility is located and, therefore, where most of the Group's environmental impact occurs.
The financial resources are guaranteed through a budget dedicated to the sustainability projects described in this report and follows the established budgeting processes.

MDR-T   Tracking effectiveness of policies and actions through targets

IRSAP Group has initiated a structured strategy deployment process to define measurable, results-oriented goals , which will be fully operational from 2025 onwards.
The goals are in line with the six strategic guidelines defined in section SBM-1, and are divided into the following areas:

- **growth:** increase in the order portfolio and order volumes
- **sustainability:** reduction of CO_2 emissions
- **customer:** reduction of complaints received
- **innovation and design:** increase in the number of new products and technical changes placed on the market
- **efficiency:** reduction of labour hours per battery produced and minimisation of waste and rework
- **people:** improvement in the effectiveness of recruitment processes and training.

These goals apply to the entire IRSAP Group, including the production of radiators, accessories and controlled mechanical ventilation (CMV) systems, and are valid across all operating sites. The baseline reference is set at 2025, the year from which progress will be measured and the results assessed. The monitoring process will be carried out using specific quality and quantity indicators for each area, and will be subject to periodic analysis as part of the Management Review.

Annexes to the Sustainability Report

List of Disclosure Obligations made public

ESRS	Disclosure requirement	Description of disclosure requirement
ESRS 2	BP-1	General basis for preparation of sustainability statements
ESRS 2	BP-2	Disclosures in relation to specific circumstances
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies
ESRS 2	GOV 2	Information provided to and sustainability matters addressed by the company's administrative, management and supervisory bodies
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive systems
ESRS 2	GOV-4	Statement on due diligence
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting
ESRS 2	SBM-1	Strategy, business model and value chain
ESRS 2	SBM-2	Interests and views of stakeholders
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the company's sustainability statement
ESRS E1	E1-1	Transition plan for climate change mitigation
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation
ESRS E1	E1-3	Actions and resources in relation to climate change policies
ESRS E1	E1-4	Targets related to climate change mitigation and adaptation
ESRS E1	E1-5	Energy consumption and mix
ESRS E1	E1-6	Gross scopes 1, 2, 3 and Total GHG emissions
ESRS E5	E5-1	Policies related to resource use and circular economy
ESRS E5	E5-2	Actions and resources related to resource use and circular economy
ESRS E5	E5-3	Targets related to resource use and circular economy
ESRS E5	E5-4	Resource inflows
ESRS E5	E5-5	Resource outflows
ESRS S1	S1-1	Policies related to own workforce
ESRS S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1	S1-4	Taking action on material impacts on own workforce and approaches to managing materials risks and pursuing material opportunities related to own workforce, and effectiveness of these actions
ESRS S1	S1-5	Targets related to managing material impacts, advancing positive impacts, as well as risks and opportunities
ESRS S1	S1-6	Characteristics of the company's employees
ESRS S1	S1-7	Characteristics of non-employee workers in the company's own workforce
ESRS S1	S1-14	Performance of health and safety system
ESRS S1	S1-15	Work-life balance
ESRS S3	S3-1	Policies related to affected communities
ESRS S3	S3-2	Processes for engaging with affected communities about impacts
ESRS S3	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns
ESRS S3	S3-4	Taking action on material impacts on affected communities and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S3	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS S4	S4-1	Policies related to consumers and end-users
ESRS S4	S4-2	Processes for engaging consumers and end-users about impacts
ESRS S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4	S4-4	Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS G1	G1-1	Business conduct policies and corporate culture
ESRS G1	G1-2	Management of relationships with suppliers
ESRS G1	G1-6	Payment practices
Entity specific: Quality and product innovation	MDR-P	Policies adopted to manage material sustainability matters
Entity specific: Quality and product innovation	MDR-A	Actions and resources in relation to material sustainability matters
Entity specific: Product quality and innovation	MDR-T	Tracking effectiveness of policies and actions through targets