COLNAGO - REPORT ESG - 2024

COLNAGO

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LETTER TO STAKEHOLDERS FROM THE CEO

Dear Stakeholders,

We are pleased to present our second Sustainability Report, a significant step in sharing Colnago's commitment to responsible and sustainable growth with transparency. The results in this report reflect our achievements for the year 2024, and the report itself has been compiled in 2025 to provide a comprehensive overview of our progress.

Our vision of sustainability is rooted in the belief that the technical excellence and craftsmanship that define Colnago must be accompanied by a deep responsibility toward both the environment and people. For us, sustainability means integrating every decision with respect and care for resources, while maintaining the high quality our customers expect.

Environmental Impact: We have implemented concrete actions to reduce our carbon footprint, monitoring greenhouse gas emissions through the Greenhouse Gas Protocol (Scopes 1, 2, and 3) and identifying areas for improvement across our entire value chain. Reducing non-recyclable materials in our packaging is a priority, although our goal to eliminate plastic requires a gradual approach to ensure product protection and quality during distribution.

Commitment to People: Colnago firmly believes that corporate success is intrinsically linked to the well-being and growth of its employees. We are fostering a workplace that promotes collaboration, inclusivity, and well-being. We have introduced work-life balance policies, promoted professional growth through continuous training programs, and are actively supporting both physical and psychological well-being. These investments in our human capital allow us to grow within a context of mutual respect and motivation.

Governance and Transparency: The adoption of an ethical and responsible approach guides all our activities. We have updated our corporate regulations and we are working on implementing a Code of Ethics to reinforce integrity and transparency in our interactions with customers, suppliers, and partners. Our governance ensures continuous attention to regulatory compliance and the management of any conflicts of interest.

In 2024, our commitment was further strengthened by updating our materiality analysis through a double materiality approach. This enabled us to integrate not only impact-related considerations, but also a structured mapping of financial risks and opportunities stemming from external ESG factors. By assessing how environmental regulations, social expectations, and governance standards could influence our economic and financial performance, we have laid the foundation for more informed, forward-looking decision-making. This approach enhances our ability to manage uncertainty, seize new opportunities, and align our strategic planning with long-term value creation.

We are proud to share these achievements and to continue exploring new opportunities to expand our sustainability strategy, including integrating low-impact technologies in our new facility and collaborating with research institutions to develop innovative materials. Our path of continuous improvement, driven by stakeholder's feedback, allows us to build a future where quality and responsibility can coexist—today and for generations to come.

Sincerely,

Nicola Rosin
Chief Executive Officer

THE COMPANY

Colnago's history

Founded in 1954 by Ernesto Colnago, Colnago is one of the leading companies in the cycling world, well-known for its dedication to the combination of artisanship with technological innovation. We are specialised in the manufacturing and worldwide commercialisation of high-end racing frames and bicycles. The history of Colnago is characterised by a continuous pursuit of quality and performance, making the brand synonymous with success and prestige within the world of competitive cycling.

The Beginnings

Ernesto Colnago began his cycling career as an apprentice at a bicycle factory at the age of 13. His passion and talent for mechanics led him to establish his own company in Cambiago, Italy, in 1954. Colnago quickly distinguished itself by producing high-quality bicycles, built with precision and careful attention to detail.

Innovation and Successes

In the 1960s and 1970s, Colnago became famous for introducing innovations that revolutionised bicycle design. In 1960, the company introduced the lugged frame, which significantly improved the bicycle's rigidity and stability. This innovation contributed to the successes of professional cyclists, including Eddy Merckx, who won numerous titles with a Colnago bicycle.

Collaborations and Technological Developments

Colnago has always sought to push the boundaries of cycling technology. In the 1980s, the company collaborated with Ferrari to develop new technologies and materials, including the introduction of carbon fibre in bicycle frames. This collaboration led to the creation of the Colnago C35, one of the world's first carbon racing bicycles, presented in 1989.

Global Expansion

Colnago continued to grow and innovate both in the 1990s and 2000s, expanding into global markets while maintaining its commitment to quality. The company introduced iconic models such as the C40 and C50, which achieved enormous success in international competitions. Colnago also invested in the development of aerodynamic and lightweight bicycles, ideal for road cycling and time trials.

Sustainability and Future

Colnago has embarked on a decisive and ambitious path to integrate sustainability goals within its corporate strategy. With the recent initiative to calculate our carbon footprint, we aim to quantify emissions generated along the entire value chain, demonstrating a concrete commitment to spot the potential area of improvement and understand how to mitigate our contribution to climate change.

Furthermore, the company has decided to actively involve its stakeholders in the reporting process, promoting transparent and accurate communication of its sustainability performance and future targets. This approach not only strengthens the trust of consumers and business partners but also creates a constructive dialogue with the community, which is essential for achieving long-term sustainable goals. Colnago is committed to maintaining high standards of social and environmental responsibility by integrating sustainable practices into daily operations, which in turn will ensure its financial resiliency.

Our sustainable development statement

Colnago is an organisation founded on the value of people. We believe that our success and ability to meet the needs of stakeholders are intrinsically linked to the contribution and commitment of the individuals who make up our company. Colnago's consumers, known for their attentiveness and passion towards our products and services, are the focal point of our activities, and we strive with unconditional dedication to meet their expectations.

Our sustainable development strategy is centred on creating a working environment where individuals can express their personalities and creativity, operating within well-defined roles and an organised structure. We firmly believe that only through freedom of expression and mutual respect we can foster the progress and growth of the company.

This commitment extends to a profound respect for the people around us, not only within the working environment but also in the external one. We are aware that our products, as luxury goods, must now also meet the increasing sustainability expectations of our clients. Therefore, we are undertaking a well-structured journey allowing Colnago to ensure greater harmony between its products and the environment, promoting eco-friendly and responsible practices in all stages of our operations. Colnago is determined to continue on this path, recognising that sustainability is not just a choice, but a duty towards future generations and the planet hosting us. With a clear vision and a transparent strategy, we are committed to building a more sustainable future, where the excellence of our products is combined with the respect and protection of both people and environment.

The business model and our value chain

Upstream

Colnago's supply chain is structured to support and enhance our business model, which is distinguished by the high quality and innovation of our products. Our suppliers' network consists of approximately forty highly specialised companies in bicycle components, with a particular focus on carbon fibre processing, a critical material for the production of our frames and structural components.

Colnago's business model is based on a balance between artisanal tradition and technological innovation. Our mission is to produce bicycles that are at the forefront in terms of performance, design, and sustainability. To achieve this goal, Colnago combines the use of high-quality materials, such as carbon fibre, with well-established artisanal techniques, thus ensuring a final product that meets the highest standards of excellence. This hybrid approach allows us to effectively meet the demand of an increasingly discerning market while maintaining a strong connection to the artisanal roots that have made Colnago an iconic brand within the cycling world.

A significant portion of the carbon fibre components comes from the Far East, a choice driven by the need to access the best materials available on the global market. To facilitate the management of relationships with foreign suppliers and ensure a steady flow of materials, Colnago sometimes employs a local trader who acts as an intermediary, ensuring efficiency and continuity in supplies.

At the same time, Colnago relies on a network of local suppliers for processes that require a high degree of craftsmanship and specialisation, such as welding, chroming, and painting. These suppliers are selected not only for their technical skills but also for their ability to interpret and fulfil Colnago's unique specifications, thereby contributing to the creation of products of excellence.

Relationships with suppliers are managed through closed orders, without the support of formal written contracts. This flexible collaboration approach allows Colnago to maintain a certain level of operational agility while ensuring compliance with the required technical and quality specifications.

Concerning standard components, Colnago directly purchases market-available parts, carefully selecting suppliers based on technical, economic, and environmental criteria. However, for carbon fibre frames and tubes, we adopt a more personalised approach since designs are developed internally based on exclusive Colnago blueprints and we also own the moulds necessary for production.

The geographic selection of suppliers is always guided by a careful assessment of technical, economic, and environmental conditions. While recognising the importance of proximity for some production processes, the need to ensure the best components available globally requires sourcing also from geographically distant suppliers. This diversified approach allows us to maintain the high-quality standards characterising Colnago's brand while also contributing to the sustainability of our supply chain.

Downstream

Colnago's downstream value chain operates on a global scale, reflecting the widespread reach and recognition of our brand in the international cycling industry. Our customers are all over the world. Our distribution model includes distributors (wholesalers) and, for specific territories, retailers that are located in particularly the key markets such as Italy, Germany and USA.

Our distribution model is built on medium to long-term relationships, founded on mutual trust and a shared vision of excellence and quality. Despite the absence of formal written contracts, our relationships with commercial partners are strong and enduring, based on a collaboration that ensures continuity and consistency in the distribution of our products. This approach allows us to maintain operational flexibility, which is essential for quickly adapting to the ever-changing market dynamics.

Through a carefully selected network of distributors and retailers, Colnago can ensure that its bicycles and associated products reach high-end consumers worldwide, preserving the quality and integrity that define our brand. Our global presence is the result of a targeted strategy that prioritises the quality of business relationships, the expertise of our partners, and the ability to meet the needs of the most demanding cyclists, regardless of their location.

Bikes' categories

Colnago is focused on drop bar bicycles and frames (Road, TT, Gravel). Each category reflects the company's commitment to innovation, quality, and performance. The main types of bicycles we offer are the following:

Road Bikes Colnago's road bikes are the cornerstone of the company's offering. Designed for optimal performance on asphalt, these bicycles combine lightness, aerodynamics, and stiffness. Each model is developed to ensure maximum speed and responsiveness, making them ideal for competitions and long-distance training. The range includes models built with cutting-edge carbon frames, which not only deliver high performance but also focus on reducing weight and enhancing the rider's energy efficiency.

Allroad Bikes Colnago's Allroad bikes are designed for those seeking versatility and adaptability across different types of terrain. These bicycles are ideal for riders who want to explore unpaved roads or tackle mixed routes while maintaining superior comfort and handling. With sturdy frames and balanced geometries, Allroad bikes offer stability and durability without compromising on-road speed and performance.

Gravel Bikes Gravel bikes are the perfect choice for adventurers and those who enjoy cycling on rough terrains. Colnago has developed these bicycles with a design that allows them to handle gravel, mud, and uneven trails while providing a smooth and secure riding experience. Featuring robust frames and the ability to accommodate larger tires, Colnago's gravel bikes enable cyclists to push the boundaries of traditional road cycling.

Time Trial Bikes Colnago's time trial bikes are designed for speed enthusiasts and precision riders. Optimised for races against the clock, these bicycles boast advanced aerodynamics and exceptional torsional stiffness, allowing cyclists to maximise power output with minimal energy expenditure. Every detail, from aerodynamically sculpted frames to integrated transmission systems, is engineered to minimise wind resistance and enhance average speed during competitions.

Iconic Steel The Iconic Steel line pays homage to Colnago's historical roots, featuring bicycles built with steel frames that evoke the elegance and tradition of classic cycling. These bikes combine the charm of traditional artisanship with modern technologies, offering a comfortable ride and solid performance.

C Series The bicycles in Colnago's C series represent the pinnacle of Italian craftsmanship, combining advanced design with traditional construction techniques. Made with the highest quality carbon fibre tubes, these bikes are assembled through a meticulous process of manual bonding and painting, ensuring strength, lightness, and aesthetic customization. The final assembly, carried out entirely by hand, guarantees exceptional performance and responsive handling, making each model in the C series a unique and cutting-edge product that reflects Colnago's commitment to quality and sustainability.

OUR APPROACH TO SUSTAINABILITY

Colnago's main stakeholders

Stakeholders' engagement is an essential process for strategic planning and business development, as well as for sustainability activities and programs in line with the pursuit of the Sustainable Development Goals of the United Nations' 2030 Agenda. It represents a key action for companies that aim to contribute to environmental and social responsibility. Through proactive and authentic engagement, firms can build solid relationships that prevent risks, open up opportunities for innovation, and adapt more effectively to a dynamic market demand. The involvement of stakeholders allows the identification of potential issues, needs, and requirements of corporate interlocutors in order to collect different points of view about the approach adopted by Colnago to create economic, social and environmental value.

The most relevant actors - individuals, groups or organisations - that have a direct or an indirect interest in Colnago's business activities were ordered in 11 different clusters and categorised by employing the power-influence criteria. Apart from the internal and external stakeholders, we decided to take into account also those silent entities that do not have a direct voice or active role in business operations but might offer hidden insights allowing Colnago to have a more comprehensive representation of the external context.

Internal

Tier 1
- Administrators and managers
- Employees and collaborators

External

Tier 1
- Athletes
- Professional teams
- Investors

Tier 2
- Sponsors
- Clients

Tier 3
- Suppliers
- Media

Silent

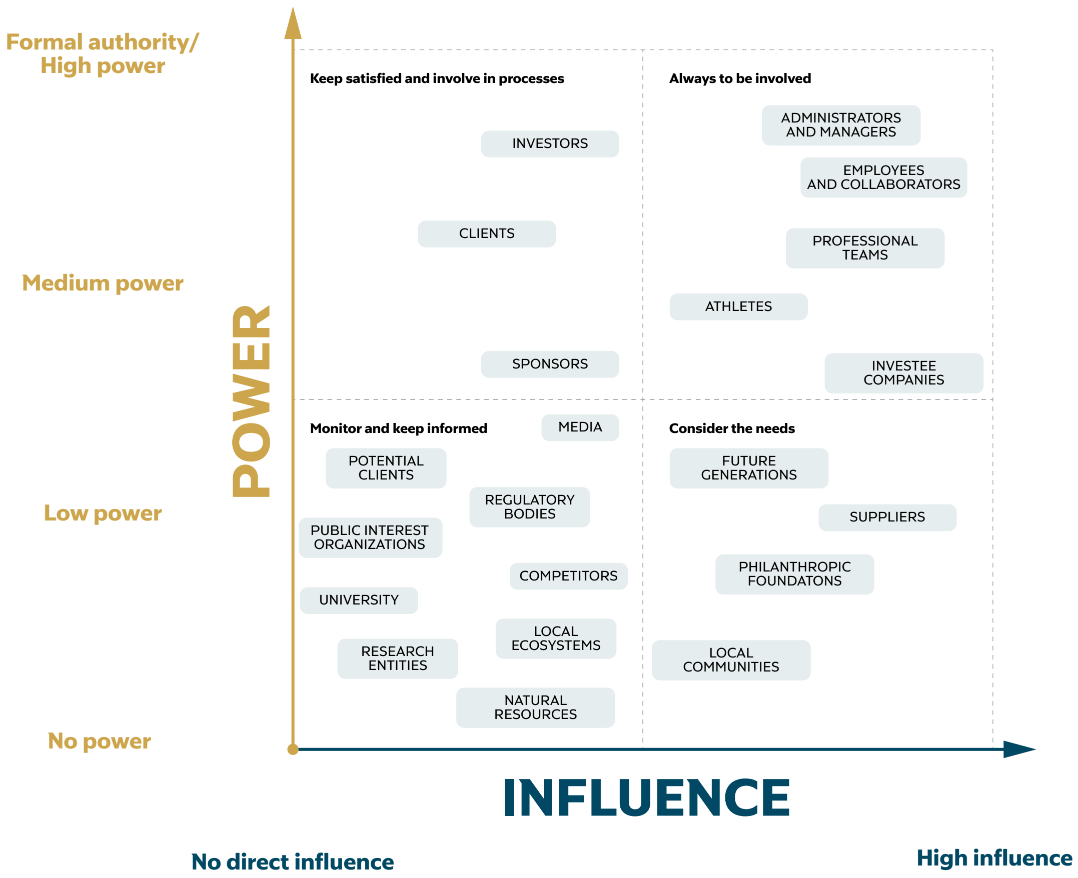
Tier 1

-

Tier 2
- Local communities

Tier 2
- Future generations

Through an interactive workshop involving the executives of our corporate departments, we identified key stakeholders that were then evaluated through a voting procedure according to the power-influence criteria. The former assesses the capability of each stakeholder to affect both objectives and decision-making processes of Colnago, while the latter evaluates to what extent the stakeholder is influenced by our operations. Thus, based on the results of the executives' votes, the identified stakeholders have been arranged along the two axes of a matrix representing the degree of power and the degree of influence. The four quadrants correspond to the different communication approaches that Colnago will employ to manage stakeholders' engagement along its path towards the integration of sustainability in its business strategy.



The stakeholders' position within the matrix represents an indication of the most appropriate actions that should be taken with each of them:

Manage closely These stakeholders are likely to have a significant influence on decision-makers and our reporting activities. It is essential to maintain close communication with them to manage their expectations effectively.

Keep satisfied These stakeholders must be kept informed about the progress related to the reporting project. Even if they may not be interested in the outcome, they possess significant power. It is crucial to manage these stakeholders cautiously, as their dissatisfaction could lead to the exertion of their influence negatively.

Keep informed	Keep these stakeholders adequately informed and maintain regular communication with them to ensure that no major issues arise. They can often provide valuable insights and assistance concerning the ongoing project.
Monitor	Monitoring them can allow the company to reach any stakeholder, even if in this case it is not strictly necessary to spend excessive time and energy on communication.

This categorization allows us to develop an effective stakeholder engagement plan that outlines how they will be engaged throughout the reporting activities from now on, how their needs and concerns will be addressed, and how their expectations will be managed. Colnago might take this matrix as the reference point to build communication strategies about its commitment and objectives for their gradual involvement in the future projects.

Stakeholders' feedback is essential to gain valuable information regarding the effectiveness of our actions. Moreover, they can support Colnago to select the environmental, social and governance material topics on which the company has or could have both positive and negative impacts. Therefore, for this first reporting effort, Colnago has decided to engage the clusters of internal stakeholders (administrators, managers and employees) to carry out a preliminary evaluation of the potential topics that should be included in this report.

By integrating stakeholder engagement as a fundamental component of our strategy, we aim to nurture stronger relationships, enhance transparency, and build trust with our stakeholders. Colnago is committed to maintain a continuous dialogue that fosters mutual understanding and collaboration, ultimately driving positive impacts that could be generated not only for the company itself but also for the environment and the society.

The materiality assessment

Within the context of sustainability reporting, materiality analysis plays a crucial role for the identification and prioritisation of the sustainability topics that are most significant to our business and stakeholders. This assessment ensures the integration of ESG priorities into our core business strategy, making it a driver for long-term success rather than a peripheral activity. Thus, Colnago is able to allocate human and economic resources more efficiently to actively understand and address concerns and expectations of its main stakeholders.

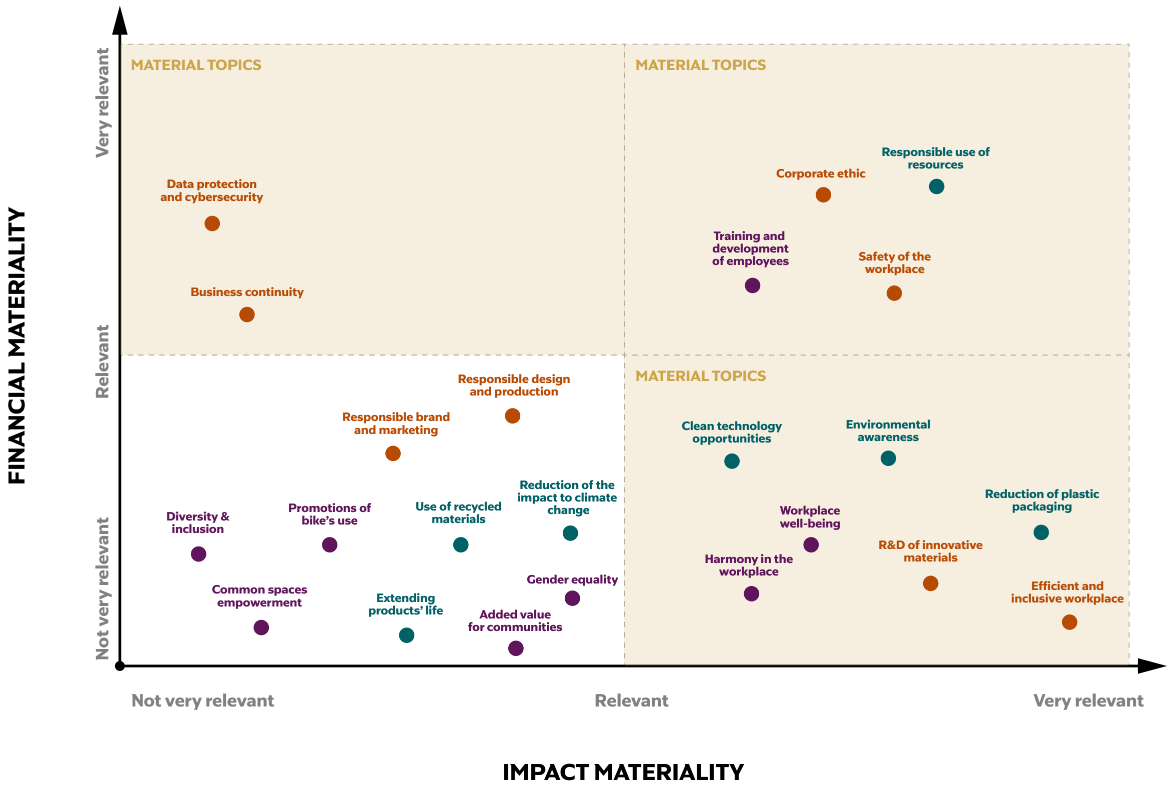
Last year, we decided to voluntarily draft Colnago's first Sustainability Report for the year 2023 based on the GRI Standards. In preparation for the 2024 Sustainability Report, we have chosen to adopt a more structured approach to identifying the material topics to be reported, based on the principle of double materiality and the draft version of the ESRS standards, which introduces changes in the required content and allows us to be compliant with the evolving regulatory context of the European Union.

With regard to impact materiality, we referred to the work carried out last year, which assessed the effects of Colnago's activities on the environment and society along the entire value chain. In this context, we engaged various categories of stakeholders, from management to customers, through structured questionnaires aimed at gathering evaluations on the importance and perceived impact of sustainability topics.

In parallel, we developed the financial materiality assessment, with the objective of analyzing the economic and financial risks and opportunities linked to ESG issues that could affect corporate performance. This work began with the identification of a set of relevant risks and opportunities, selected based on the characteristics of Colnago's sector and business model. We then shared the resulting list with management during a dedicated workshop, where each risk and opportunity was assessed in terms of magnitude, potential economic impact on the company, and likelihood of occurrence.
The integration of the results from both analyses led to the development of the double materiality matrix, through which we identified the material topics that guided the drafting of this report.

Our material topics

The final phase of our materiality assessment was supported by the double materiality matrix that helps prioritise actions and resource allocation, ensuring that the most critical issues receive the required attention. The double materiality analysis enabled us to accurately identify impact areas, risks, and opportunities, and to align the company's sustainability strategies with stakeholder expectations and regulatory requirements. This process not only meets the ESRS standards but also lays the groundwork for continuous improvement and responsible innovation in the future.
This is how our double materiality matrix was developed. We identified the impacts, risks, and opportunities associated with each topic, linking them to the United Nations 2030 Sustainable Development Goals.



The process of updating the double materiality analysis involved a revision of the material topics, introducing few changes compared to those identified in the previous Sustainability Report. Specifically, within the governance pillar, Data protection and cybersecurity and Business continuity emerged as new material topics from a financial perspective. Respectively, the analysis highlighted the threat to our operations coming from potential cybersecurity violations and the opportunity in facilitating the access to capital and incentives by capitalizing on our sustainability commitment.

Environmental material topics

SDG	Material topic	IRO - Impacts, risks and opportunities	Description
	Reduction of plastic packaging	I: Use of alternative materials for packaging	*Integration of alternative materials to plastic to mitigate the environmental impact generated by the disposal of traditional packaging.*
	Responsible use of resources	I: Optimization and re-use	*Implementation of more efficient processes that reduce the use of raw materials and natural resources.*
		I: Intensive use	*High consumption of water, minerals, and other natural resources during production processes.*
		R: Volatility of procurement costs	*The environmental impact of the extraction and processing of raw materials used can lead suppliers to incur penalties or restrictions that affect their associated costs.*
	Environmental awareness	I: Incentivising the transition	*Foster a culture of environmental awareness and encourage sustainable practices by actively engaging in raising awareness among stakeholders.*
		O: Expansion into new markets	*The adoption of environmental or supply chain certifications can facilitate sales in markets where the ESG component is highly valued (e.g., Northern Europe, the USA).*

SDG	Material topic	IRO - Impacts, risks and opportunities	Description
	Clean technology opportunities	I: Use of clean energy for internal operations	*Implementation of renewable energy and eco-friendly materials to reduce dependence on fossil fuels and the production of polluting industrial waste.*
		R: Increase in production costs	*Processing operations may require cost increases related to energy consumption, waste disposal, etc.*
		O: Operational efficiency and cost reduction	*Implementing more efficient production processes or selecting suppliers who have developed them can help reduce costs in the medium term.*

Social material topics

SDG	Material topic	Risks and opportunities	Description
	Harmony in the workplace	I: Harmonious workplace	*Develop an internal culture open to dialogue that encourages staff involvement through systems of discussion and debate.*
	Training and development of employees	I: Incentivizing the progress	*Improve the abilities, skills, knowledge, and talents of employees within the company, enabling continuous growth and career advancement.*
		O: Reduction of turnover	*Focusing on worker well-being through policies and training programs can lead to reduced turnover.*
	Workplace well-being	I: Ensure employees' well-being	*Contribute to the physical, mental, and emotional health of workers within the company by promoting a safe work environment and work-life balance.*
		I: Burnout events	*Overwhelming stress could lead to emotional, physical, and mental exhaustion associated with work.*

Governance material topics

SDG	Material topic	Risks and opportunities	Description
	Efficient and inclusive workplace	I: Inclusive corporate culture	*Creation of policies and practices that ensure the fair and active participation of all staff, encouraging greater productivity and operational efficiency.*
	Safety of the workplace	I: Employees' training	*Conduct regular training sessions on safety protocols and the proper use of machinery and protective equipment.*
		I: Workplace injuries	*Workplace accidents that cause physical and psychological harm, as well as legal and reputational consequences.*
		R: Legal causes and penalties for injuries	*A lack of attention to safety standards can lead to workplace accidents, increased costs, and legal and reputational risks.*
	R&D of innovative materials	I: R&D investments	*Contribute to the research and development of innovative materials and solutions that are more aligned with the principles of the circular economy.*
	Business continuity	O: Access to capital and incentives	*Sustainable investment funds, banks focused on ESG criteria, and green bonds offer better financing conditions, as well as potential government incentives or benefits to access.*

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Governance material topics

SDG	Material topic	Risks and opportunities	Description
	Data protection and cybersecurity	R: Cybersecurity threats	*A violation of computer systems can lead to data breaches and the disruption of digitalized internal processes.*
	Corporate ethic	I: Ethical guidelines	*Adhere to principles of integrity, transparency, and accountability, both internally and in business relationships.*
		R: Sport scandals	*Scandals involving athletes – such as doping cases – with whom the company has a partnership can have repercussions on the brand.*
		O: Loyalty of premium customers	*Consistency with ethical values strengthens the loyalty of premium customers who evaluate products not only for performance but also sustainability aspects.*
		R: Regulatory and reputational pressure	*Regulatory requirements or reputational pressures to reduce impacts can lead to higher management costs and potential fines.*

COMMITMENT TOWARDS ENVIRONMENT

Responsible packaging

Colnago manufactures high-quality bicycles that, due to their sophisticated and delicate nature, require exceptional protection during transportation. Ensuring maximum safety in packaging is crucial to prevent damage, which could compromise not only the product's integrity but also the customer experience, the brand's reputation, and lead to additional costs related to repairs, replacements, and delivery delays. The challenge is, therefore, to find sustainable packaging solutions that maintain these high standards of protection. For this reason, we acknowledge the importance of reducing the use of plastic or other fossil-based materials as the main components of our products' packaging.

The company's goal is to replace non-recyclable materials, such as plastic and polystyrene, with eco-friendly alternatives like cardboard and paper padding. This transition has already started for frame kits, where polystyrene has been replaced with paper. However, challenges remain for assembled bicycles, where the complexity and delicacy of the product still necessitate the use of polystyrene to ensure adequate protection during shipping. Thus, although the complete elimination of plastic in order to reduce our impact on the environment remains a complex matter for our company, we are committed to work on it in the near future.

Colnago currently employs a combination of renewable and non-renewable materials for the packaging of its products. During the reporting period, the company used 43,700 kg of cardboard and 5,280 kg of paper pudding, demonstrating a strong commitment to the usage of more sustainable practices. However, the use of 16,663 kg of polystyrene, 9,240 kg of polyethylene, 1,793 kg of expanded polyurethane, and 75 kg of double-sided tape highlights the challenge of protecting high-quality products intended for complex and long-distance shipments, including overseas deliveries.

Despite the progress made, we recognise that there is still room for improvement and, for this reason, we are exploring further solutions to minimise the environmental impact of the packaging without compromising protection during land, air, and sea shipments. The challenge will be to find materials that can progressively replace non-renewable ones while ensuring the safety of international shipments, where products travel through various environments and conditions, cutting down the risk of damage. Moving towards more sustainable materials is one of our strategic priorities, aligning with the company's commitment to greater environmental responsibility.

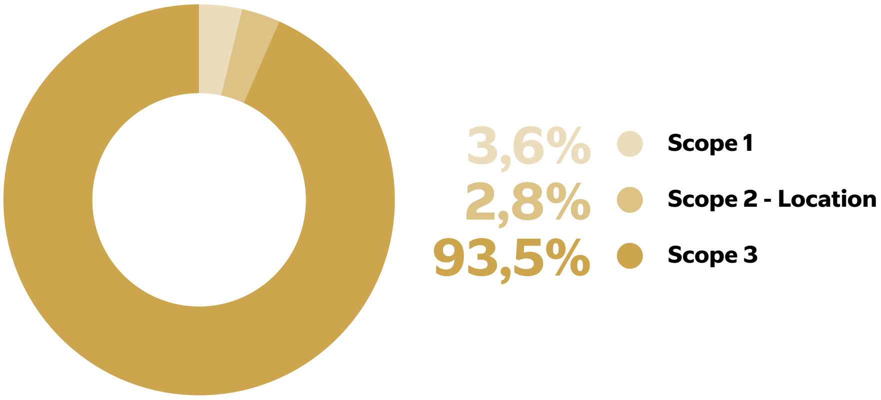
Attention to climate change

Besides the improvement of materials used for the packaging of its bikes and products, Colnago has decided to report on its greenhouse gas emissions categorised in accordance with the guidelines outlined in the Greenhouse Gas Protocol (GHG Protocol), since it is crucial for understanding and managing the climate impact of our operations. The GHG Protocol is a global standard recognised as the most widely used framework for calculating and reporting greenhouse gas emissions by companies and institutions. Emissions are classified into direct emissions related to the activities that fall under the operational control of the company (Scope 1), indirect emissions associated with the purchase of electricity (Scope 2), and indirect emissions generated along the entire company's value chain, both upstream and downstream (Scope 3).

Colnago has quantified emissions of all the three Scopes in order to obtain a comprehensive view of the company's carbon footprint, allowing for the identification of critical areas and the development of effective strategies to mitigate environmental impact. The primary goal of this reporting is to establish a solid basis for a clear and transparent path towards decarbonisation to be realised in the near future, continuously enhancing the company's environmental performance. This not only strengthens Colnago's commitment towards environmental sustainability, but also meets the growing expectations of stakeholders who demand greater transparency and accountability in addressing climate-related issues. Reporting emissions is therefore key for aligning with international standards and actively contributing to global efforts to address and fight climate change.

For our Carbon Footprint calculation, we were supported by Up2You, and through their CliMax platform, we monitored the greenhouse gas emissions generated by our business activities. To confirm the authority of the quantification performed, the CliMax platform has been validated by RINA, certifying the compliance and accuracy of the algorithms in accordance with the GHG Protocol standards. The total greenhouse gas emissions related to Colnago's activities, across the three Scopes, for the base year 2024 are presented in the following table.

Scope of emissions	Unit of measurement	2024	2023	2022
Scope 1	Tons of CO_2 eq	160	135	126
Scope 2 Location based	Tons of CO_2 eq	126	126	124
Scope 3	Tons of CO_2 eq	4,140	3,491	-
Total	Tons of CO_2 eq	4,426	3,752	250



The analysis of Colnago's greenhouse gas emissions reveals that the majority of emissions come from Scope 3, accounting for 93.5% of the total. This figure includes indirect emissions along both upstream and downstream segments of the value chain. Emissions from Scope 1 and Scope 2, which pertain respectively to activities directly controlled by the company and purchased energy, make up a smaller portion of the total emissions for the reporting period (5.5% combined).

Scope 1

During the reporting period, the company generated a total of 160.23 metric tons of CO2 equivalent from direct sources. The majority of these emissions originate from the use of natural gas (34%), followed by fuel used for company vehicles (20%). Emissions from refrigerants and other direct emissions from company processes account for 2% and 1%, respectively. The following table presents the breakdown of the results of direct GHG emissions related to Scope 1.

Emissions' source	Unit of measurement	2024	2023	2022
Natural gas	Tons of CO_2 eq	96	84.54	95.6
Refrigerant gases	Tons of CO_2 eq	4.52	5.61	1.36
Fuel for company vehicles	Tons of CO_2 eq	55.96	42.11	26.48
Other direct consumptions	Tons of CO_2 eq	3.75	3.07	2.66
Total	Tons of CO_2 eq	160.23	135.55	126.1

Scope 2

The calculation of Scope 2 emissions can be performed using two methodologies.

Location-Based Approach This method considers the average emission factor for the electricity consumed, based on the national energy mix of the country where the company operates.

Market-Based Approach This method takes into account the amount of energy used produced from renewable sources directly purchased by the company, provided it is certified by the GSE through the issuance of a certificate of origin.

For the results of overall emissions presented in this study, Scope 2 emissions are calculated using the location-based approach. The following table presents Colnago's greenhouse gas emissions for Scope 2 according to both approaches.

Calculation approach	Unit of measurement	2024	2023	2022
Scope 2 - Location based	Tons of CO_2 eq	125.93	125.65	124.23
Scope 2 - Market based	Tons of CO_2 eq	182.77	182.35	180.29

Scope 3

The 15 categories within Scope 3 offer a structured overview of the measurement and management opportunities for emissions across the entire value chain. However, a company should focus only on those categories including the activities that might represent the main sources of emissions. Based on the available information and the significance assigned to each category, the selection made is shown in the following table:

Selected categories - Upstream
3.1 Purchase of goods and services
3.2 Capital goods
3.3 Extraction and transport of energy and fuels
3.4 Upstream transport and distribution
3.5 Production waste
3.6 Business travel
3.7 Commuting

Selected categories - Downstream
3.9 Downstream transport and distribution

In the following chart, the overall results of the calculation of indirect GHG emissions related to Scope 3 for Colnago are shown according to the weight of each selected category.

Scope 3 emissions' category	Unit of measurement	2024	2023
Purchase of goods and services	Tons of CO_2 eq	3,221.16	2,602.89
Capital goods	Tons of CO_2 eq	34.55	158.35
Extraction and transportation of energy and fuel	Tons of CO_2 eq	47.61	45.63
Upstream transport and distribution	Tons of CO_2 eq	316.62	159.79
Production waste	Tons of CO_2 eq	0.76	2.81
Business travel	Tons of CO_2 eq	124.97	87.81
Commuting	Tons of CO_2 eq	53.36	105.09
Downstream transport and distribution	Tons of CO_2 eq	340.98	329.09
Total	Tons of CO_2 eq	4,140	3,401

These results indicate that, in line with industry averages and our business model, Scope 3 encompasses the largest share of emissions. This is primarily due to the procurement of goods and services and the downstream transportation and distribution of the final products within an extensive commercial network that spans across multiple countries, inside and outside Europe. While other selected categories give a relatively small contribution to the generation of indirect emissions, the impact of production waste is negligible if compared to the other sources along the company's value chain.

COMMITMENT TOWARDS PEOPLE

Building a harmonious workplace

A harmonious work environment is a key element for a company's success and the effective implementation of its strategies. A context characterised by respect, collaboration, and well-being fosters innovation, enhances productivity, and increases employee retention. A positive atmosphere encourages employee engagement and motivation, which are key factors in achieving corporate goals and building a resilient and sustainable organisation over time. The net number of employees recorded during the reporting period is 47 (35 men and 12 women), of which 42 work under a full-time contract. Moreover, Colnago leverages the service of a consultant who is in charge of the management of the marketing department. Within the corporate population there are also 3 autonomous workers, one of them non-employed, the second one self-employed and the last one coming from a third-party agency. Colnago's success in creating a job environment where people are motivated to work is witnessed by the turnover rate amounting to 0%. Moreover, we are evaluating the expansion of flexibility, for instance by implementing the short workweek, in order to favour the work-life balance of the office staff.

Current operating expenditures amount to €100,000 and capital expenditures are presently at zero. Looking ahead, we have earmarked an additional €200,000 of OpEx for future initiatives, with CapEx similarly planned at zero. This brings our total available budget dedicated to workplace harmony rising by €100,000 in the upcoming planning cycle. These funds are deployed through a combination of fringe benefits, meal vouchers and a comprehensive welfare scheme.

Through these initiatives, we aim not only to enhance operational efficiency but also to create a work environment where every employee feels valued, heard, and essential for the company's success. This approach fosters the development of an inclusive and motivating workplace that is necessary for the sustainable growth of the organisation.

Promotion of work-life balance

Throughout 2024, we translated policy into practice by organizing a series of team-building events—ranging from retreats at CCF in Desenzano and group rides around the Giro di Lombardia, to our annual Christmas celebration. At the same time, flexible work arrangements such as smart working and variable hours were firmly established, new communal breaks and cafeteria spaces were created to foster informal socialization, and regular project-sharing sessions were held to strengthen internal cohesion

Another key commitment is the provision of benefits such as meal vouchers, reflecting the company's attentiveness to the needs of its employees. Additionally, Colnago is considering the introduction of remote working options to provide greater flexibility and improve the balance between professional and personal life. We are willing to reduce stress by contributing to the development of a more harmonious work environment that can support long-term productivity.

As we move into 2025 and 2026, our efforts will evolve into a structured, area-specific approach. We will roll out professional development courses tailored to each business unit, introduce feedback and performance-evaluation tools, and formalize a recognition system. By 2027, this roadmap will culminate in an incentive scheme directly tied to team and organizational objectives. Aligned budgeting and clear performance metrics will ensure these initiatives not only boost operational efficiency but also cultivate an environment where every employee feels valued, heard and indispensable to Colnago's sustainable growth.

Colnago is committed to closely monitoring the effectiveness of these actions, with the goal of continuously adapting strategies to meet the emerging needs of its workforce. Thus, we are planning to monitor the efficacy of these programs through analyses of our workplace and employee satisfaction assessments in order to review and improve them based on the outcomes we receive. Apart from the qualitative insights that we can collect among our employees, the effectiveness of such policies will also be measured through quantitative indicators concerning, for example, reduced turnover, increased productivity, and improved interpersonal dynamics.

Improving employees' well-being

Colnago's sustainable development strategy combines a harmonious workplace with specific programs focused on enhancing employees' well-being. Nowadays, we guarantee flexible working hours by allowing our workforce to autonomously manage their time and activities in order to dedicate the necessary time to families and personal life. Additionally, we allow employees to reduce their working hours on Fridays during the summer months (from June to August) with the option to take paid time off. Our objective is to promote mental health and reduce potential burnout episodes triggered by excessive stress levels.

Starting from 2025, Colnago plans to further strengthen its commitment by introducing welfare policies aimed at improving both the quality of work and the balance between professional and personal life. On the one hand, these initiatives will focus on promoting physical health through partnerships with fitness centres that can ensure discounted prices for our employees. At the same time, Colnago plans to collaborate with professionals such as osteopaths and physiotherapists to offer specific and personalised support. These services, which will be available on a voluntary basis, aim to address significant health risks not directly related to work. On the other hand, targeted interventions will be implemented to address psychological and emotional well-being, including the establishment of a counselling service with an occupational psychologist and the provision of mindfulness training courses.

These measures are not just an investment in individual well-being but a strategic commitment that reflects Colnago's dedication to creating a work environment that values people and supports the achievement of corporate goals in a context of mutual respect and care. We intend to monitor the effectiveness of these actions through key indicators such as employee participation rates in wellness programs and reduction in absenteeism. The effectiveness of these policies will be assessed based on their ability to generate tangible and sustainable benefits in the long term by reviewing first-hand feedback collected from employees.

Although no burnout episode was recorded during the reporting period, or before, the company recognises that until today a formal structure dedicated to an effective stress management has not been put in place yet. However, given the matter's sensitivity, interviews have already been conducted to expand our Human Resources department by hiring new professionals who will be focused on implementing measures to prevent burnout.

Employee benefits

Colnago is committed to creating a work environment that values and supports all its employees, regardless of their contractual status or working hours. Currently, the benefits offered include “Metasalute” health insurance, which is provided under the national collective bargaining agreement for the metalworking sector with a basic package that the company plans to expand in the future. Additionally, for frontline management and their families, the company provides enrollment in an additional health fund, Blu Assistance by Unipol-Sai, which offers broader coverage, particularly for injury protection.

Employees also benefit from parental leave and pension contributions as stipulated by the national collective agreement. The company’s welfare program, also aligned with the National Collective Bargaining Employment Contract, has been enhanced with additional structured services. During 2024, a €200 bonus was introduced for each new birth, as a gesture of support for employees becoming parents.

All employees (100%) are entitled to take family leave, as regulated by the national collective labor agreement for the metalworking industry. The company currently does not have any internal social policies that go beyond what is outlined in this agreement. Over the reporting period, 11% of employees made use of family leave, most of them were male (66.7%). This reflects a regulated and accessible framework for family-related leave, with utilization distributed across both genders.

We are aware that a fair and comprehensive benefits system is essential for attracting and retaining talent, as well as for promoting employee well-being and satisfaction. In this regard, Colnago is committed to continuously improve the available benefits, with the aim of adapting and better meeting the needs of its employees from different age groups.

Promotion of continuous improvement

Employee training and development are key elements for the sustainable growth of Colnago. Although specific strategies in this area have yet to be implemented, the company recognises the importance of investing in targeted training plans aimed at enhancing the technical skills of employees, with programs tailored to specific areas, roles, and responsibilities. These incentives are designed to foster a culture of continuous improvement and to recognise excellence within the organisation, supporting professional growth and the achievement of corporate objectives. The establishment of a structured training plan, combined with a merit-based incentive system, is essential for developing strategic competencies and maintaining a high level of market competitiveness. Thus, we are planning to create a training pathway that not only meets the operational needs of the company but also contributes to the professional fulfilment of its employees, fostering a dynamic and success-oriented work environment.

We have allocated a total of €12,200 in current operating and capital expenditures to support employee training, combining €2,000 in OpEx and €10,200 in CapEx, with an additional €5,000 in future OpEx and €15,000 in future CapEx earmarked for expanding these initiatives. At present, €15,000 of the overall budget remains available, and we anticipate increasing this to €20,000 in the coming planning cycle. Training activities have thus far been financed through dedicated funding instruments, ensuring that all mandatory and occasional courses are fully covered without burdening employees.

During 2024, training has been delivered in an ad hoc manner, limited to required compliance sessions and sporadic external courses. At present, the sole indicator used to evaluate our training efforts is the completion of mandatory courses, measured by successful passage of the final assessment and the score achieved.

	Men	Female
Subjected to professional growth review	17	5
Average training hours	10	9

	White collars	Blue collars
Subjected to professional growth review	19	2
Average training hours	11	9

Looking ahead to 2025 and 2026, we intend to roll out a structured, targeted program aligned with each business area's needs, designed to bolster core competencies and equip staff for evolving responsibilities. By 2025 we will launch specialized training for our clerical and administrative teams alongside tools for performance tracking. In 2026, we will formalize the parameters for measuring employee performance, laying the groundwork for the introduction of a rewards system. As the company continues its rapid growth, we aim by 2027 to implement a comprehensive incentive scheme tied to team and organizational objectives, supported by the enhanced budget and resource allocations now being put in place.

Incentivizing professional growth

Colnago acknowledges the crucial importance of employee training and development as a strategic lever for supporting business growth. In alignment with this commitment, the company has implemented a series of policies and initiatives designed to incentivize and enhance employee skills and performance, while ensuring that results are effectively tracked and monitored.

Currently, only the functional heads receive periodic performance and professional development evaluations. In contrast, second-level employees and manual workers are not involved in a periodic evaluation process. This highlights the need to extend evaluation practices to other categories to ensure a more inclusive monitoring of professional development. Therefore, Colnago is considering the adoption of incentives' schemes such as bonuses at individual and team level, based on a performance evaluation system that would be identified and implemented to assess both hard and soft skills. Individual bonuses are based on manager feedback and aim to recognize personal contributions, while team bonuses seek to strengthen the sense of belonging and collaboration among colleagues, supported by reports released by the CEO.

Simultaneously, we are committed to enhancing employees' technical skills through role-specific training programs designed to improve performance and foster professional development. The planning of these training programs will be coordinated between managers and Human Resources, ensuring that the company's operational and strategic needs align with individual growth opportunities. Moreover, the company promotes financial planning for employees through dedicated training programs aimed at increasing awareness and management skills of personal financial resources.

The effectiveness of the policies and incentives would be monitored through a feedback and reporting system that evaluates the impact of implemented actions on set targets. This approach ensures that Colnago can continuously adapt and improve its strategies, maintaining employee development as a priority and ensuring that employees can contribute significantly to the company's success.

Training and Development

During the reporting period, Colnago has implemented various training initiatives aimed at enhancing the technical and managerial skills of its employees. Indeed, we have decided to start by focusing on the development of frontline managerial staff, with a particular emphasis on soft skills. The company recognises that leadership and the ability to manage human relationships are essential for building a positive and collaborative work environment. Subsequently, training activities will be extended to all employees, with the aim of developing cross-functional skills and promoting a corporate culture based on open dialogue and mutual respect.

Male employees participated in two primary courses. The first, "Business Game," is a 28-hour training program that simulates real business scenarios, allowing participants to develop strategic and decision-making skills through practical experiences. The second course, "Expert in AEO Customs," spans across 200 hours of training and prepares employees to handle complex customs operations in accordance with Authorised Economic Operator (AEO) standards, a certification that affirms reliability in international trade operations. Female employees joined a Lean Production course, an 8-hour program developing the necessary skill to optimise production processes and enhance operational efficiency through waste reduction.

Furthermore, Colnago provides its employees with specialised training programs such as the "Shimano Course" and the "Campagnolo Course." Both programs focus on the assembly of road bicycles, with particular emphasis on gear groups. These courses are essential for sharpening the technical skills of employees, ensuring an in-depth understanding of the latest innovations in the sector, and maintaining the high-quality standards required by the company. This ongoing training contributes also to maintaining a strong competitive advantage within the market, consolidating the leadership position of our company. The diverse training initiatives reflect Colnago's commitment to provide both specialised and transversal skills essential for supporting the professional growth of its employees. However, the company recognises the need to better balance training opportunities to ensure equitable and inclusive access at all levels, regardless of gender. Moving forward, we aim to further develop the existing training programs to ensure a continuous and uniform growth path for every employee, aligning with the company's strategic goals and sustainability principles.

CORPORATE GOVERNANCE

Governance structure

Colnago Ernesto & C. S.r.l. remained under family control until May 4, 2020, when Chimera Investments LLC, an investment firm based in the UAE, acquired a majority of Colnago's shares from Ernesto Colnago. Despite this acquisition, the headquarters will continue to be based in Italy (Cambiago) and all the employees are currently working there.

Colnago's governance is designed to balance centralised management with the agility required to address market challenges and meet ESG criteria. The governance structure consists of a sole stakeholder, Aurora Rise Group LLC, which holds 100% of the stakes. The Sole Administrator, also serving as the Chief Executive Officer (CEO), is the central figure in the company's governance, responsible for managing and coordinating all business functions. There is no board of directors or non-executive members; Colnago operates under a streamlined governance structure with a single executive administrator.

The CEO is appointed by the majority shareholder and has extensive operational authority, including the formulation and execution of corporate strategies, particularly in relation to environmental, social, and economic sustainability. The CEO is deeply involved in the development, approval, and updating of the company's mission and values, as well as sustainability strategies and policies. This role is supported by functional heads who report directly to the CEO, including the Director of Operations, the Director of Research and Development (R&D), and the Director of Administration and Human Resources (HR), and the Commercial Director.

Age Group	Men	Women
Under 30	0	0
Between 30 and 50	3	0
Over 50	2	0

Although until 2024 there were no formal procedures or official reporting lines in place for sustainability governance, a structured ESG pathway is planned. Specifically, Colnago intends to implement the Italian "231" model between 2025 and 2026. This will introduce a comprehensive Organisation, Management, and Control Model (MOGC) aimed at preventing corporate crimes and establishing clear internal procedures. The implementation of this model will also formalise risk management, internal control, and whistleblowing processes.

In the interim, sustainability oversight is handled directly by the CEO and the functional heads, with bi-weekly management meetings serving as the primary mechanism for reporting and decision-making. These meetings are crucial for monitoring progress on economic, environmental, and social impact, as well as identifying solutions for continuous improvement. The majority shareholder plays a guiding role by prioritising ESG criteria as strategic drivers for Colnago's long-term success.

CORPORATE GOVERNANCE

All supervisory and audit functions are performed by a Sole Auditor and an external audit firm, with oversight mechanisms still under development. As of now, Colnago does not employ any incentive-based remuneration systems linked to sustainability performance. The chairman of the highest governing body, who is also a senior manager within the company, ensures effective coordination between operational management and strategic governance, maintaining continuity and coherence in the company's direction.

The management of the organisation's impact on the economy, environment, and people is entrusted to function heads, who report to the CEO on a bi-weekly basis during management meetings. These regular meetings are vital for tracking progress, addressing issues, and identifying solutions and strategies for continuous improvement. Through this process, the CEO ensures that decisions align with corporate objectives and the expectations of the majority shareholder, who views ESG criteria as crucial drivers for the company's long-term success. Finally, updates on material ESG impacts, risks, and opportunities are provided periodically with the support of Up2You, Colnago's sustainability consultancy partner. These engagements aid governance in integrating ESG principles into strategic decisions, with ongoing efforts focused on defining relevant policies and targets.

Our business ethic

Colnago is working to strike the right balance between progressively adopting ESG practices and maintaining smooth business operations. We have developed, approved, and implemented a Corporate Regulation that outlines general guidelines for internal operations, with the Administration and Human Resources office responsible for its continuous update in response to the company's increasing complexity.

Colnago recognises the reputational risks associated with financial scandals, lack of transparency, or anti-competitive behaviour. To mitigate these risks, the company has established that only the Sole Administrator or authorised representatives may communicate with the media, ensuring stringent control over information released externally. Additional preventive measures include:

- Monthly reporting to the parent company, with detailed comparisons against budget forecasts.
- Use of an independent audit firm and a Sole Auditor, both external to the management chain, for oversight on financial and administrative activities.
- Area managers monitor conduct and report concerns to HR for investigation.

While Colnago currently lacks formal anticorruption training, the entire management team is identified as being at higher risk and is engaged in fostering an anti-corruption culture. During 2024 there were neither confirmed cases or legal convictions related to corruption nor partner contract terminations due to non-compliance. Specific training sessions are in development for future implementation.

Regarding daily interactions with clients, suppliers, and other stakeholders, Colnago has appointed managers with high ethical standards and personal integrity. These leaders have been selected not only for their technical skills but also for their ability to represent the company with honesty and respect, fostering a corporate culture based on ethical values.

Regulatory compliance

Colnago is committed to adhering to applicable laws and regulations while maintaining high ethical standards across all operations. During the reporting period, no significant cases of non-compliance with legal norms or regulations were identified. The company has not been involved in legal actions related to anti-competitive behaviour, antitrust violations, nor monopolistic practices.

Moreover, we have fully complied with voluntary regulations and codes concerning marketing communications, labelling, and product information. Company procedures require that all bicycles produced come with detailed instructions for safe use. In fact, 100% of products adhere to these procedures, ensuring that the information provided is accurate and in compliance with current regulations. This commitment not only protects consumers but also strengthens Colnago's reputation as a responsible company that values the quality of information provided.

Management of conflicts of interests and critical issues

Colnago is committed to ensuring transparent and responsible management of conflicts of interest within the organisation. This commitment is particularly crucial in a context where ESG sustainability needs to be aligned while maintaining uninterrupted operational continuity. The company recognises that a rapid transition to sustainable practices could entail operational risks. Therefore, Colnago adopts a balanced approach that aims to introduce gradual improvements while avoiding disruptions or discontinuities in business processes.

During the reporting period, there were instances where staff sensitivity led to the reporting of issues, such as the criteria employed for the suppliers' selection or the use of polluting company vehicles for outdoor events. While these incidents were limited, they highlighted the importance of carefully managing conflicts of interest. Issues are communicated to the highest governing body primarily during bi-weekly management meetings but can also be addressed through ad hoc meetings, ensuring a prompt and effective response to emerging problems.

Colnago is also focused on improving the formalisation of procedures that allow employees to raise concerns regarding company conduct and conflicts of interest. The company has initiated a process to develop and implement such mechanisms in line with the Legislative Decree 231/2001, for example with the integration of a whistleblowing procedure by 2026 providing a formal channel for reporting unethical conduct confidentially and securely. This step is crucial for enhancing internal transparency and accountability, ensuring that every employee has the means to express concerns in a secure and structured environment.

Moving forward, the company will continue to invest in governance structures and procedures that not only prevent conflicts of interest but also promote a corporate culture rooted in integrity, transparency, and responsibility. This approach will enable Colnago to tackle future challenges on a solid foundation and uphold its commitment to sustainable and responsible management

Inclusive corporate culture

Colnago is committed to fostering an inclusive and collaborative work environment where every employee feels valued and heard. Key initiatives include regular team-building events such as participating in the Granfondo Colnago, post-work social rides and Christmas dinners on vintage trams, and attending the end of "Giro di Lombardia" taking place in Bergamo. Informal social activities, like the "croissant moment" on Friday mornings, aim to build camaraderie and strengthen interpersonal relationships among employees, enhancing the sense of belonging and team spirit.

Additionally, Colnago introduced one-on-one meetings between employees and managers to facilitate direct feedback exchange. These brief sessions aim to promote open communication and engagement, providing a clear and transparent view of the company climate. Colnago has undertaken several initiatives to enhance employee wellbeing, starting with the restructuring of office spaces to create a more comfortable and positive working environment. To further support its workforce, the company has introduced meal vouchers and provided fringe benefits at the end of the year as a recognition of the results achieved. Additionally, pilot programs for flexible working have been launched, with the intention of extending smart working arrangements to all office-based staff. These efforts are complemented by a strong focus on empathetic support for employees' family needs, ensuring that work-life balance is respected and that the company remains attentive to the personal circumstances of its team members.

To monitor the effectiveness of these initiatives, Colnago uses feedback collected during internal meetings to assess the impact of its actions on workplace climate. The success of these policies is reflected in increased cohesion and a strengthened team spirit, contributing to an inclusive and collaborative work environment essential for the company's sustainable success. Moreover, during the reporting period as well as in the past years, no discrimination episodes have ever been reported.

During the reporting period and prior years there were no incidents or complaints of discrimination, no material fines or compensation related to human rights violations or misconduct and no confirmed cases of serious human rights violations or breaches of international guidelines (UN or OECD).

Safety of the workplace

Workplace safety is a top priority for Colnago. We adopt a rigorous and proactive approach to managing business-related risks. Each year, a detailed risk assessment is conducted for various work environments, culminating in the preparation of the Risk Assessment Document (RAD). This is crucial for identifying potential hazards and establishing preventive measures necessary to eliminate or minimise risks. When complete elimination of a risk is not possible, Colnago provides its operators with appropriate Personal Protective Equipment (PPE) to ensure maximum safety during work activities.

The RAD is not a static document since it is regularly updated to reflect changes in production processes or work environments. This review is carried out every three years through environmental analyses and regular inspections, in consultation with internal and external stakeholders. In cases where residual risks are identified, Colnago not only distributes the necessary PPE but also provides specific training to employees on the correct use of such equipment. This training is crucial to ensure that employees understand the risks associated with their activities and know how to adequately protect themselves.

To support the policy's implementation, Colnago allocated €50,000 for both current and future operational expenses dedicated to safety measures. Key actions in 2024 included mandatory training sessions, continuous risk assessment, deployment of safety management systems, and collaboration with suppliers to uphold high safety standards. These initiatives will be further strengthened in 2025 with improvements to existing protocols

Additionally, Colnago has implemented a mandatory safety training program that is tailored according to the risk levels associated with different job roles. For office employees, the training focuses on low-risk aspects, while for workers exposed to higher risks, specific courses are provided. This approach not only complies with current regulations but also fosters a corporate culture where safety actively involves all employees, from top management to workers, ensuring that everyone is aware of their role in maintaining a safe work environment.

Colnago also adopts a preventive approach in managing workplace injuries. Through continuous reviews of the RAD and updates to safety procedures, the company is able to anticipate and mitigate risks. Among the evaluations conducted, Colnago includes the analysis of chemical risks, work-related stress, fire hazards, and specific safety measures for pregnant workers, new mothers, or those in breastfeeding periods up to seven months after childbirth. The assessment also covers risks related to manual handling of loads, the use of equipment, exposure to physical agents such as noise and vibrations, and risks from postural load and visual fatigue in screen-based work. Based on the results of these assessments, the company implements necessary improvement measures.

Health and Safety Management System

Colnago is committed to ensuring a safe work environment that complies with current regulations, particularly Legislative Decree 81/2008, which establishes rules and preventive measures to minimise risks and workplace accidents. The company has implemented a structured system for identifying and evaluating hazards associated with work activities, with the goal of continuously improving its health and safety management system. The following table describes the different kinds of employment and the related activities covered by the Health and Safety Management System.

The system is supported by internal and external professionals, including an internal Safety Representative (RLS), external Health & Safety Manager (RSPP), external occupational physician, and certified external health & safety consultants. Additionally, all workers are covered by INAIL and the sector-specific health fund "Metasalute," while managers receive additional private health insurance coverage.

Performance is assessed during the annual periodic meeting, where representatives including the employer, RLS, RSPP, and medical staff evaluate the effectiveness of the safety framework. In 2024, there were no reported incidents, reaffirming the success of the company's proactive approach.

Employment	Activities performed
Office and Reception Staff	Preparation of documents using IT tools, managing office tasks like communication via phone and email.
Bicycle Assembly Worker	The frame arrives at the department after being processed in the previous phase. The worker assembles various components such as handlebars, wheels, and brakes.
Head Capping Worker	The frame arrives at the department after being processed in the previous phase. The worker applies the head cap and performs any necessary adjustments.

Employment	Activities performed
Frame Wrapping Worker	Preparation and mixing of adhesive components. The worker then wraps the frame with carbon fibre sheets and applies the adhesive.
Bicycle Packaging Worker	Collection of materials (cardboard, plastic, etc.) for packaging. The worker ensures the bicycle is securely packed and ready for shipment.
Frame Bonding Worker	Preparation and mixing of adhesive components. The worker bonds the frame parts using these adhesives.
Raw Tube Processing Worker	Preparation of tubes and joints in carbon fibre, involving cutting, sanding, and shaping for the next production steps.
Material Handling Worker	Use of an electric forklift to move materials within the facility, ensuring efficient and safe transportation of components.
Frame Kit Preparation Worker	Collection of materials (cardboard, plastic, etc.) for packaging and preparation of frame kits for further assembly.
Frame Finishing Worker	Drilling frames for cable passages. General finishing tasks to ensure the frame meets quality standards.
Department Supervisor	Supervision and control of assembly and kit preparation activities. Ensuring quality standards and safety measures are followed.

A key component of this system is the periodic safety meeting, during which the employer, the safety and prevention service manager, the occupational physician, the safety manager, and the safety representative meet to assess the primary risk factors present in the workplace. These meetings aim to review the measures already implemented for the prevention and protection of workers and to identify further improvement actions.

During these meetings, various crucial aspects are discussed, including the RAD, trends in workplace accidents and occupational diseases, health surveillance, criteria for selecting and the effectiveness of PPE, and the training program for managers, supervisors, and workers. These discussions not only ensure compliance with regulations but also foster a safety culture focused on prevention and the protection of workers' health. The effectiveness of our management system is witnessed by the absence of injuries with severe consequences and deaths consequent to workplace injuries. In total, 201 working days were lost exclusively for sick leaves not related to job activities.

Engagement and training of employees
Colnago adopts a systematic approach to ensure the health and safety of its employees through active engagement and ongoing training processes. The company regularly organises mandatory training courses that cover both general and specific safety topics, with periodic updates to ensure that all employees remain informed and well-prepared.

Additionally, Colnago has established an emergency response team, carefully trained to handle urgent situations. These employees, selected from the workforce, receive specialised training in fire safety, first aid, emergency operations, and other critical emergency management skills. The company has identified a comprehensive training program that covers various areas, with regular updates to maintain high levels of competence and awareness among employees.
levels of competence and awareness among employees.

Training course	Audience	Content	Frequency
Mandatory Safety Training	All employees, both clerical and operational	Training is divided into general safety and specific safety, with particular focus on low-risk for clerical staff and high-risk for operational workers	Specific training is updated every 5 years to ensure that skills remain relevant and in line with current regulations
Fire Safety Courses	3 male operatives and 1 female clerical staff member	These courses train employees to manage fire-related emergencies, ensuring a prompt and coordinated response	Updates are scheduled every 5 years
First Aid Courses	2 male operatives, 1 male clerical staff member, and 1 female clerical staff member	Training covers first aid techniques, preparing employees to respond to health emergencies in the workplace	Updates are conducted every 3 years to maintain a high level of readiness
Training for the Safety Representative (RLS)	One male operative	This course provides the RLS with the skills necessary to represent workers on safety issues, actively participating in the management of workplace risks	Annual updates ensure that the RLS remains informed about the latest regulations and safety practices
Training for Managers	One employee with managerial responsibilities	This course is specifically designed to equip managers with the skills required to oversee safety in the company, focusing on leadership in health and safety	Updates are conducted every 5 years
Training for Supervisors	One male clerical staff member and one male operative	The course provides supervisors with the skills to oversee daily operations safely, with particular attention to risk management	Updates are scheduled every 2 years
Forklift Training	3 male operatives and 1 male clerical staff member	Training includes safe operation and efficient management of forklifts, a crucial activity for material handling within the company	Updates are scheduled every 5 years to ensure that practices remain safe and effective
AED Course	One male operative, one male staff member and one employee with managerial responsibilities	The course teaches participants how to recognize cardiac arrest and respond effectively using an Automated External Defibrillator (AED). It includes cardiopulmonary resuscitation (CPR) techniques, safe AED operation, and emergency response procedures. The course ensures participants are prepared to act promptly and confidently in potentially life-threatening situations.	Updates are scheduled every 2 years

Training is primarily conducted on-site by qualified instructors who visit the company. In some cases, e-learning is also utilised to offer greater flexibility to employees. Colnago is committed to maintaining up-to-date and adequate training, with refreshers scheduled according to the type of course, ensuring that employees' skills and knowledge remain aligned with best safety practices. This integrated approach to training and worker engagement is a fundamental component of Colnago's safety management system, guaranteeing that every employee is well-prepared to recognise and address risks, and that safety is a shared priority within the organisation.

Research and development of innovative materials

Innovation is embedded in Colnago's DNA, and research into new materials remains a key strategic lever for maintaining leadership in high-performance cycling technology. As the demands of both professional athletes and environmentally conscious consumers evolve, Colnago recognises the material relevance of investing in advanced research and development processes aimed at improving product quality, durability, and sustainability.

Currently, the company has not yet formalised a dedicated policy for this topic. However, the strategic direction and the strong orientation of the R&D department reflect a growing commitment to the exploration of next-generation materials. These include lighter and more resistant composites, recyclable inputs, and materials that reduce the environmental impact during both production and disposal stages.

Despite the absence of allocated budget, defined targets, or documented performance metrics at this stage, Colnago's intention to enhance research capabilities is aligned with the broader ESG and innovation trajectory adopted by the group. The integration of sustainability principles into material selection and design will become increasingly central as Colnago anticipates future regulatory expectations and market demands.

This area represents a critical opportunity for the company not only to innovate in terms of performance but also to lead the cycling industry toward more sustainable practices. A formalisation of objectives, policies, and resource planning in this area is expected in the near future as the company grows and further aligns with international best practices in sustainable innovation.

Data protection and cybersecurity

Recognising the critical importance of information security, Colnago has initiated a company-wide plan to strengthen its cybersecurity and data protection framework in alignment with the new EU NIS2 Directive. Although a formal policy has not yet been finalized, a structured implementation process is underway with full deployment expected by the end of 2025.

The financial commitment to this transition is substantial, with €82,000 already allocated for current needs and an additional €45,000 planned. This includes €61,000 in capital expenditures aimed at upgrading infrastructure, alongside operational investments in risk prevention and monitoring mechanisms. The project involves all departments and processes, ensuring that data protection becomes an integrated aspect of Colnago's operations.

To support this transformation, the company collaborates with external consultants, including its Data Protection Officer (DPO), who plays a key role in monitoring progress and compliance. Although no security incidents have occurred, the initiative proactively addresses emerging cyber risks and prepares the company for future challenges.

The main goal is to safeguard Colnago's current IT environment and ensure that all technological measures are aligned with European regulatory expectations. This commitment reinforces the company's strategic vision of operational resilience and data integrity across its entire value chain.

Business continuity

Ensuring business continuity is a strategic priority for Colnago, especially in a context marked by digital evolution, supply chain interdependence, and increasing environmental and geopolitical risks. Although no formalised policy or documented risk assessment framework currently exists, the company recognises the material importance of maintaining operational resilience.

At present, no structured actions, budget allocations, or defined metrics have been introduced specifically for business continuity. Nonetheless, Colnago acknowledges the need to develop internal policies and processes in this area to mitigate potential disruptions in the future.

While no incidents or business interruptions have occurred, the absence of preventive strategies represents a gap that the company intends to address. The experience gained through recent efforts in cybersecurity and occupational safety provides a solid foundation upon which to build a comprehensive business continuity strategy.

Looking ahead, Colnago is expected to formalise this area of governance, integrating risk mapping, supplier continuity management, and critical process monitoring into its ESG and compliance framework.

METHODOLOGICAL NOTE

This second Sustainability Report serves as the tool through which Colnago communicates on a voluntary basis to all the stakeholders its management practices, policies, performances and future commitments concerning non-financial aspects. The report provides an overview of the main environmental, social and governance-related impacts generated, through the reporting of both qualitative and quantitative information and indicators. These aspects contribute to creating added value for both its people and the communities in which Colnago operates.

To deliver a prompt and quantitative depiction of performance, the document was prepared by employing the European Sustainability Reporting Standards (ESRS) published by EFRAG. The choice to shift from GRI Standards to ESRS was driven by the willingness to align our reporting activities to the European Corporate Sustainability Reporting Directive. The chapter "ESRS Content Index" includes the list of the ESRS indicators that have been reported and a reference to the page within the document where the related information is stated.

The preparation and layout of this Sustainability Report for the period from January 1, 2024, to December 31, 2024 (FY 2024), was coordinated and executed involving the entire organisational structure within the reporting perimeter. The information provided in this document was selected based on an analysis of both the external and internal context of Colnago. The 2024 Sustainability Report included an update of the materiality analysis, integrating a financial perspective alongside impact materiality. The objective was to assess the economic and financial risks and opportunities related to ESG issues that could influence the company's performance. As a result, material topics were selected through a double materiality analysis, in line with the latest European guidelines set out in the ESRS 2 – General Disclosures standard published by EFRAG.
The current version of the report was subjected to approval by the Board of Directors before being published. For more details see chapter "Our approach to sustainability – The materiality assessment". The current document was drafted with the methodological support of Up2You S.r.l. Società Benefit.

The reporting perimeter for all topics for which information is available and relevant includes the company's headquarters located in:
Viale Brianza, 9, 20040 Cambiago MI, Italy.

ESRS CONTENT INDEX

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GOV2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	24
SBM1	Market position, strategy, business model(s) and value chain	5, 6, 7, 8
SBM2	Interests and views of stakeholders	9, 10, 11
SBM3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	13, 14
IRO1	Description of the processes to identify and assess material impacts, risks and opportunities	11, 12, 13
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Environmental awareness		
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	16, 17, 18
Responsible use of resources		
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Clean technology opportunities		
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Harmony in the workplace		
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S1-6	Characteristics of the undertaking's employees	19
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Workplace well-being		
DC-P,A,M,T	Policies, actions, metrics and targets to manage or in relation to material sustainability matters	21
S1-15	Work-life balance indicators	21
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Business ethic		
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G1-3	Prevention and detection of corruption or bribery	25
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S1-9	Diversity indicators	24
S1-17	Incidents, complaints and severe human rights impacts and incidents	27
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S1-14	Health and safety indicators	28, 29
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DC-P,A,M,T	Policies, actions, metrics and targets to manage or in relation to material sustainability matters	31
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DC-P,A,M,T	Policies, actions, metrics and targets to manage or in relation to material sustainability matters	31, 32
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DC-P,A,M,T	Policies, actions, metrics and targets to manage or in relation to material sustainability matters	32