



024

**SUSTAINABILITY
REPORT**





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

FRANCO UZZENI
PRESIDENT, U-POWER GROUP

Franco Uzzeni

HIGHLIGHTS

312 MLN€

of economic value generated,
+8% compared to 2023

6,098,635

total pairs of shoes
sold by the group in 2024

23

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

48

models of Carbon Neutral
certified footwear¹ and

53

models
for which the Carbon Footprint was calculated²

-12%

fewer accidents
than in 2023

30

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

¹ The Qualifying Explanatory Statements (QES), which demonstrate that U-Power Group has achieved carbon neutrality with respect to GHG emissions for its 48 footwear models, were drafted in accordance with PAS 2060:2014.

² UNI EN ISO 14067:2018 specifies principles, requirements and guidelines for the quantification and reporting of the climate footprint of products (Carbon Footprint of Products - CFP) in accordance with the international standards on Life Cycle Assessment (LCA) (ISO 14040 and ISO 14044).



8%

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

44%

female presence
within the Group staff in 2024



LETTER TO STAKEHOLDERS



FRANCO UZZENI
PRESIDENT, U-POWER GROUP

“
Despite
macroeconomic
challenges, the
Upower Group
sustained its
growth in 2024.

Dear stakeholders,

2024 was a significant year for U-Power Group, marking a stage of growth and consolidation in a context increasingly oriented towards innovation, sustainability and safety. This commitment is recognised at international level by receiving the Eco-Vadis Gold medal, which places us in the Top 5% of over 150,000 companies assessed globally and in the Top 2% of the manufacturing sector.

Throughout the year, the Group strengthened its leadership position in the safety sector, reaching a turnover of 308 million euro, with an increase of 7% compared to 2023. This result reflects the trust of our stakeholders and the quality of our products.

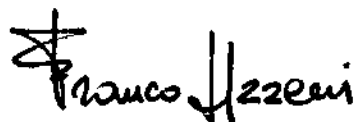
We pursued our development path, expanding our offer with new lines of high-performance working clothing and introducing a collection of lifestyle footwear – including the new Urban and U.Lite sneakers – designed to combine comfort, style and innovation, and officially presented at the Expoprotection in Paris. These initiatives testify to our ability to anticipate market trends and diversify our product portfolio, keeping the values of safety and sustainability strong.

Our strategic vision has long incorporated sustainability as a lever for growth and competitiveness. In a context marked by global challenges – from energy transition to the scarcity of natural resources – the Sustainability Report proves to be a key tool for transparently sharing achievements and future goals. Key milestones in 2024 include a 12% reduction in accidents compared to the previous year, the maintenance of a 44% female workforce, and a 13% decrease in emission intensity compared to 2022, despite the expansion of activities. These results were also made possible by energy efficiency measures and by the construction of the new LEED Gold-certified offices and logistics warehouse.

Over the year, we also updated and expanded our Sustainability Plan, which today includes around 30 short and medium-term goals in key areas, such as: decarbonisation of production processes, well-being and growth of our people, responsible management of the supply chain and definition of dedicated ESG policies.

The path undertaken together with NB Renaissance allows us to look to the future with determination, aiming to strengthen our international presence and expand product categories, always with a responsible approach oriented to long-term sustainable development.

Enjoy reading!



5,287

EMPLOYEES

In line with the previous year

308 MLN €

TURNOVER

+7% vs 2023

107,870 GJ

TOTAL ENERGY CONSUMPTION
OF THE GROUP

+11% vs 2023

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VALUES AND PURPOSE



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

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

This explains our philosophy of life: don’t worry, be happy!”

SEARCHING FOR EXCELLENCE

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



LEVERAGING CREATIVITY

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



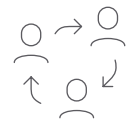
BELIEVING IN TOMORROW

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



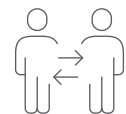
INVOLVING PEOPLE

Bringing empathy, building trust to create long-term relationships



EXPERIENCING DIVERSITY

We are always open to different voices. We thrive on diversity and dialogue with all generations.



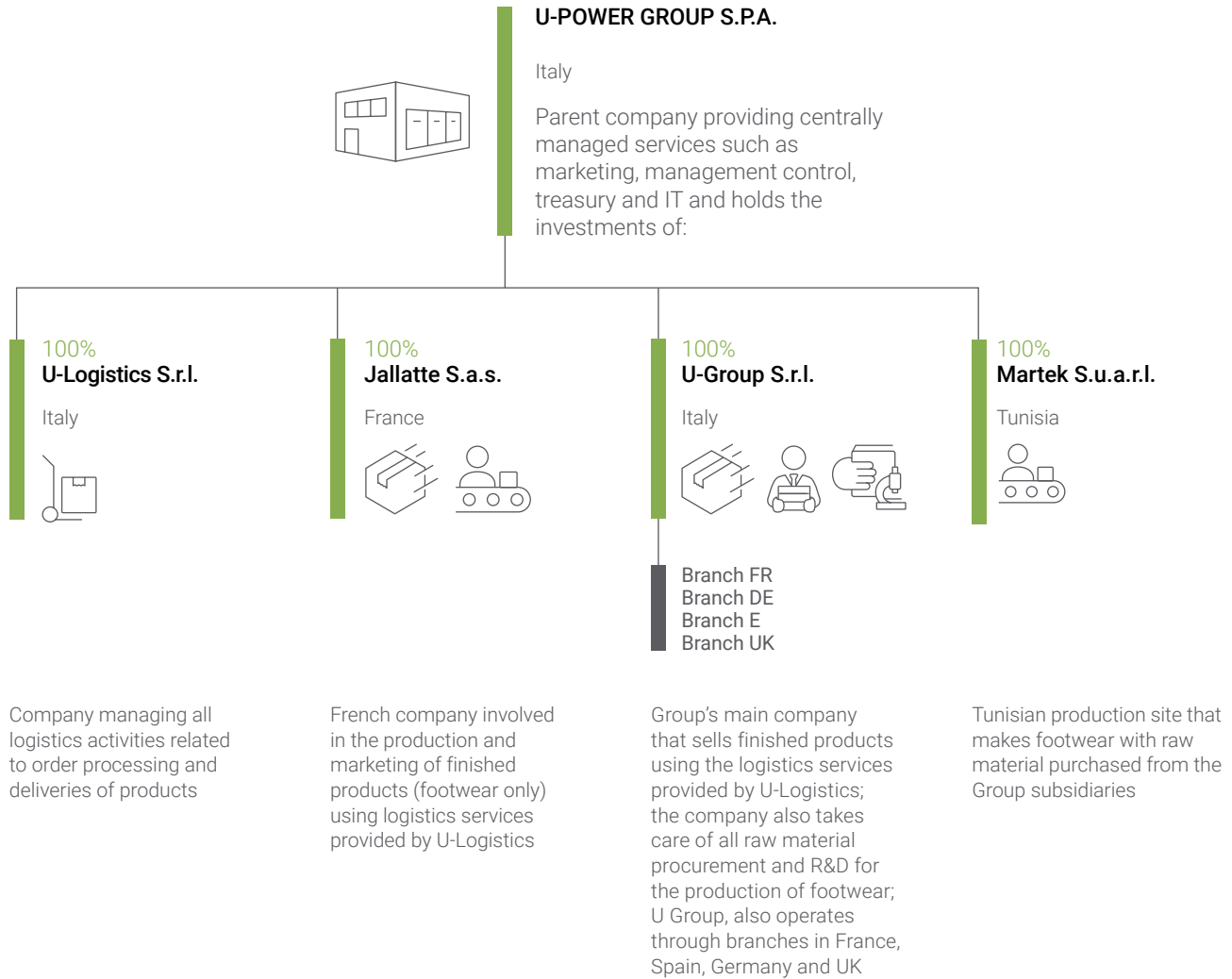
PURSUING SUCCESS

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



THE COMPANY

The structure of the Group as at 31.12.2024 is shown below:



Legend

- Holding
- Production
- Sales
- Research and Development
- Procurement of raw materials
- Logistics

Registered office in Paruzzaro (NO) - Via Borgomanero 1
Share social: Euro 10.000.000 interamente versato
Fiscal Code and Novara Companies Register: 08482990150
Novara Chamber of Commerce no: 163970 R.E.A.





1

U-POWER GROUP: A COMPANY, A SAFETY PARTNER

1. U-POWER GROUP: A COMPANY, A SAFETY PARTNER

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

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

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

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

The Group consists of five companies, based in 6 countries: U-Power Group S.p.A.; U Group S.r.l.; Martek S.a.r.l.; U-Logistics S.r.L.; Jallatte S.a.S.. U-Group S.r.l also has subsidiaries in France, Spain, Germany and England.

This strong international network covers all the crucial stages of the value chain: **design, prototyping, production, sales** and customer **support**. Thanks to this complete integration, the Group directly manages its two production units in France and Tunisia, maintaining an ef-

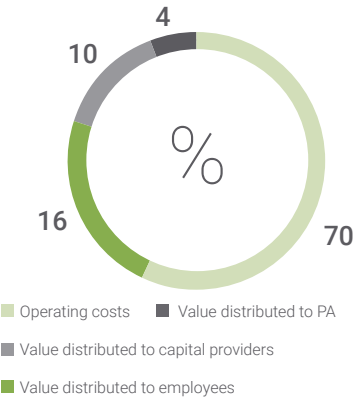
fective control over the quality of its processes and products, while respecting the environment and the well-being of its employees.

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

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

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

Distributed economic value 2024



UK

Logistic platform
1 Branch

GERMANY

1 Branch

FRANCE

Production site
1 Sales office
1 Branch

ITALY

Headquarters and logistics platform
1 Sales office

SPAIN

1 Branch

TUNISIA

Production site

Situation as at 31.12.2024

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (k€) ³	2022	2023	2024
Economic value generated	272,595	288,296	312,032
Production value	272,465	287,767	310,395
Financial income	130	529	1,637
Economic value distributed	255,561	248,144	265,026
Operating costs	159,968	183,670	186,134
Value distributed to employees	37,936	37,173	42,079
Value distributed to capital providers	1,322	9,120	27,099
Value distributed to PA	20,335	18,181	9,714
Value distributed to shareholders	36,000	-	-
Economic value retained	17,034	40,152	47,006

³In reporting the figure for the direct economic value generated and distributed, more detailed data was made available than was considered and reported in the Sustainability Report 2023 for the 2022-2023 two-year period. In September 2023, Lion Bidco S.p.A. acquired 100% of the shares of U-Power Group S.p.A. and, in 2024, the reverse merger of Lion Bidco S.p.A. into U-Power Group S.p.A. was completed, which also had accounting effects on 2023: for comparative purposes, the pro forma like-for-like aggregate figures were prepared by including the income statement and balance sheet figures of the two legal entities. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

1.1 A HISTORY OF INNOVATION IN TRADITION

A long lasting successful History



The focus on safety footwear

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



Almar, the early years

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



Consolidation

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



Creation of U-Group

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

U-Power Group



The new technological era

These are the years of the Group greatest growth:

- U-Power launches the revolutionary new lines with Infinergy® technology from BASF.
- The Group financial figures show growth for all brands.
- U-Power becomes a Benefit Corporation.
- Launch of the U-Green, J-Respect and Lupos lines, the first totally Carbon Neutral working footwear.
- In 2023, turnover is 288 million euro, +5.7% compared to 2022.

2006
2013

2017
2023

2013
2017

2023
2024



Acquisition and relaunch of JAL Group

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

New shareholders

- In September 2023 NB Renaissance acquired 70% of U-Power Group.
- In 2024, the first lifestyle footwear line (Urban) was launched.

1.2 THE BUSINESS MODEL

The integrated management of the entire value chain, from Research and Development (R&D) to production and marketing, ensures U-Power Group flexibility and timeliness in responding to market needs.

The Group is active in the research and development, production and marketing of a wide range of safety footwear for individual protection and safety within the working environment. The main target groups are operators belonging mainly, but not exclusively, to the industry, agriculture and

trade sectors, which are highly regulated in terms of safety standards (such as the chemical industry, building and construction in general and services). The Group is also involved in the marketing of working clothing.

In the safety footwear segment, the Group adopts a vertically integrated business model, directly controlling the entire value chain and employing over 5,100 people. Exceptions are some specific product lines, whose production is outsourced to third-party partners located exclusively in China.



Logistics: the U-Power Group extensive, multi-channel logistics network, supported by two strategic platforms located in Italy and in the UK, plays a key role in shipment management and order fulfilment. Thanks to this efficient infrastructure, the Group is able to handle high volumes, with an average of more than 30,000 pairs of shoes and garments shipped every day.



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

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



Sales, customer management and marketing: the Group markets its products both under its own brand and, to a lesser extent, under third-party brands (private labels), mainly through Business to Business (B2B) channels. The Group customers include large-scale retail trade operators (Distributors), and small and medium-sized retailers, such as hardware and work stores (Retailers). Through these channels, the products reach end users, such as craftsmen, small entrepreneurs and workers in medium and large-sized companies, mainly active in the European market. Sales are mainly made through a network of agents who interact with thousands of retailers and distributors. In order to promote the brand and strengthen its recognition, U-Power adopts a targeted marketing strategy, which includes advertising campaigns on top TV programs, a structured presence on social media and partnerships with sports clubs. These initiatives aim to consolidate U-Power positioning as a leading brand in the safety footwear and technical clothing sector.



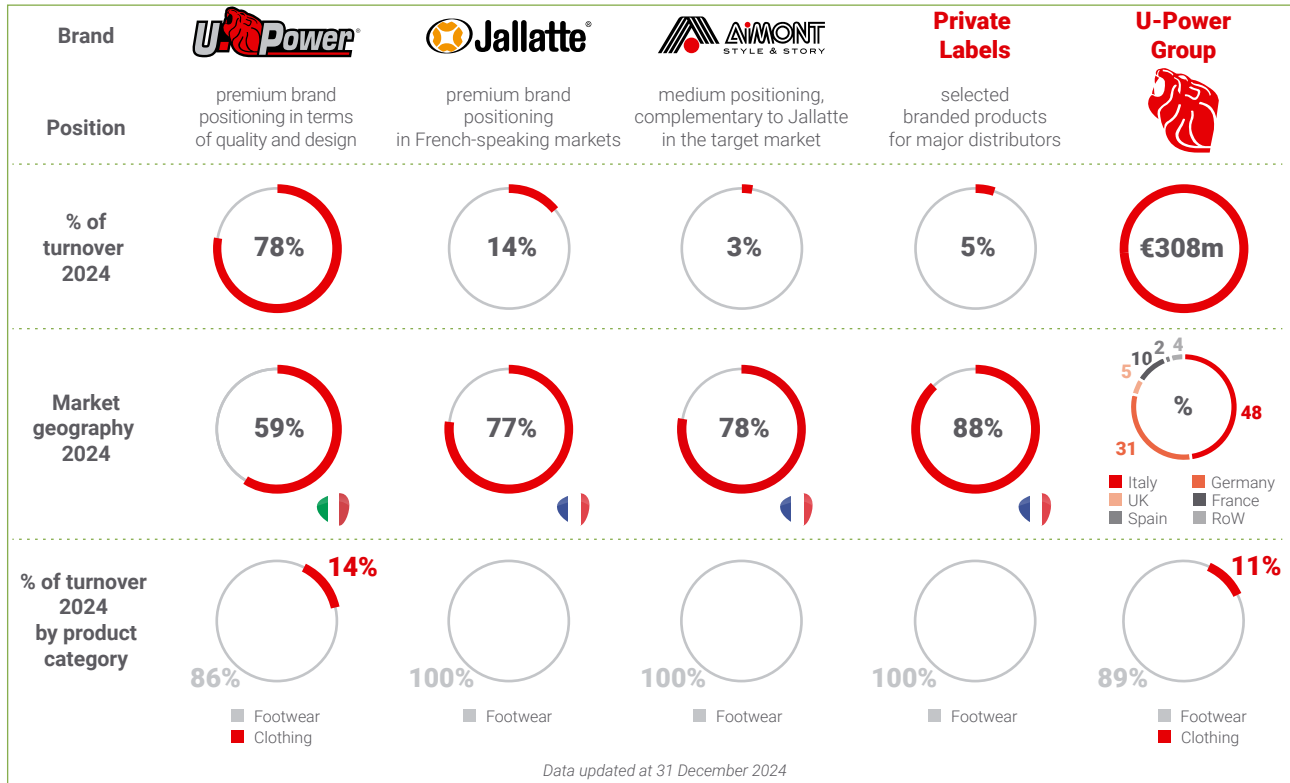
Supply chain: the Group pays particular attention to the management of its supply chain, through a careful supplier research. The goal is to select reliable partners, guarantee the quality of materials and services, and ensure on-time delivery.



Processing, production and assembly: U-Power directly manages production through factories located in Tunisia and France. The main production plant in Tunisia, with a surface area of 100,000 m² and a local workforce of approximately 5,000 employees, produces medium-high range products and accounts for about 76% of the pairs produced. The Group also has a production and commercial structure in France, responsible for approximately 6% of total production, where assembly activities are mainly concentrated, through the union of soles with the uppers coming from Tunisia. For some lines of safety footwear, production is outsourced to selected Asian manufacturers (about 18% of total production). In the Technical Clothing segment, the Group is involved in R&D, industrialization and marketing of garments, outsourcing production to third-party manufacturers.

OUTFIT: SOFTSHELL VERVE (DG) + TREK PANTS (DG) + GENESIS SHOES, URBAN RANGE





Europe is the main market area for the Group, where it achieved about 96% of its revenues in FY 2024. Thanks to consistently innovative products and marketing and communication strategies aimed at strengthening customer loyalty, the Group has managed to consolidate its leading position in key markets over the years. In 2024, U-Power consolidated its presence in major European markets, re-

cording a significant growth in terms of turnover across all product categories and brands. In Spain, turnover increased by 27% compared to 2023; in France, growth amounted to +13%, while in the UK, the Group recorded an increase of 18%. These results confirm the effectiveness of the Group internationalization strategy and the growing recognition of the brand at European level.



MARKET TRENDS AND CONTEXT⁴

The global PPE market is estimated to be worth **\$26.95 billion in 2024**, with a projected annual growth rate of **13.26%** to reach \$57.90 billion by **2030**, driven by increased worker safety awareness. In the Asian context, in fact, several industries including construction, food production, chemicals and pharmaceuticals, have experienced a significant increase in the use of such equipment precisely because of an increased awareness of their importance, as well as investments by both public and private entities. In addition, the expansion of the industrial sector helped to further stimulate demand for PPE. Lastly, this trend is supported by the development of increasingly stringent regulations and high costs associated with occupational risks.

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

⁴ Personal Protective Equipment Market Size & Share Analysis - Growth Trends & Forecasts (2025 - 2030) (Source: <https://www.mordorintelligence.com/industry-reports/personal-protective-equipment-market>) Personal Protective Equipment (PPE) Market Size, Share & Trends Analysis Report By Product (Hand Protection, Eye Protection), By End-use (Construction, Manufacturing), By Region, And Segment Forecasts, 2024 - 2030 (Source: <https://www.grandviewresearch.com/industry-analysis/personal-protective-equipment-ppe-market>)



PPE IN THE WORLD

The European market for personal protective equipment shows a significant growth potential, supported by strict safety regulations and high standards of occupational protection. Furthermore, this market benefits from advanced healthcare systems and robust industrial sectors that drive steady demand for high-quality protective equipment. In particular, **Italy stands out** as the fastest growing market in Europe, with a projected annual growth rate of around 12% during the 2024-2029 period. Italian manufacturers have demonstrated significant capabilities in producing high-quality industrial PPE and the market benefits from strong government support for local manufacturing initiatives and the growing adoption of advanced PPE solutions.

However, future prospects indicate that it will be Asia to experience the fastest growth rate in the PPE market, thanks to significant economic development and industrialisation still in progress. This growth potential is linked to rising compensation costs, the increasing number of occupational accidents, robust economic development and the need to address occupational safety challenges. These aspects will define the next market trends.

ATON SHOES, RED EGO RANGE



1.3 THE ESG ACTION PLAN

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

In a context that is increasingly attentive to the impacts that industrial processes have on society and the environment, U-Power Group has decided to commit itself to making sustainability a real mission, thus becoming a model of excellence within the sector. In order to meet this new challenge,

the Group has decided to structure its business through the adoption of an integrated strategy, capable of combining economic growth with a path of social and environmental sustainability.

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

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



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

has selected 5 specific SDGs that aim to safeguard the planet and the well-being of its inhabitants and that reflect the corporate activities and values, to demonstrate its contribution to achieving these global goals.⁵

The four main areas of intervention are:

U-Circular&Carbon

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

U-Innovation Safety

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

U-People & Community

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

U-Ethics & Integrity

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

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

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

⁵ Business Reporting on SDGs - An analysis of the Goals and Targets (GRI and UN Global Compact)

Pillar	Initiatives	Goal	Status
 <p>ENVIRONMENT</p> <p>U-Circular & Carbon The circular model and emission reduction</p>   	Improvement of the efficiency of leather and fabric cutting processes by installing new state-of-the-art machinery	2024	
	Optimisation of logistics activities by creating and implementing an intelligent logistics programme	2024	
	Promotion of energy transition through the production and/or supply of energy from renewable sources	2025	
	Definition of a GHG emissions reduction strategy at Group level	2026	In progress
	Implementation of a waste material recycling and reuse program	2027	In progress
	<p>U-Innovative Safety The development of innovative, sustainable and safe products</p>   	Diversification of the product portfolio with sustainability features (e.g. carbon neutral, recycled and bio-based materials)	2025
Enhancement of the social impact of products with a view to improving the quality of life of workers		2026	In progress
 <p>SOCIAL</p> <p>U-People & Community The development of our people and communities</p> 	Promotion of the professional development of workers through dedicated training programmes.	2025	In progress
	Creation of an internal culture programme to promote occupational safety.	2025	In progress
	Promotion of employee well-being and enhancement of the working environment	2025	In progress
	Extension of ISO 45001 certification to all companies within the group	2027	In progress

continues >>

<< follows

Pillar	Initiatives	Goal	Status
 <p>GOVERNANCE</p> <p>U-Ethics & Integrity The definition of ethical governance mechanisms</p> 	Integration of ESG topics in supplier management	2025	In progress
	ESG policy drafting with a social focus	2024	✓
	Establishment of a Sustainability Steering Committee and identification of an ESG manager	2024	✓
	Implementation of a data privacy programme	2024	✓
	Definition and monitoring of the KPIs for financial institutions in the ESG area	2024	✓
	Improvement of the EcoVadis score	2024	✓
	Formalisation of initiatives related to the integration of business ethics in all corporate areas	2025	In progress
	Formalization of a stakeholder engagement policy	2027	In progress

ECOVDADIS



In 2024, the Group was awarded the Gold medal in the EcoVadis sustainability rating. The EcoVadis assessment, recognized globally as one of the leading standards for measuring corporate sustainability, takes into account environmental, social, ethical and procurement criteria. The Gold award places U-Power in the Top 5% of over 150,000 companies assessed worldwide and in the Top 2% of the manufacturing sector, testifying to the Group concrete and constant commitment to responsible and sustainable growth.

1.4 MATERIALITY ANALYSIS

For the drafting of the Sustainability Report for the 2024 financial year, the Group confirmed the results of the materiality analysis, which was updated in the previous reporting period. The materiality analysis plays a key role in guiding the Group in its choice of information to be presented in the Sustainability Report. The aim is to achieve an accurate and complete representation of the relevance of the impacts generated by the Group activities, offering a clear and transparent view: in fact, according to the GRI Standards, the identification of material topics is based on the analysis of the actual and potential impacts, positive or negative, that an organisation may have on the economy, the environment and the well-being of people, including respect for human rights and contribution to sustainable development.

The Impact Materiality analysis process, according to GRI standards, consisted of four different stages:

1. Understanding the context in which the Group operates:

analysis of the sector by considering various categories of sources external to the Group, including the regulatory framework, reporting standards and industry documents.

2. Identification of the Group actual and potential impacts:

analysis of internal documentation in order to identify the impacts applicable to the Group business model. These impacts have been categorised through the following definitions:

- **Actual or potential:** an impact is considered actual when its effects have occurred or are currently occurring. Conversely, it is defined as potential when its effects could occur, but have not yet occurred at the time of analysis;
- **Positive or negative:** impacts are considered positive when they contribute to the sustainable progress of people, communities and the environment. On the contrary, they become negative when they cause harm to individuals, the community and the environment, and therefore do not contribute to sustainable development.

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

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

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

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

4. Prioritisation of the most significant impacts for reporting purposes:

in the last stage, two numerical thresholds of relevance were defined in order to classify each impact as follows: very relevant, relevant and not very relevant. Impacts with very relevant and relevant significance were subsequently aggregated into material topics.

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

Material topics	Impacts	Type of impact ⁶
Energy management and climate change	Exploitation of energy resources from non-renewable sources	✓ -
	Contribution to climate change	✓ -
Worker health and safety	Damages relating to worker health and safety	✓ -
Waste management	Generation and treatment of waste and end-of-life product	✓ -
Materials used	Exploitation of non-renewable raw materials	✓ -
Protection of human rights	Violation of human and labour rights	? -
Territorial and community development	Increased employment rate and development of the territory and local communities	✓ +
	Contribution to the development of the industrial fabric in Tunisia	✓ +
Worker development and training	Lack of professional development due to inefficient training activities	? -
Consumer health and safety	Violation of product quality and safety standards	? -
Business ethics	Negative impact on stakeholders due to unfair business practices	? -
Diversity and gender balance	Discrimination in the working environment	? -
Water consumption	Exploitation and pollution of water resources	? -
Research and development of products with reduced environmental impact	Development of products with reduced environmental impact and market consequences	✓ +

⁶ Legend: ✓ Actual impact - Negative impact + Positive impact ? Potential impact

During 2024, U-Power started a preparation path for compliance with the Corporate Sustainability Reporting Directive (CSRD), conducting a gap assessment against the requirements of the European Sustainability Reporting Standards (ESRS), published by EFRAG (European Financial Reporting Advisory Group). The aim of this process is to integrate sustainability principles into corporate strategies in an increasingly structured manner, promoting responsible business management and maintaining a constant monitoring of regulatory developments, including those introduced by the omnibus package.

Among other innovations, the ESRS require the application of the Double Materiality Assessment, a new process for identifying relevant sustainability topics.

Specifically, the analysis is divided into:

- **Impact Materiality:** it involves the identification and assessment of impacts according to the “inside-out” logic, i.e. the impacts generated, actually or potentially, by U-Power and its value chain towards the outside;
- **Financial Materiality:** it involves the identification and assessment in financial terms of the risks and opportunities incurred by the company, according to the “outside-in” logic.

The Group, ahead of legal requirements and in addition to the Impact Materiality already required by the GRI, began to think about the financial implications of sustainability aspects.





2

GOVERNANCE AND SUSTAINABILITY STRATEGY

2. GOVERNANCE AND SUSTAINABILITY STRATEGY

2.1 THE GOVERNANCE MODEL

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

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

The Board of Directors

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

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

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

Directors may be re-elected and, unless the Meeting decides otherwise at the time of appointment, they hold office for a period of three financial years. In addition, the Board may appoint a Secretary, also from outside, and determine the related remuneration. Finally, in compliance with legal and statutory provisions, the BoD may delegate some of its functions to an executive committee composed of some of its members and/or to a CEO. Each year, during the planning of activities, the members of the Board of Directors (BoD) are regularly informed of the latest developments regarding sustainability. These meetings allow exploring opportunities related to sustainability reporting, sector trends and regulatory developments that may influence the company strategic and operational choices.

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

The Board of Directors, in its composition at 31 December 2024, consists of a Chair and eight Directors.

Board of Directors by gender and age group			Unit of measure	2022	2023	2024	
Directors at 31 December	Women	<30 years	n.	0	0	0	
		between 30 and 50 years	n.	0	1	0	
		> 50 years	n.	0	0	1	
	Total female directors			n.	0	1	1
	Men	<30 years	n.	0	0	0	
		between 30 and 50 years	n.	0	3	4	
		> 50 years	n.	3	5	4	
	Total male directors			n.	3	8	8
	Total			n.	3	9	9

The Board of Statutory Auditors

As required by the current legislative framework, the Board of Statutory Auditors verifies compliance with the law and the Articles of Association, adherence to the principles of proper administration and the adequacy of the organisational, administrative and accounting structures adopted by the company, as well as their effective functioning.

The Board of Statutory Auditors was appointed during the Shareholders' meeting held in September 2023 and will remain in office until the approval of the 2025 annual financial statements. Its members hold office for three consecutive financial years and may be re-elected.

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

CHAIR OF THE BOARD OF STATUTORY AUDITORS

Chair	Cristian Novello
Standing auditor	Grazini Giovanni Salom Maurizio
Alternate auditor	Agogliati Cristiano Castiglioni Monica Antonia

Sustainability Committee

In 2024, the Group established a Sustainability Committee. The ESG Committee plays a central role in integrating the principles of sustainability and good governance into corporate strategies and operations. The Committee main responsibilities include defining goals and guidelines for the integration of ESG principles into corporate operations, as well as overseeing the alignment of operations with these goals and approving the related strategic initiatives. The Committee is also responsible for monitoring compliance with applicable ESG regulations and meeting stakeholder expectations, ensuring compliance with the commitments made in terms of environmental sustainability, social responsibility and transparency.

Another key function is the assessment of risks and opportunities related to the environmental, social and governance areas, with the aim of identifying and mitigating any critical issues and seizing the opportunities offered by sustainable innovations or improvements in corporate

processes. The ESG Committee is the corporate decision-making body for sustainability and reports directly to the Board of Directors.

ESG Committee Members

- Giovanni Falco
- Franco Gandini
- Jean Marie Calame
- Mattia Melani
- Giovanna Forzieri
- Ilaria Nolli
- Emanuele Fogagnolo
- Paloma Lopez Imizcoz

The Organisational Model

On 22 March 2021, the Board of Directors resolved to approve the Organisational, Management and Control Model pursuant to Legislative Decree n. 231/01, extending it to all the Group prestigious Italian premises. The approval came after a careful mapping of the risks related to relevant offences, as required by Legislative Decree n. 231/2001, some of which are relevant in terms of sustainability, including the fight against active and passive corruption, the protection of worker health and safety, and environmental protection. A specific anti-corruption policy was drafted and implemented in 2024.

In accordance with the 231 Model, the Board of Directors established the Supervisory Body, chaired by the Chair of the Board of Statutory Auditors, which has autonomous powers of initiative, supervision and control, as provided for in article 6 of Legislative Decree n. 231/2001. Specifically, the Supervisory Body is responsible for supervising and adjusting the 231 Model, including any updates, as well as drafting a summary report to be submitted to the Board of Directors and the Board of Statutory Auditors, containing a summary of the activities carried out, the problems encountered and an account of the reports received during the period.

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

In accordance with the Sustainability Plan 2024-2027, the Group has set out to maintain 0 non-compliance cases each year concerning incidents of corruption, anti-competitive practices and improper data management.

The company has appointed a Data Protection Officer (DPO) responsible for GDPR compliance, thus ensuring a careful management of data protection regulations. Mandatory privacy training was successfully completed, with no reported issues. Furthermore, a detailed disclosure on cookies has been provided, ensuring transparency and clarity regarding the use of data by the company. The Organisational models of Italian companies and the Code of Ethics provide a solid basis for addressing social responsibility issues.

In fact, the Code of Ethics⁷, approved in 2021 by the Board of Directors, also clearly defines values, principles and criteria for conduct. The Code was drafted in accordance with the main national guidelines on human rights, corporate social responsibility and corporate governance. Furthermore, the principles of legality, transparency and compliance are also applied in the other Group companies, according to local regulations, if any.

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

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

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

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

As at 31 December 2024, as in previous financial years, no reports were received through the Group whistleblowing procedure, nor were there any cases of corruption, anti-competitive conduct, violations of anti-trust and anti-monopoly laws, penalties for non-compliance with laws and regulations in the social or economic sphere, IT incidents or data breaches.

2.2 RISK MANAGEMENT

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

Risks were identified through a benchmark analysis, management interviews and context analysis. In particular, the non-financial information of various companies in the fashion and footwear sector was examined in order to identify the main risks. Subsequently, the main risk areas and the management and mitigation methods relating to the various sustainability areas were explored in depth, through interviews with management and analysis of the Group internal documents. During 2024, the analysis updated the previous year was confirmed.

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

Below are the sustainability risks identified and linked to three macro-areas of sustainability: employment aspects, environmental aspects and social aspects. Although all risks were assessed for their relevance in terms of sustainability impact, only a part of them was found to have potential financial relevance, based on the analyses conducted according to the financial materiality approach foreseen by the CSRD.

⁷ The Code of Ethics can be found at the following link: [U-Power Group: Group corporate documents](#)

Area	Risk	Risk description	Management and mitigation methods
Employment	Inability to retain employees	<ul style="list-style-type: none"> Increased turnover rates as a consequence of the absence of employee welfare and development policies 	<ul style="list-style-type: none"> The high staff retention testifies an adequate welfare even in the absence of formalised policies
	Lack of adequately qualified staff and lack of worker expertise	<ul style="list-style-type: none"> Lack of adequate technical and managerial skills of employees Inability to convey corporate know-how 	<ul style="list-style-type: none"> Presence of on-the-job training of workers in all corporate departments
	Failure to ensure the health and safety of employees	<ul style="list-style-type: none"> Failure of staff to comply with occupational health and safety policies/procedures/legislation Failure to update safety procedures in the face of new risks or regulatory obligations Occupational accidents of employees or external workers 	<ul style="list-style-type: none"> Presence of a certified management system according to ISO 45001 (Tunisia) Use of plant and machinery in line with legal regulations and the latest safety standards
	Cases of discrimination, inequality or failure to respect gender balance	<ul style="list-style-type: none"> Failure to respect gender balance or other inequalities in the workforce 	Code of Ethics
	Lack of business continuity tools in key departments	<ul style="list-style-type: none"> Absence of succession plans for key corporate department or other mitigation tools 	<ul style="list-style-type: none"> Launch of a project to select qualified professionals to strengthen the current group of corporate managers
Environment	Inability to meet customer demands and pressures	<ul style="list-style-type: none"> Inability to meet customer demands in terms of product innovation (e.g. products with reduced environmental impact, use of recycled and recyclable materials) 	<ul style="list-style-type: none"> Development of a product line with reduced environmental impact (U-Green and J-Respect)
	Inadequate waste management	<ul style="list-style-type: none"> Non-compliance with regulatory requirements Environmental impacts due to incorrect waste management Reputational damages due to incorrect waste management 	<ul style="list-style-type: none"> Presence of an ISO 14001 certified management system (Tunisia, France and Italy)
	Non-compliance with environmental regulations along the supply chain	<ul style="list-style-type: none"> Non-compliance with regulatory requirements Environmental impacts due to incorrect environmental management by suppliers Reputational damages due to environmental impacts generated by their suppliers 	<ul style="list-style-type: none"> On-site visits to supplier factories, by the Group Purchasing department, related to the quality of raw materials purchased
	Inadequate management of energy consumption	<ul style="list-style-type: none"> Lack of opportunity to reduce operating costs through the implementation of energy efficiency projects Inadequate preparation for regulatory changes (e.g. increase in energy costs) 	<ul style="list-style-type: none"> Presence of an ISO 14001 certified management system (Tunisia, France and Italy)

continues >>

<< follows

Area	Risk	Risk description	Management and mitigation methods
Social	Cases of corrupt behaviour implemented or suffered by workers and suppliers	<ul style="list-style-type: none"> • Cases of active or passive corrupt behaviour by Group employees or suppliers 	<ul style="list-style-type: none"> • Policy anticorruzione di Gruppo (approvata nel 2021)
	Failure to comply with rules and regulations in the field of product safety	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Cases of product defects 	<ul style="list-style-type: none"> • The Group main sites have implemented a quality management system certified according to ISO 9001 • The Group regularly monitors and manages compliance with safety-related product certifications (e.g. ISO 20345)
	Non-compliance with socio-economic regulations along the supply chain	<ul style="list-style-type: none"> • Non-compliance with regulatory requirements • Impacts related to incorrect management of labour rights, human rights and social aspects by suppliers • Reputational damages due to the impacts generated by their suppliers in these fields 	<ul style="list-style-type: none"> • The Group Purchasing department carries out on-site visits at supplier factories related to the quality of the raw materials purchased • Supplier assessment questionnaires are planned
	Inability to offer products that are innovative in technology and in line with market trends	<ul style="list-style-type: none"> • Inability of the Group to be a driver of technological innovation in line with market demands and the state of the art in the sector 	<ul style="list-style-type: none"> • Investment in R&D and continuous search for product innovations (e.g. new materials, design)

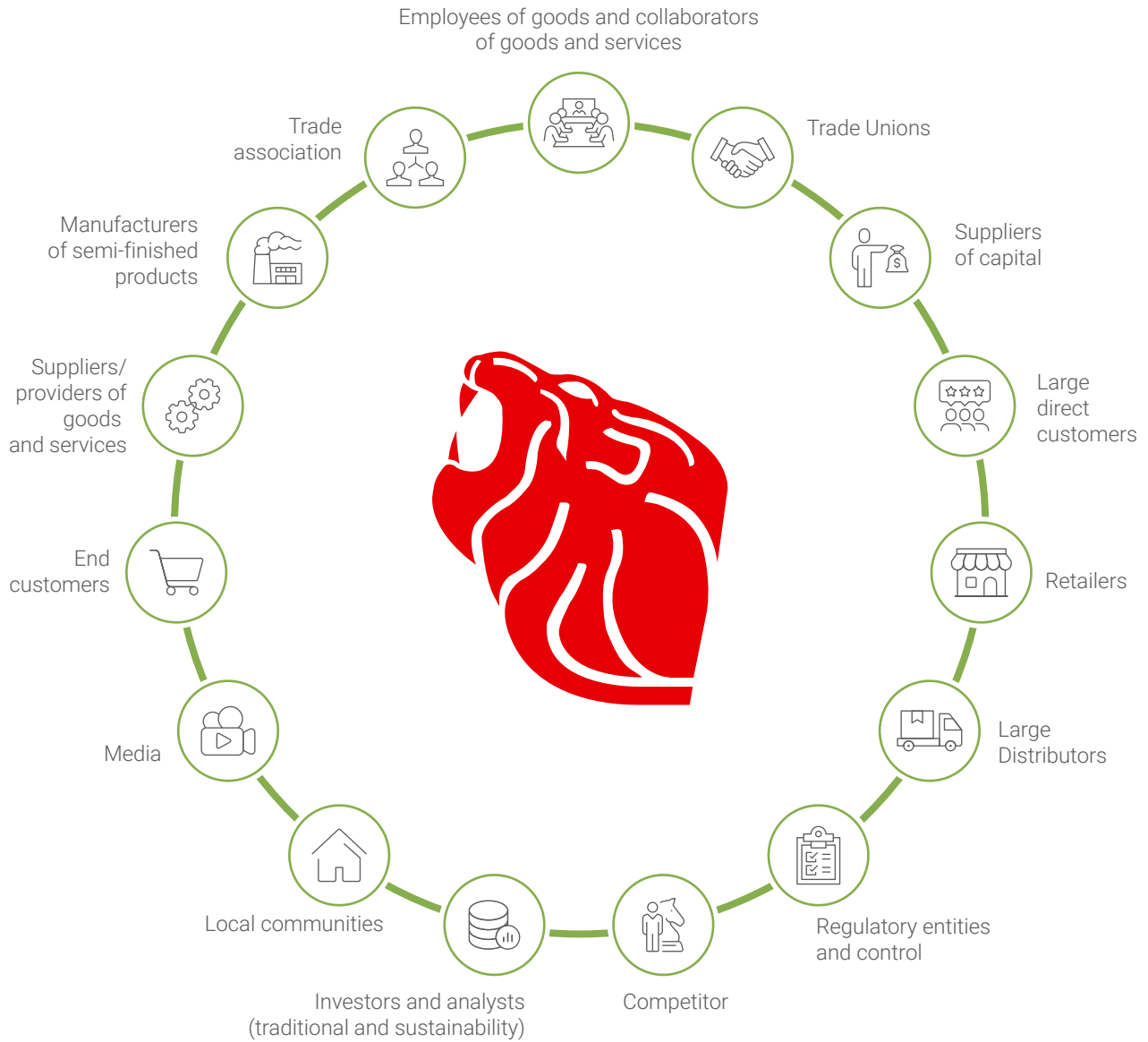
For the aforementioned risks, the management methods and action plans to mitigate their impacts are outlined in the various sections.

2.3 STAKEHOLDER DIALOGUE

This Sustainability Report is seen as a channel through which to communicate social and environmental performance, as well as to maintain and continuously improve

transparency towards all U-Power Group stakeholders. With the awareness that stakeholder relations are key in the process of creating value for the company, the Group is committed to strengthening the engagement process with its stakeholders, who are considered an integral part of the responsible and sustainable management of the business.

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



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

channels tailored to the needs of individual stakeholders (for engagement activities, please refer to the Methodological Note). In fact, U-Power Group is aware that these moments, being opportunities for mutual growth and enrichment, are a key element for long-term value creation.





3

**ITALIAN INNOVATION
AND DESIGN
AT THE SERVICE
OF THE CUSTOMER**

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

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

serve psycho-physical health in the medium and long term.

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

RUMBA GLOVES – CUT-RESISTANT COLLECTION



3.1 INNOVATION AT THE SERVICE OF SAFETY

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

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

the continuous innovation of models and style of products offered on the market. With this in mind, over the past few years, U-Power Group has established a fruitful collaboration with the bodies and authorities that define standards in the field of occupational health and safety, through constant dialogue and the development of joint projects.


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

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

The Group has demonstrated its success in research and development, especially in its ability to outperform its competitors in developing cutting-edge technologies and products that meet the most advanced industry standards. As of 2024, U-Power Group has accumulated a total of 23 patents, proving its leadership in the industry.

These patents protect the entire range of working shoes, as well as the many innovations introduced in each footwear component.

Patents with the greatest market impact

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

Product safety is a key requirement for U-Power Group to maintain consumer confidence. In order to ensure the highest quality standards, the Group two production sites and the general office in Italy operate in compliance with ISO 9001:2015, which was extended to the Trani modelling department in 2024. In line with the provisions of the standard, systems have been implemented to monitor operational processes related to quality management and customer support. These systems are an essential reference for planning, implementing, monitoring and continuously improving the organization goals.

In addition, in order to fulfil its commitments, the production factory in Tunisia has adopted an Environmental Management System (EMS). Through the EMS, the Group adopts a preventive approach in managing risks related to environmental aspects, in line with the approach of ISO 14001, which provides for an analysis of relevant environmental risks related to the production site.

During 2025, the Group is working to extend the ISO 45001 certification – relating to the occupational health and safety management system, already active at the Tunisian site – to the Trani modelling department (U-Group) and to the French production site.

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

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

In addition to “Safety footwear”, U-Power Group produces “Protective footwear”, certified according to **ISO 20346:2011** and “Working footwear” or “Professional footwear”, standardised by **ISO 20347:2012**. The former differ from Protective footwear because they have, in addition to the minimum requirements, a lower protective toe cap against impacts with energy up to 100 joules. The latter, on the other hand, do not protect against physical, mechanical risks of impact and compression on the toe, as they do not have a protective toe cap.

This ISO certification system is awarded and verified by external laboratories, accredited and tracked through an

identification number. The relevant conformity information is present and visible on all the labels attached to footwear. In addition, the label contains information about the month and year of manufacture, protection class, reference standard and conformity.

In order to always ensure the high quality of the products offered, the Group pays the utmost attention to customer satisfaction. This is why U-Power Group works daily to track and analyse all possible product non-conformities, especially assessing all return cases. For each case, statistical analyses are carried out, in order to define quality improvement actions in the products. Specifically, the company usually opens an investigation process in order to understand, analyse and resolve the issue by intervening at the project level, if the complaints relate to a specific problem. In 2024, 0.22% of returns and complaints were recorded out of the total number of pairs sold (down from 0.31% in 2023), all due to accidental (aesthetic or shape) and non-substantial defects, i.e. not related to the safety of the footwear. Thanks to this management and intervention model, no significant cases of product non-conformity were detected during the 2022-2024 three-year period.

^a Considering the specificity of U-Power, due to the large number of employees at the Tunisian site, the Group calculates the percentage of employees covered by certifications by relating the number of employees at the certified site to the total number of Group employees.

3.2 CARBON NEUTRAL WORKING SHOES

U-Power Group, with a responsible and innovative approach, offers safety shoes on the market that combine maximum protection and comfort with respect for the environment, offering consumers greater transparency and supporting them in more informed purchasing choices. With this in mind, the

Group launched an ambitious project in 2020, which in 2024 led to the measurement of the product carbon footprint on 53 models, of which 48 were certified as Carbon Neutral. The commitment will continue in 2025, with the certification of 8 additional models. The total number of models on which the product carbon footprint has been measured will rise to 61, of which 53 are certified as Carbon Neutral. The Group intends to continue in this direction, further expanding the project in the coming years.

	2022	2023	2024
Number of ISO14067 certified shoe models	19	48	53
Number of ISO14067 certified and carbon neutral shoe models ⁹	19	48	48
Sales of certified carbon neutral products (in pairs)	30,146	41,630	56,586

LORD SHOES, RED 360 RANGE



⁹ Until 2024, the methodological reference was PAS 2060. Starting from 2025, the Group is committed to transitioning to the new ISO 14068, in line with regulatory updates and international standards on climate neutrality.

During 2024, sales of certified carbon neutral footwear lines increased significantly, with a 36% increase compared to 2023, reaching a total of 56,586 pairs of shoes sold, thus consolidating the Group commitment to sustainability and innovation in the field of occupational safety.

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

- **Sole:** anti-abrasive, anti-oil, anti-slip and anti-static, made of 100% polyurethane from renewable raw materials, according to the BASF Group *biomass-balanced* project.
- **Anti-puncture system:** made from 50% recycled materials and totally “metal-free”, it guarantees complete puncture protection, as it is sewn directly onto the upper.
- **Insole:** anatomical and antibacterial, it is made of polyurethane developed by the BASF Group according to the *biomass-balanced* project.
- **Upper:** made of 50% recycled material, it guarantees the robust and lightweight features of the PUTEK technology.
- **Lining:** highly breathable, it consists of 66% recycled air-tunnel material.
- **Strings:** 100% recycled polyester.
- **Toe cap:** resistant to 200 joules (corresponding to a fall of a 20 kg weight from a height of one metre or to a compression of approximately 1.5 tonnes).

For the conception of the Carbon Neutral shoe lines, characterised by a high level of technology and quality that takes into account the emission profile, U-Power Group collaborated with the BASF Group, which developed a polyurethane derived 100% from renewable sources and certified REDcert²¹⁰.

The latter certifies the use of the biomass-balanced approach, a system designed to ensure that, within the finished product, fossil-based raw materials have been replaced by sustainable renewable materials.

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

With the aim of reducing emissions during the design and prototyping stages of models, the parent company U-Power Group S.p.A. decided to purchase energy from renewable sources at the premises of Paruzzaro (offices and warehouse) and of Saint-Hippolyte-du-Fort. Furthermore, from January 2022 to December 2024, the Group will adopt a series of improvement actions, defined following an energy diagnosis, with the aim of reducing CO₂ emissions related to its production processes.

Regarding unavoidable emissions associated with the production of the U-Green, J-Respect and Lupos lines, U-Power Group has implemented a programme, in line with international best practice, with the aim of not only offsetting the emissions generated, but also of promoting social and economic benefits for the community. In particular, the Group purchased carbon credits related to the Xenamnoy Clean Hydropower project, developed in Laos. The project offsets greenhouse gas emissions through the construction of a run-of-river hydroelectric power plant with an installed capacity of 14.8 MW and an annual capacity of 85 GWh supplied to the electricity grid.

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

¹⁰ REDCert² is a European certification used to demonstrate that fossil-based raw materials have been replaced by sustainable renewable materials, using the mass balance approach.

3.3 RED LEVE

Characterised by extreme lightness, the Red Leve line is a collection of working shoes that includes seventeen models of extremely lightweight safety shoes free of animal components. Each shoe is made with a breathable nylon upper and an anti-abrasion toe protection, making them a great choice for warmer weather. The Wingtex air tunnel lining is also breathable, while the anti-puncture insole is lighter, but equally safe. The models are designed with the aim of reducing the weight on the legs, thus minimising the expenditure

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

FLUO (YF) T-SHIRT – SATURN (BC) VEST – MERCURY (BC) BERMUDA SHORTS – TANGO GLOVES – GIADY (YF) SOCKS – YELLOW SHOES, RED LION RANGE



PLUTON (BC) JACKET – FLUO (YF) T-SHIRT – TREK (BB) PANTS – U-POWER (BC) CAP – ELVIS SHOES, RED PREMIUM RANGE



3.4 INFINERGY®

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

The Group has patented the insertion of such an insert in safety footwear, allowing the end user to maintain energy levels longer than any traditional sole, ensuring lightness and freedom of movement with the possibility of reducing muscular-skeletal disorders. This elastic, visible and tangible insert is characterised by resilience according to DIN 53512¹¹.

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

3.5 RED CARPET

In order to provide the right support for staff who work long hours in a standing position, the U-Power Group R&D laboratories have developed dedicated safety footwear designed to provide the right posture support and revitalise the affected areas subjected to stress. The **Red Carpet** technology, developed in collaboration with the BASF chemical Group, is designed to absorb and relieve body stress, reducing the trauma resulting from prolonged standing at stationary workstations. The material used, totally free of harmful substances, is able to reactivate blood circulation and provide relief to joints, neck, loins and support the worker throughout

the working day, ensuring comfort and safety. In terms of innovation, it was a real breakthrough; originally conceived for the sports world, it revolutionised running footwear. BASF has succeeded in this technical performance by combining foams made of closed-cell particles with thermoplastic polyurethanes.

3.6 LIFESTYLE CLOTHING AND SHOE LINE

U-Power Group offers not only safety footwear, but also a wide range of working clothing designed for different sectors and conditions, which includes various garments such as jackets, vests, trousers, Bermuda shorts, sweatshirts, t-shirts, polo shirts, shirts, working socks and thermal underwear. Even when it comes to working clothing, maximum attention is paid and the selection of materials is key. U-Power stands out on the market for the quality, technical features and mechanical resistance of its **Softshells** – in particular the **Softshell U-Tex** – equipped with a thermoplastic polyurethane (TPU) membrane which guarantees the fabric a high degree of waterproofing, breathability and wind resistance. This membrane is coupled externally with a 4-way stretch fabric with a water-repellent treatment that protects it from external humidity and rain and, internally, with a Micro-Grid Fleece that provides high comfort and quick dry properties.

Additionally, the Group has expanded its offering to include a line of lifestyle shoes, which are designed to offer comfort and style, while maintaining the standards of quality and innovation that U-Power is known for. In fact, in 2024, the company launched several new models, including sneakers from the Urban and U.Lite lines, both of which are compliant to EN ISO 20347:2022, which specifies the basic and additional requirements for working footwear used for general purposes. In particular, the U.Lite sneakers were officially presented at the **Expoprotection** - the international exhibition on risk prevention and management held in Paris every two years - and are intended for the HoReCa (Hotel, Restaurant, Café/Catering) sector, which includes all the activities related to hospitality and catering, and the civilian footwear market.

¹¹ Technical Standard issued by the German Deutsches Institut für Normung. In particular, standard 53512 refers to the determination of rubber rebound resistance using Schob pendulum.

3.7 DEVELOPING A RESPONSIBLE SUPPLY CHAIN

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

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

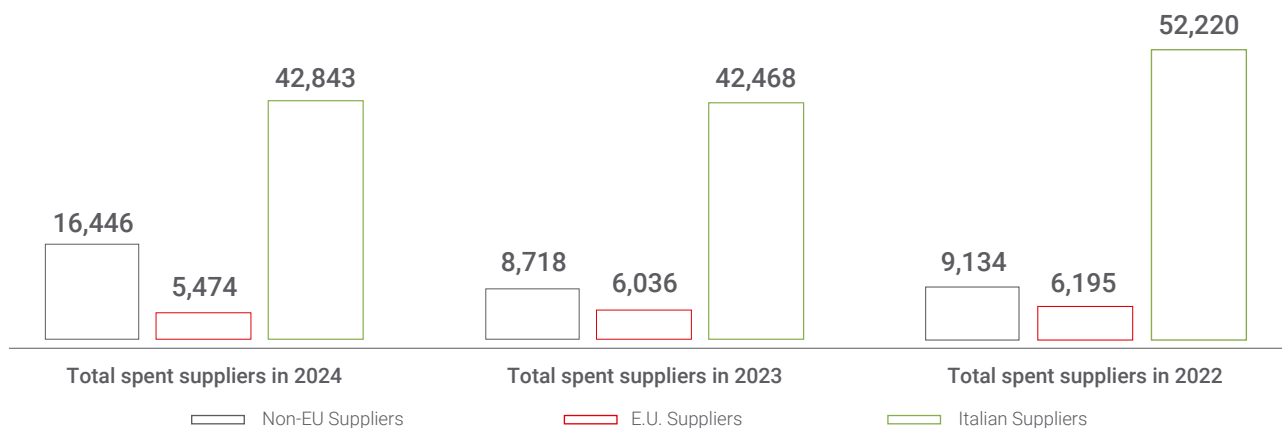
In 2024, all raw material suppliers, contractors and sub-contractors were subjected to the internal assessment system. During the year, the company started to establish a structured supplier assessment system, with the aim of com-

prehensively mapping all partners supplying raw materials, products and services. This process is part of a broader procurement evolution project aimed at integrating ESG (environmental, social and governance) criteria in the selection and management of suppliers, including through the administration of specific assessment questionnaires.

The company has a code of business conduct that governs all relations that U-Power has with its collaborators and various external entities (including suppliers). It covers both social issues such as child labour and safety for workers and environmental issues, encouraging environmental protection.

In terms of procurement policies, during 2024, U-Power strengthened its procurement strategy by favouring Italian suppliers, allocating 66% of expenditure to local suppliers. This decision supports the Italian economy and strengthens the relations with local companies, contributing to a stronger industrial fabric. At the same time, 8% of expenditure was invested in European suppliers, taking advantage of the diversity and specialisation of the market, while only 25% was allocated to non-European suppliers. This distribution aims to reduce environmental impact and improve operational agility.

Total expenditure by suppliers, broken down by geographical area



U-Power managers also periodically visit the production factories of the most relevant suppliers to check the production process and the quality of the purchased products, in order to verify the purchased product even before it is shipped and received by the Group production or logistics premises. In 2024, 15 on-site audits were carried

out for numerous suppliers, including some of the Group main ones.

Moreover, every six months, all the suppliers of the materials that will make up the safety shoes are required to update their certification according to the REACH European Regulation,

which establishes the rules to be respected to ensure the protection of consumer health and of the environment through the registration, assessment and authorisation of certain chemical substances used in production processes and contained in the products sold, indicated in the Regulation.

During 2024, the Group drew up a **sustainable procurement policy**, committing to adopt and promote the values of integrity, respect for human rights and environmental protection throughout its supply chain, in line with its Code of Ethics, Human Resources Policy and Environmental Policy. The aim of the policy is to strengthen the existing busi-

ness relations between the Group and its suppliers, going beyond minimum compliance requirements. Accordingly, U-Power requires its suppliers and business partners to comply with all the applicable laws and regulations in the countries in which they operate, and expects them to incorporate the standards and principles set forth in the policy, actively making every effort to achieve such standards and disseminate them among their employees, stakeholders and other suppliers.

Furthermore, U-Power Group plans to assess 30% of its suppliers according to ESG risk criteria by 2027.

ANTARES (WW) HELMET – SPOCK (GM) SOFTSHELL







OUR TEAM

4. OUR TEAM

The success of the U-Power Group is based on people able to add value through skills, experience and technical know-how. At the core of the corporate management is the team commitment and passion, key elements in responding effectively to market demands. The introduction of the HR manager role in 2023 fits into this direction, with the aim of strengthening the supervision and coordination of activities related to human resources management, from training to professional development, up to occupational health and safety.

U-Power Group recognizes the value of its people and invests in the selection of the best talents, in professional development and in the well-being of its employees. In 2024, a more structured and transparent selection process was introduced to support a consistent internal development path.

An organizational climate survey is planned for 2025, conducted with the support of a specialized supplier, to collect

opinions and suggestions useful for improving the working environment and enhancing the good practices already in place. The initiative reflects the Group commitment to open and constructive dialogue, recognizing the central role of people in the corporate development.

With this in mind, U-Power is committed to ensuring a healthy, safe, inclusive and meritocratic working environment where everyone can express their talents to the full. The sustainability plan includes targeted actions on training, talent development and occupational health and safety, to promote a culture focused on people well-being.

In 2025, internships and projects in collaboration with local universities and schools will also begin, with the aim of attracting young talents and contributing to the development of skills in the local area, thus strengthening human capital, the driving force behind the Group innovation and competitiveness.

HELSINKI SHOES, RED INDUSTRY RANGE



4.1 A COMPANY OF PEOPLE

U-Power places the well-being of its employees at the heart of its business, promoting a safe, inclusive working environment oriented towards personal and professional growth, in compliance with gender balance.

In 2024, the Group had 5,287 employees, 177 collaborators¹² and 56 multi-firm agents.

Employment stability is a priority: 70% of staff have permanent contracts, an increase compared to 2023. In addition, 99.8% of employees are employed full-time in the 2022-2024 three-year period, ensuring continuity and professional development. While favouring full-time work, U-Power recognizes the importance of flexibility: in 2024, 9 people opted for part-time work. There are no contracts with non-guaranteed hours, confirming the Group commitment to safeguarding stable and decent working conditions.

EMPLOYEES BY CONTRACT TYPE AND GENDER

	Permanent			Fixed-term			Total		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Men	1,735	1,984	2,019	1,211	927	934	2,946	2,911	2,953
Women	1,520	1,631	1,674	805	685	660	2,325	2,316	2,334
Total	3,255	3,615	3,693	2,016	1,612	1,594	5,271	5,227	5,287

EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL AREA

	Permanent			Fixed-term			Total		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Europe	168	185	206	6	7	11	174	192	217
Tunisia	3,087	3,430	3,487	2,010	1,605	1,583	5,097	5,035	5,070
Total	3,255	3,615	3,693	2,016	1,612	1,594	5,271	5,227	5,287

EMPLOYEES BY PROFESSIONAL TYPE AND GENDER

	Full-time			Part-time			Total		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Men	2,942	2,907	2,951	4	4	2	2,946	2,911	2,953
Women	2,319	2,311	2,327	6	5	7	2,325	2,316	2,334
Total	5,261	5,218	5,278	10	9	9	5,271	5,227	5,287

EMPLOYEES BY PROFESSIONAL TYPE AND GEOGRAPHICAL AREA

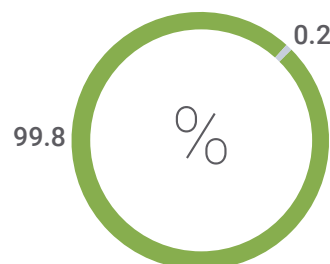
	Full-time			Part-time			Total		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Europe	164	183	208	10	9	9	174	192	217
Tunisia	5,097	5,035	5,070	0	0	0	5,097	5,035	5,070
Total	5,261	5,218	5,278	10	9	9	5,271	5,227	5,287

¹² This figure includes trainees, self-employed, temporary workers.

The Group is dedicated to selecting and recruiting staff according to criteria of objectivity, competence and gender balance, aiming for gender and background diversity among candidates. Through the corporate portal, an attempt is made to attract talents with technical, managerial and interpersonal skills in line with the company values.

In 2024, the Group hired 635 new employees, bringing innovation and new ideas to the company. The outgoing turnover rate stood at 11%, in line with the natural career cycle and personal choices of employees. This is offset by an incoming turnover of 12%, up from 8% in 2023, confirming the ongoing commitment to attracting new talents and strengthening a dynamic and evolving workforce.

Full-time contracts  Part-time contracts 



NUMBER OF HIRES AND TERMINATIONS BY GENDER

	Hires			Terminations		
	2022	2023	2024	2022	2023	2024
Men	607	219	334	459	255	292
Women	459	218	301	383	226	283
Total	1,066	437	635	842	481	575

NUMBER OF HIRES AND TERMINATIONS BY AGE GROUP

	Hires			Terminations		
	2022	2023	2024	2022	2023	2024
Less than 30 years	618	234	356	455	226	290
30-50 years	420	192	257	335	210	215
more than 50 years	28	11	22	52	45	70
Total	1,066	437	635	842	481	575

NUMBER OF HIRES AND TERMINATIONS BY GEOGRAPHICAL AREA

	Hires			Terminations		
	2022	2023	2024	2022	2023	2024
Europe	35	84	54	31	29	29
Tunisia	1,031	353	581	811	452	546
Total	1,066	437	635	842	481	575

INCOMING AND OUTGOING TURNOVER RATE BY GENDER

	Incoming turnover rate			Outgoing turnover rate		
	2022	2023	2024	2022	2023	2024
Men	21%	8%	11%	16%	9%	10%
Women	20%	9%	13%	16%	10%	12%
Total	20%	8%	12%	16%	9%	11%

INCOMING AND OUTGOING TURNOVER RATE BY AGE GROUP

	2022	2023	2024	2022	2023	2024
Less than 30 years	54%	23%	38%	40%	22%	31%
30-50 years	12%	5%	7%	9%	6%	6%
more than 50 years	5%	2%	3%	9%	7%	9%
Total	20%	8%	12%	16%	9%	11%

INCOMING AND OUTGOING TURNOVER RATE BY GEOGRAPHICAL AREA

	2022	2023	2024	2022	2023	2024
Europe	20%	44%	25%	18%	15%	13%
Tunisia	20%	7%	11%	16%	9%	11%
Total	20%	8%	12%	16%	9%	11%

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

In 2024, the Group provided a total of 12,916 hours of training, with the employee category benefiting the most, with 13 hours of training per capita, three times as much as in the previous year. The Group is actively engaged in expanding training opportunities for its employees, go-

ing beyond the established minimum requirements. In order to achieve this goal, the Group continues to raise awareness of the importance of non-mandatory training, encouraging employees to participate in courses and programs that can enhance their skills and knowledge. In fact, by 2025, U-Power plans to expand its offering for employees and implement some internal training courses on *Salesforce*, a customer relationship management platform, and *Power BI*, a data visualization and *business intelligence* tool.

TRAINING HOURS BY GENDER¹³

	2022	2023	2024
Hours of training provided to Executives	80	95	114
Hours of training provided to Middle Managers	332	455	222
Hours of training provided to White Collars	1,083	519	1,801
Hours of training provided to Blue Collars	109	22,793	10,779
Total	1,604	23,862	12,449

TRAINING HOURS PER CAPITA BY GENDER

	2022	2023	2024
Training hours per capita per Executive	4.7	4.3	5.0
Training hours per capita per Middle Manager	9.5	12.0	4.7
Training hours per capita per White Collar	8.4	4.2	12.7
Training hours per capita per Blue Collar	0.02	4.5	2.1

¹³ In reporting the figure for training hours by professional category, more detailed data was available than was considered and reported in the Sustainability Report 2023 for the 2022-2023 two-year period. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

TRAINING HOURS BY GENDER

	2022	2023	2024
Training hours provided to women	756	13,272	7,018
Training hours provided to men	848	10,590	5,898
Total	1,604	23,862	12,916

TRAINING HOURS PER CAPITA BY GENDER

	2022	2023	2024
Training hours per capita per woman	0.16	5.7	3.0
Training hours per capita per man	0.17	3.6	2.0

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

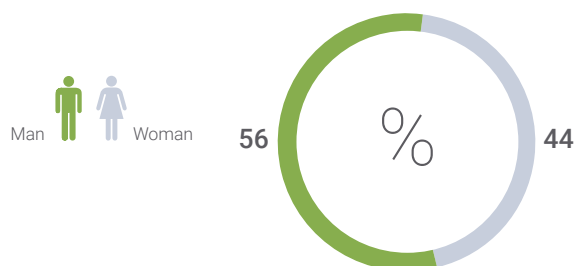
U-Power Group does not tolerate any form of discrimination based on ethnicity, religion, language, gender, political opinions or trade union membership. The Group enhances diversity and inclusion as key drivers for innovation, recognizing the unique contribution of people with different backgrounds, experiences and skills.

In 2024, a human resources policy was introduced to promote an inclusive culture and a working environment that enhances individual uniqueness.

The Group condemns all forms of exploitation and forced labour, drawing inspiration from the principles of the key conventions of the International Labour Organization (ILO) to ensure respect for human and labour rights.

In the 2022-2024 three-year period, no incidents of child exploitation, forced labour or discrimination were recorded, nor were there any complaints related to respect for human rights or working conditions.

In terms of gender equality, women represent 44% of the workforce, with an even distribution across geographical areas and professional categories. The percentage is particularly significant in Tunisia, where women make up 44% of employees.



In general, at the contractual level, women represent 45% of the permanent corporate population and 41% of the fixed-term workforce. In 2024, the proportion of women with full-time contracts continues to grow (44.1%).

In line with the 2022-2024 three-year period, U-Power core workforce falls into the blue-collar **professional category**, which constitutes 96% of the workforce. They are followed by white collars at 2.7%, middle managers at 0.9% and, finally, corporate executives at 0.4%. In 2024, male presence is predominant among executives (74%) – down from 82% in 2023 – and is slightly higher among blue collars (56%) and middle managers (55%), for whom however the percentage has decreased from 61% in 2023. The number of women (65%) exceeds that of men in the white-collar professional category.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2022		2023		2024	
	No.	%	No.	%	No.	%
Executives	17	0.3%	22	0.4%	23	0.4%
Women	3	18%	4	18%	6	26%
Men	14	82%	18	82%	17	74%
Middle Managers	34	0.6%	38	0.7%	47	0.9%
Women	12	35%	15	39%	21	45%
Men	22	65%	23	61%	26	55%
White collars	129	2.4%	123	2.4%	142	2.7%
Women	88	68%	89	72%	93	65%
Men	41	32%	34	28%	49	35%
Blue collars	5,091	96.6%	5,044	96.5%	5,075	96.0%
Women	2,222	44%	2,208	44%	2,214	44%
Men	2,869	56%	2,836	56%	2,861	56%
Total	5,271		5,227		5,287	
Women	2,325		2,316		2,334	
Men	2,946		2,911		2,953	

Also in 2024, U-Power workforce is predominantly in the 30-50 **age group** (68%), followed by employees under 30 (18%). In contrast, the remaining corporate population consists of employees over the age of 50 (14%).

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

	2022		2023		2024	
	No.	%	No.	%	No.	%
Executives	17	0.3%	22	0.4%	23	0.4%
<30 years	0	0%	0	0%	0	0%
Between 30 and 50 years	6	35%	4	18%	4	17%
>50 years	11	65%	18	82%	19	83%
Middle Managers	34	0.6%	38	0.7%	47	0.9%
<30 years	2	6%	5	13%	8	17%
Between 30 and 50 years	10	29%	14	37%	20	43%
>50 years	22	65%	19	50%	19	40%
White collars	129	2.4%	123	2.4%	142	2.7%
<30 years	21	16%	25	20%	24	17%
Between 30 and 50 years	72	56%	65	53%	76	54%
>50 years	36	28%	33	27%	42	30%
Blue collars	5,091	96.6%	5,044	96.5%	5,075	96.0%
<30 years	1,117	22%	989	20%	915	18%
Between 30 and 50 years	3,445	68%	3,448	68%	3,489	69%
>50 years	529	10%	607	12%	671	13%
Total	5,271		5,227		5,287	

U-Power Group recognizes the value of human rights and is committed to transparently managing any reports of discrimination. In the 2022-2024 three-year period, no such cases were identified.

Employee well-being is a priority for the Group, which has introduced numerous welfare initiatives over the years. In 2024, meal tickets were introduced, with their value to be increased by 2025. A bilateral breast ultrasound was offered to employees at the Italian premise, which 35 people signed up for, and a mobile prevention unit is to be sponsored in 2025.

At the Tunisian Martek production site, corporate welfare has been further strengthened: free buses were increased to facilitate employee commuters, and the offer of free mammograms and biopsies to female employees has continued. The Group also celebrated Eid al-Fitr and Eid al-Adha with corporate events and donations for workers and their families, respecting religious traditions.

In order to improve working conditions, approximately 1.5 million euro were invested in the installation of air conditioners. Additionally, although not required by law in Tunisia, specially designed lightweight, non-slip shoes will be provided in 2025 to ensure greater safety and comfort.

4.3 THE REMUNERATION SYSTEM AND INDUSTRIAL RELATIONS

In order to ensure the efficiency and progress of an organisation, it is essential to focus on building and expanding a solid employer brand. In fact, being able to attract and select top talents and being able to offer them a fair remuneration package in line with the labour market and their achievements is necessary for maintaining a leadership position.

The Shareholders' Meeting is responsible for determining the remuneration of the members of the governing body and periodically reviewing the amount of this remuneration. The Board of Directors is also subject to variable remuneration, including bonuses, which are regularly determined according to the type and department of the executive, using eco-

nomie, production and commercial criteria. At present, BoD members are not subject to regular performance assessments on sustainability topics.

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

100% of the Group employees are covered by collective bargaining agreements. In particular, all 97 Italian employees are protected by the National Collective Labour Agreement (CCNL) for the footwear sector, which regulates working conditions, including holidays, overtime pay, working flexibility and participation bonuses. In addition, the contract requires that employees be informed in writing in the event of organisational changes such as mergers or sales of business units. In contrast, for the other regions, the employment relationship is regulated according to the specific legislation.

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

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

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

In 2024, an employee management software was implemented, with the purchase of the performance assessment module. This area, currently under development, represents a strategic opportunity that we intend to strengthen in the coming years. At present, the team is actively working to optimize and

strengthen the system, with the aim of creating a more organized and functional structure that can effectively support the growth and performance improvement of employees.

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

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

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

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

Moreover, in 2024, zero incidents of violation or questioning of the freedoms of association and collective bargaining were reported, nor were any suppliers or activities identified where labour rights to these freedoms were not guaranteed or were at risk.

4.4 OUR SAFETY

Protecting the physical, mental and social well-being of employees is a priority for U-Power Group, which promotes safe and healthy working environments through preventive measures, continuous training and health surveillance. The Group operates in full compliance with the regulations in force in the countries where it is present, with the aim of improving its performance in terms of health and safety.

Even in the absence of high-risk activities, U-Power considers staff protection to be essential. To this end, it promotes a culture of prevention and employs a dedicated health and safety staff, responsible for verifying regulatory compliance, defining guidelines, inspecting environments and equipment, and managing dialogue with worker representatives.

Since 2021, the Tunisian production site has also undergone internal and external inspections leading to ISO 45001 certification, which has now been extended to 96% of the workforce. The Group is working to include the Trani modelling department and the factory in France in 2025.

The risk analysis is carried out at all sites, in Italy, Tunisia and France, and concerns the specificities of each working role. Among the preventive measures taken: procedures for the safe handling of chemicals, storage and transport, and phonometric analyses of noise levels, which in the different departments vary between 73.05 and 96.5 dB(A). Based on these results, corrective measures are implemented to contain noise exposure within safety limits and to protect worker hearing health.

In 2024, accident monitoring recorded 130 cases, mostly minor (superficial wounds and bruises), with an accident rate of 11.88, down from the previous year. There were no occupational accidents related to external collaborators, for which the total number of hours worked was estimated at 235,191 with a related accident rate of 0. There were also no accidents resulting from commuting in 2024.

EMPLOYEE ACCIDENT INDICES

	2022	2023	2024
Hours worked	12,445,046	12,048,111	10,944,029
Total number of accidents	172	147	130
<i>of which resulting from commuting accidents¹⁴</i>	15	9	0
Total number of occupational accidents with serious consequences ¹⁵	1	0	2
Occupational accident rate ¹⁶	13.82	12.20	11.88
Occupational accident rate with severe consequences ¹⁷	0.08	0	0.18

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

4.5 U-POWER GROUP COMMUNITIES

U-Power Group aims to ensure the well-being of its employees and to actively contribute to the well-being of the community. In line with its values and articles of association, U-Power supports the development of charitable initiatives that benefit society. Its commitment to the community is based on the 2030 Agenda, which promotes collaboration between businesses and local realities to achieve sustainable development goals. During 2024, the Group continued to be involved in the communities and territories in which it operates, becoming a reference point not only for employment and economic development, but also as an important partner for the community. U-Power Group is systematically committed to supporting initiatives and organisations that generate positive impacts for the development and enhancement of the communities in which it operates.

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

In November, U-Power hosted the students of the **Master Fashion Tech Polidesign at the Polytechnic University of Milan**. The students were invited to participate in a one-of-a-kind workshop, sponsored by U-Power, with the aim of reinventing an icon of the working world, the Point shoe, transforming it into a Point.2.0. The students were also asked to design an entire working outfit combining performance, sustainability and a touch of streetwear, playing with innovative fits and volumes. This project represented a unique opportunity for students, who had the chance to put their knowledge into practice and face the challenges of the contemporary working world.



¹⁴ A commuting accident is an accident that occurs on the way between the workplace and a place belonging to the private sphere, only when the transport was managed by the organisation.

¹⁵ An occupational accident with serious consequences is defined as an occupational accident that leads to death or injury from which the workers cannot recover, do not recover, or it is unrealistic to expect that they will fully recover to the state of health prior to the accident within 6 months.

¹⁶ The occupational accident rate is calculated as the number of occupational accidents/hours worked*1,000,000.

¹⁷ The occupational accident rate with severe consequences is calculated as the number of occupational accidents/hours worked*1,000,000.

In the first months of 2025, the company welcomed the **fifth and fourth grade classes of the Primo Levi Institute of Seregno, Fashion System department**. This meeting represented an important opportunity for exchange, a bridge between the world of education and that of work, during which U-Power shared its know-how with young talents, fuelling a constructive and stimulating dialogue.

In the previous months, the students faced a design challenge: to create an innovative outfit, designed to meet the specific needs of craftsmen such as electricians, plumbers and carpenters. Each project sought to respond to the needs of the working world, through creativity and innovation.

The Group is convinced that investing in the younger generation is crucial for the future of the industry: collaboration between companies and schools is a powerful engine for the development of new ideas and the training of skilled and motivated professionals.

The Group supports a number of sports clubs both in Italy and Tunisia with annual donations, helping to spread healthy habits, promoting physical activity and team play.

U-Power has renewed its commitment as **main sponsor of AC Monza** for the 2023/2024 season. This partnership has given U-Power the opportunity to strengthen its presence in the world of sport and to share the values of commitment, determination and success that unite both companies.



The Group also continues to be the **Official Back Jersey Partner of FC Internazionale Milano**, an agreement that will last until 2027.



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





5

ENVIRONMENT ON THE SPOTLIGHT

5. ENVIRONMENT ON THE SPOTLIGHT

U-Power Group recognizes the growing importance of environmental challenges and their central role in international agendas. For this reason, it is committed to allocating technical, economic and professional resources to the development of an environmental strategy in line with current regulations and aimed at continuously improving its performance. In line with its Sustainability Plan, the Group is actively en-

gaged in reducing its environmental impact through interventions on multiple fronts: optimization of logistics, use of innovative and sustainable materials, promotion of circular economy practices and incentives for the production of energy from renewable sources. U-Power is also defining a structured decarbonisation path, to support the energy transition.

5.1 ENVIRONMENTAL PROTECTION IN OUR VALUE CREATION

The Group most significant environmental impacts are concentrated in its two production factories in France and Tunisia. At both sites, U-Power is committed to a responsible and efficient resource management throughout the entire production cycle, from raw materials to waste management, with a focus on reducing energy consumption and greenhouse gas emissions associated with its products.

In May 2021, the Group adopted an environmental policy for all companies, which defines clear goals in terms of regula-

tory compliance, monitoring and continuous improvement of environmental performance, reduction of impacts and staff awareness.

As proof of this commitment, the production factory in Tunisia obtained the certification of its Environmental Management System according to UNI EN ISO 14001 in 2021.

In the 2022-2024 three-year period, there were no violations of environmental regulations in the countries where the Group operates.

NIAGARA SHOES, RED INDUSTRY GREEN RANGE



5.2 MANAGING ENVIRONMENTAL IMPACTS

5.2.1 ENERGY AND EMISSIONS

U-Power Group is committed to pursuing continuous improvement of energy performance within factories by identifying measures to reduce consumption. This strategy is in line with the Group desire to promote the energy transition through the production and supply of electricity from renewable sources.

In 2024, the total energy consumption in the two produc-

tion companies of the Group amounted to 107,870 GJ, an increase of 11% compared to the previous year. This is due to the fact that the environmental data for the 2022-2023 two-year period were only calculated for the production sites in Tunisia and France, while the Italian premises were also considered in 2024. An analysis of the energy vectors used in the factories shows that energy consumption includes several sources: electricity supplied by the national grid, fuel for the corporate fleet, and methane gas used for space heating limited to the factory located in France, the Paruzzaro modelling department and the logistics hub. In addition, electricity from renewable sources certified through Guarantees of Origin (GO) was purchased from 2022 onwards, a share that increased to 12% of the total electricity purchased in 2024.




ENERGY CONSUMPTION WITHIN THE ORGANISATION

	2022	2023	2024
Fuel consumption from non-renewable sources (GJ)			
Diesel	6,370	6,090	8,540
Gasoline	916	609	1,458
Natural gas	5,054	4,186	9,538
Indirect energy consumption (GJ)			
Electricity consumption purchased from the grid (mixed sources)	80,827	79,195	87,630
<i>Of which with Certificates of Origin</i>	3,795	4,422	10,680

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

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

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

 <p>Photovoltaic system on the new warehouse</p>	<p>U-Power Group has taken a further step towards sustainability with the installation of a state-of-the-art photovoltaic system on the roof of its new warehouse and distribution centre in Oleggio Castello (NO). This system, with an output of 451 kW, supplies energy to both the logistics facility and the new offices housing the Group headquarters. The system consists of 1,100 photovoltaic modules and is expected to produce 475,000 kWh of electricity per year. This significant amount of energy produced is partly used for the facility internal energy needs and partly fed into the national grid, thus contributing to the supply of renewable energy.</p>
 <p>LEED Gold certification for new offices</p>	<p>The Group new offices have obtained the LEED Gold certification. This certification, issued by the <i>U.S. Green Building Council</i>, is one of the world's most widely used rating systems for sustainable buildings. The LEED (<i>Leadership in Energy and Environmental Design</i>) certification ensures that the building meets high standards of energy efficiency, water management, indoor environmental quality and use of sustainable materials.</p>
 <p>LED lighting system</p>	<p>Energy efficiency in factories is a key step towards sustainability and optimisation of resources. In 2023, the Group successfully completed a project to renovate the lighting systems at its premises in France and Tunisia, replacing old systems with modern LED devices. This transformation has resulted in a 40% reduction in energy consumption and has helped to reduce the environmental impact at the end of the device life cycle, thanks also to the elimination of hazardous metals.</p>

These investments reinforce the Group commitment to reducing the environmental impact of its activities and promoting the use of alternative energy sources, in line with the sustainability and environmental responsibility goals it pursues.

CANYON SHOES, RED INDUSTRY GREEN RANGE





NEW LEED-CERTIFIED WAREHOUSE AND DISTRIBUTION CENTRE

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

The project involved a state-of-the-art automation system with 50 autonomous shuttles handling the movement of goods, ensuring efficiency and precision. This technological innovation enables a better inventory management, providing a clear view of the parts and product volumes in stock and minimising the risk of errors in orders. Furthermore, the system allows for quick processing of requests and more efficient storage of material, thanks to the use of compact and optimised solutions. As a result, flow management has improved significantly compared to previous years, overcoming the limitations of traditional warehouses, which, managed via a WMS (Warehouse Management System), were unable to perform some basic logistics operations. Printing readable labels directly on the conveyor hubs eliminates the need for additional labelling, further speeding up the process.



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

By 2024, the picking process is automated, leading to a significant reduction in annual goods handling and the number of accidents, as operators are no longer directly involved in the heavy load handling operations, resulting in an increase in overall performance. For the first few months of the year, performance was lower due to the adaptation period, but thanks to software and hardware interventions, results improved considerably. Several KPIs are now used to measure performance, which were previously unavailable:

- Speed of order execution: orders are now processed daily, compared to the past where orders from previous days were processed.
- Repackaging: absolute accuracy is required in the packaging provided by suppliers. If the package does not meet the requirements of the machine, repacking is necessary. Agreements have been established with suppliers in China and Tunisia to mitigate these problems, as non-compliant packaging stops the entire process.
- Warehouse saturation: monitoring the quantity of materials available and those to be packaged.

In addition, the warehouse has obtained the prestigious LEED Gold certification, which attests not only to the reduction of CO₂ emissions, but also to energy and water efficiency, interior quality and the sustainability of the materials and resources used.



Use of electricity from certified GO sources

The commitment to the use of increasingly sustainable energy sources has resulted in the consumption, for the entire year 2024 in Italy and France, of electricity entirely from renewable sources, certified through a Guarantee of Origin (GO).

The Group calculates its direct (Scope 1) and indirect (Scope 2) **greenhouse gas (GHG) emissions** related to energy consumption in accordance with the GHG Protocol guidelines. Scope 2 emissions, resulting from the purchase of electricity used in corporate operations, are calculated according to two different approaches: *Location-based*, a method that

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

In 2024, the Group GHG emissions amounted to 12,995 tons CO_{2e}, an increase of 9%¹⁸ compared to 2023.

GHG EMISSIONS

	2022	2023	2024
Direct GHG emissions - Scope 1 (tCO_{2eq})			
Fuel consumption	766	680	1,027
Refrigerant gas refills	2,257	1,379	1,376
Total	3,022	2,058	2,403
Indirect GHG emissions - Scope 2 (tCO_{2eq})			
Electricity (Market-based)	10,023	9,845	10,132
Electricity (Location-based)	10,084	9,914	10,592
Emission intensity (tCO_{2eq}/million €)			
Emission intensity	48	42	42

The Group recorded an increase in emissions in FY 2024, due to increased production. Nevertheless, over the 2022-2024 three-year period, the emission intensity, calculated as the ratio of GHG Scope 1 and 2 (Location-based) emissions to turnover, decreased by 12%.

As part of the efforts to mitigate its impacts and improve transparency, the Group continued its Scope 3 category

monitoring programme in 2024, starting to report 2 categories for 2023 and 4 categories for 2024, meeting and exceeding the 2-category target set the previous year. This progress is an essential element in the process of monitoring and reducing environmental impact at the value chain level. U-Power also aims to calculate 6 categories in 2025.

	2022	2023	2024
Number of Scope 3 categories monitored	0	2	4

¹⁸ Data considering Location Based GHG Scope 1 emissions and GHG Scope 2 emissions.

Overall, the following categories were calculated:

- Category 1 (Purchased goods and services), which includes all upstream (cradle-to-gate) emissions resulting from the production of products purchased or acquired in the reporting year;
- Category 3 (Fuel and energy activities (not included in Scope 1 or 2)), which includes upstream emissions from fuel and energy activities, including the extraction, production and transport of fuels consumed by the Group;

- Category 5 (Waste from operations), which includes upstream emissions from waste-related operations, such as third-party disposal and treatment of generated solid waste and wastewater;
- Category 6 (Business travel), which includes emissions from the transport of employees for corporate business in company-owned or third-party operated vehicles, such as planes, trains, buses and cars.

GHG EMISSIONS ¹⁹

	2022	2023	2024
Indirect GHG emissions - Scope 3 (tCO_{2eq})			
Purchased goods and services (3.1)	-	-	94,989
Fuel and energy activities (not included in Scope 1 or 2) (3.3)	2,147	2,071	2,580
Waste from operations (3.5)	174	142	90
Business travel (3.6)	-	-	165

5.2.2 MATERIALS AND WASTE

U-Power Group creates, innovates and designs highly technical and high-performance products, starting with a particularly careful choice of raw materials. The selection of materials includes both semi-finished and finished products, including polyurethane components and different types of packaging (such as wood and cardboard). Within the Plan, the Group defined its commitment to extend the range of certified footwear lines and to diversify the portfolio to increase the use of products with sustainability features, including recycled and bio-based materials.

In 2024, an innovative project for the disposal and recovery of cardboard was launched, with a contract with an authorized supplier to come into effect in 2025. This supplier will take care of purchasing the cardboard produced, allowing the company to implement material recovery and recycling practices, thus contributing to a more sustainable management of resources and a reduction in environmental impact.

Also in 2024, data collection on materials was carried out in order to analyse the quantities of the different products purchased and used, classifying them by type:

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

During the year, the Group experienced a slight increase in the total amount of materials purchased and used; in fact, in 2024, the total volume of materials purchased was approximately 14,000 tons, an increase of 8% compared to 2023 due to the increase in production volumes.

¹⁹ In the reporting of the indirect emissions figure for Category 5, more detailed data was made available than was considered and reported in the Sustainability Report 2023 for the 2022-2023 two-year period. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.

WOMEN: CEDAR (WB) FLANNEL SHIRT – LINEAR (DB) T-SHIRT – MEN: CEDAR (CH) FLANNEL SHIRT – LINEAR (GM) – T-SHIRT



Among the raw materials, leather represents the main material with a percentage of approximately 24% of the total purchased products, while the category of textile and synthetic materials constitutes 42% of the total. Finally, a relevant

category concerns packaging - including cardboard, wooden pallets and other packaging - which increased to 22% of the total materials purchased in 2024, driven mainly by the use of cardboard.

PURCHASED MATERIALS²⁰

	Renewable	2022	2023	2024
Raw materials (t)				
Leather	No	2,546	2,073	3,395
Metals	No	412	387	749
Total	-	2,938	2,438	4,145
Materials needed in the production process (t)				
Chemicals	No	4,436	4,217	120
Fats and oils	No	0,2	0,2	26,6
Total	-	4,436	4,217	146
Materials and components other than final raw materials (t)				
Textile and synthetic materials	No	3,533	3,180	5,907
Labels (paper)	No	346	178	86
Rubber	No	18	14	57
Other materials	No	1,083	949	540
Total	-	4,998	4,344	6,590
Packaging materials (t)				
Cardboard	Yes	1,380	333	2,880
Wooden pallets	Yes	43	50	202
Other packaging (packing tape)	No	998	1,641	66
Total	-	2,422	2,023	3,149
Total materials	-	14,793	13,023	14,040

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

In order to support this approach, the Group invested in 2023 in the purchase of new technologies to increase production efficiency and improve quality control. In particular, three cutting machines dedicated to leather processing, one reading machine for quality inspection and two machines for precise cutting of synthetic materials were introduced.

In 2024, the *Leather Efficiency Program* was launched, a strategic project aimed at reducing waste in leather processing. The program led to the introduction of the first new-generation cutting machines, intended to cover between 25% and 30% of the upper production. The plan includes a progressive expansion of the machine park, with the aim of applying the benefits obtained to an increasingly larger share of production.

At the heart of the programme is the reading machine, which is able to detect leather defects at an early stage, optimizing material utilization, reducing waste and improving quality control. Thanks to the *Leather Efficiency Programme*, the Group recorded a 2% reduction²¹ in GHG emissions related to footwear production in 2024.

²⁰ The data on purchased materials for 2024 were collected using a refined methodology, which improved the accuracy of classification and breakdown of the different types of materials. This refinement resulted in some differences from the classification adopted in previous years (2022 and 2023), while maintaining the consistency of the overall figure, which is nevertheless comparable.

²¹ For the purposes of calculating the reduction, 339,950 pairs of shoes produced using new machinery in the production process were considered. From this total, a representative sample of 141,665 pairs of shoes was selected, for which the leather consumption (in m²) was analysed both before and after the introduction of the new machinery. Based on this analysis, the percentage of savings achieved was determined. This percentage was then applied to the entire production of 339,950 pairs of shoes, in order to estimate the overall reduction in leather consumption attributable to the use of the new machinery.

FY	Leather Efficiency Program – annual coverage (m ²) ²²	Consumption without new machinery (m ²)	Consumption with new machinery (m ²)	Savings achieved (m ²)	Net savings in leather consumed under the program (%)
2024	207,500	67,992	63,266	4,726	2.28%

The initiative represents a further step in the Group innovation path, which aims to constantly improve the efficiency of production processes, while respecting the environment, worker health and customer satisfaction.

At the same time, U-Power Group is actively involved in the management and reduction of waste, mainly generated in production factories. The Group ensures full compliance with current regulations in the countries where it operates, working with accredited suppliers to ensure safe and responsible waste management throughout the supply chain.

In 2024, the Group generated a total of 1,410 tons of waste, an increase over the previous year, due to the inclusion, for the first time, of the Italian premises in the scope of environmental reporting, in addition to the factories in Tunisia and France considered in previous years.

All waste is disposed of annually by specialized third-party operators, in compliance with environmental regulations. Of the total, 11% is hazardous waste, mainly waste metal canisters and industrial waste, which is managed carefully and responsibly.

WASTE PRODUCED

Type (ton)	2022			2023			2024		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Paper and cardboard	-	70.4	70.5	-	73.2	73.2	-	700.9	700.9
Chemical waste	13.5	95.6	109.1	12.3	87.8	100.1	7.0	-	7.0
Electrical and electronic waste	0.4	-	0.4	0.5	-	0.5	4.0	-	4.0
Industrial waste	0.9	105.8	106.8	0.03	94.6	94.6	8.5	491.3	499.8
Metal waste	162.9	12.6	175.5	152.7	38.7	191.4	137.4	27.5	164.9
Organic waste	-	8.4	8.4	-	8.1	8.1	-	5.3	5.3
Textile waste	-	23.4	23.4	-	19.8	19.8	-	27.9	27.9
Total	177.8	316.3	494.1	165.6	322.2	487.8	156.9	1.252,9	1.409,8

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

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

²² Annual leather consumption using the new machinery.

5.2.3 WATER

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

The water used in both production premises, given the nature of the activities, is not used in the production process, but exclusively for civil uses, such as toilets and canteens.

During 2024, 82 mega litres of water were withdrawn exclusively from the aqueduct, totally discharged through the sewage network²³. Furthermore, through the use of a water risk mapping tool, it was possible to verify that the Tunisian factory is located in an area of high water stress.²⁴

As for other environmental data, the increase recorded in water withdrawals and discharges is linked to the fact that the data for the 2022-2023 two-year period were calculated only for the production sites in Tunisia and France, while in 2024 the Italian premises were also considered.

WATER WITHDRAWAL²⁵

	2022	2023	2024
Mega Litres			
Total water withdrawal from public aqueduct	85	72	82
<i>Of which from water stress areas²⁵</i>	81	68	76
Water discharge	85	72	82
<i>Of which from water stress areas</i>	81	68	76
Water consumption	0	0	0

²³ The water sampled/discharged is fresh water, $\leq 1,000$ mg/l total dissolved solids.

²⁴ Water stress areas are identified using the *WRI Aqueduct Water Risk Atlas*. For the definition of water stress areas, only those with a high risk are considered, among which the production site in Tunisia.

²⁵ In reporting data on water withdrawals and discharges, more detailed data was made available than was considered and reported in the Sustainability Report 2023 for the 2022-2023 two-year period. This Sustainability Report therefore outlines the most accurate figure for the entire three-year reporting period.





METHODOLOGICAL NOTE

METHODOLOGICAL NOTE

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

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

The figures and information in this document refer to the activities carried out by U-Power Group during the 2024 financial year (from January to December 2024), unless otherwise specified, in line with the Financial Report. The indicators presented in the Report, for comparative purposes, are also reported for the 2022-2024 three-year period, where available, and they are accompanied by a commentary on their performance so as to allow comparison and comparability of the Group performance over time. Any changes in the 2022 and 2023 data that have occurred as a result of an update of the calculation methodology are clearly and precisely stated in the text in correspondence with the change. In particular, it should be noted that, while the environmental data for the 2022-2023 two-year period were calculated only for the production sites

in Tunisia (Martek S.a.r.l) and France (Jallatte S.a.s), in 2024 the Italian premises (U-Power Group S.P.A, U-Logistics S.r.l and U-Group S.r.l) were also considered.

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

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

As of the date of publication of this Report, there are no known significant events that occurred in 2024 relevant to sustainability disclosure.

U-POWER GROUP STAKEHOLDERS

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

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

MICHELLE AND MATT SHOES, RED LEVE RANGE



THE IMPACT MATERIALITY

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

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

THE CALCULATION METHODOLOGY

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

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

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

STAFF DATA

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

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

The accident indices were calculated as follows:

- Occupational accident rate: number of accidents/hours worked*1,000,000

- Accident rate with serious consequences: number of accidents with serious consequences, i.e. with a total number of days of absence exceeding 6 months/hours worked*1,000,000
- The calculation of frequency rates does not include commuting accidents.

ENVIRONMENTAL DATA

For environmental data, where not available, conservative estimation methodologies were used, resulting in the selection of assumptions associated with the least positive environmental performance for the Group. The reporting of environmental data is extended only to the Group production factories, located in Tunisia and France, for 2022 and 2023, while it is also extended to Italy for 2024.

ENERGY CONSUMPTION

The conversion factors used to standardise energy consumption come from the DEFRA "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" table, for 2022, 2023 and 2024.

GREENHOUSE GAS EMISSIONS

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

Direct emissions (Scope 1): emissions related to fuel consumption were determined using the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting", 2022, 2023 and 2024 editions.

Indirect emissions (Scope 2): indirect emissions correspond to electricity consumption. The factors in Figure 4 of the document "European Residual Mixes" (2021 editions for

2022, 2022 edition for 2023, 2023 edition for 2024), published by the Association of Issuing Bodies, for France, were taken into account for the calculation of electricity emissions according to the "market-based" method. For Tunisia, for which the residual mix emission factor is not available, in accordance with the reporting standards, the same factor as for the "location-based" method was used. For the calculation of the latter, the factors present in "Table 49 - Main socio-economic and energy indicators", published by Terna in the International Comparisons section, and available in their most recent version at the time of publication of the document (2019 data, for 2022, 2023 and 2024) were taken into consideration.

- Indirect emissions (Scope 3): Value chain-related GHG emissions, not accounted for as Scope 1 or Scope 2 emissions, fall into this category. Based on the GHG Protocol, the following categories were reported for the 2022-2024 three-year period:
 - Category 1: For the calculation of this category, the emission factors from the Ecoinvent database were used. The entire Group is included in the scope of the calculation.
 - Category 3: For the calculation of this category, the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting" for 2022, 2023 and 2024 were used. The scope of the calculation includes all the premises in Tunisia, France and Italy.
 - Category 5: For the calculation of this category, the emission factors from the Ecoinvent database were used. The calculation scope includes all the premises in Tunisia and France, the warehouse (U-Logistics) and the two modelling departments in Italy (U-Group).
 - Category 6: For the calculation of this category, the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting" for 2024 were used. The entire Group is included in the scope of the calculation.

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

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

U-Power Group S.p.A.
sustainability@u-power.it





GRI CONTENT INDEX

GRI CONTENT INDEX

Declaration of use	U-Power Group S.p.A. submitted a report in accordance with the GRI Standards for the period 1 January 2024 – 31 December 2024.
GRI 1 used	GRI 1 - Key Principles - version 2021
Relevant GRI sector standards	Not applicable

GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organisational details	1. U-Power Group: a company, a safety partner Methodological note			
	2-2 Entities included in the organisation sustainability reporting	Methodological note			
	2-3 Reporting period, frequency and point of contact	Methodological note			
	2-4 Review of information	Methodological note			
	2-5 External assurance	Methodological note Audit report			
	2-6 Activities, value chain and other business relations	1.2 The business model 3. Italian innovation and design at the service of the customer			
	2-7 Employees	4.1 A company of people			
	2-8 Non-employees	4.1 A company of people			
	2-9 Governance structure and composition	2.1 The governance model			
	2-10 Appointment and selection of the highest governing body	2.1 The governance model			
	2-11 Chair of the highest governing body	2.1 The governance model			
	2-12 Role of the highest governing body in impact management control	2.1 The governance model			
	2-13 Delegation of responsibility for impact management	2.1 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 2: General Disclosures 2021	2-14 Role of the highest governing body in sustainability reporting	2.1 The governance model			
	2-15 Conflicts of interest	2.1 The governance model			
	2-16 Communication of critical issues	2.1 The governance model			
	2-17 Collective knowledge of the highest governing body	2.1 The governance model			
	2-18 Performance assessment of the highest governing body	4.3 The remuneration system and industrial relations			
	2-19 Remuneration standards	4.3 The remuneration system and industrial relations			
	2-20 Procedure for determining remuneration	4.3 The remuneration system and industrial relations			
	2-21 Annual total remuneration ratio	-	Incomplete disclosure	Information not available/incomplete	At present, the Group does not have a system that allows the aggregation of information. The Group is taking steps to implement a data collection to report on this disclosure as of next year.
	2-22 Statement on the sustainable development strategy	Letter to stakeholders			
	2-23 Commitment in terms of policy	2.1 The governance model			
	2-24 Integration of commitments in terms of policy	2.1 The governance model			
	2-25 Processes to remedy negative impacts	2. Governance and Sustainability strategy 3. Italian innovation and design at the service of the customer 4. Our Team 5. Environment on the spotlight			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 2: General Disclosures 2021	2-26 Mechanisms for requesting clarification and raising concerns	2.1 The governance model			
	2-27 Compliance with laws and regulations	2.1 The governance model 5.1 Environmental protection in our value creation			
	2-28 Membership of associations	U-Power Group S.p.A. is not a member of any association or organisation.			
	2-29 Approach to stakeholder engagement	2.3 Stakeholder dialogue			
	2-30 Collective contracts	4.3 The remuneration system and industrial relations			4
MATERIAL TOPICS					
GRI 3: Material topics 2021	3-1 Process of determining material topics	1.4 Materiality analysis			
	3-2 List of material topics	1.4 Materiality analysis			
Territorial and community development					
GRI 3: Material topics 2021	3-3 Managing Material Topics	1. U-Power Group: a company, a safety partner 4.1 A company of people 4.5 U-Power Group communities			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	1. U-Power Group: a company, a safety partner			
GRI 401: Employment 2016	401-1 New hires and turnover	4.1 A company of people			
Business ethics					
GRI 3: Material topics 2021	3-3 Managing Material Topics	2.1 The governance model			
GRI 205: Anti-Corruption 2016	205-3 Established incidents of corruption and actions taken	2.1 The governance model			
GRI 206: Anti-competitive conduct 2016	206-1 Legal actions relating to anti-competitive conduct, trust activities and monopolistic practices	2.1 The governance model			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
Materials used					
GRI 3: Material topics 2021	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer 5.2.2 Materials and Waste			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	5.2.2 Materials and Waste			
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers that have been assessed using environmental criteria	During 2024, the Group assessed 80% of new suppliers on the basis of environmental criteria.			
Water consumption					
GRI 3: Material topics 2021	3-3 Managing Material Topics	5.1 Environmental protection in our value creation 5.2.3 Water			
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	5.2.3 Water			
	303-2 Management of Impacts related to water discharge	5.2.3 Water			
	303-3 Water withdrawal	5.2.3 Water			
	303-4 Water discharge	5.2.3 Water			
	303-5 Water consumption	5.2.3 Water			
Energy management and climate change					
GRI 3: Material topics 2021	3-3 Managing Material Topics	5.1 Environmental protection in our value creation 5.2.1 Energy and emissions			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	5.2.1 Energy and emissions			
GRI 305-2: Emissions 2016	305-1 GHG direct emissions (Scope 1)	5.2.1 Energy and emissions			
	305-2 GHG indirect emissions from energy consumption (Scope 2)	5.2.1 Energy and emissions			
Waste management					
GRI 3: Material topics 2021	3-3 Managing Material Topics	5.1 Environmental protection in our value creation 5.2.2 Materials and Waste			

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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.2.2 Materials and Waste			
	306-2 Management of significant waste-related impacts	5.2.2 Materials and Waste			
	306-3 Waste generated	5.2.2 Materials and Waste			

Worker health and safety

GRI 3: Material topics 2021 GRI 403: Occupational health and safety 2018	3-3 Managing Material Topics	4.4 Our safety			
	403-1 Occupational health and safety management system	4.4 Our safety			
	403-2 Hazard identification, risk assessment and accident investigation	4.4 Our safety			
	403-3 Occupational health services	4.4 Our safety			
	403-4 Worker participation and consultation and communication on occupational health and safety	4.4 Our safety			
	403-5 Occupational health and safety training for workers	4.4 Our safety			
	403-6 Worker health promotion	4.4 Our safety			
	403-7 Prevention and mitigation of occupational health and safety impacts within the business relationship	4.4 Our safety			
	403-8 Workers covered by a health and safety management system	4.4 Our safety			
	403-9 Occupational accidents	4.4 Our safety			

Worker development and training

GRI 3: Material topics 2021	3-3 Managing Material Topics	4.1 A company of people			
GRI 404: Training and education 2016	404-1 Average hours of annual training per employee	4.1 A company of people			

Diversity and gender balance

GRI 3: Material topics 2021	3-3 Managing Material Topics	4.2 Diversity, gender balance and protection of human and labour rights			
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GRI Standard	Disclosure	Location	Omissions		
			Omitted requirements	Reason	Explanation
GRI 405: Diversity and gender balance 2016	405-1 Diversity in governance bodies and among employees	4.2 Diversity, gender balance and protection of human and labour rights			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective measures adopted	4.2 Diversity, gender balance and protection of human and labour rights			

Protection of human rights

GRI 3: Material topics 2021	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer 4.3 The remuneration system and industrial relations			
GRI 407: Freedom of association and bargaining agreements 2016	407-1 Activities and suppliers where the right to freedom of association and collective bargaining may be at risk	4.3 The remuneration system and industrial relations			
GRI 408: Child labour 2016	408-1 Activities and suppliers at significant risk for incidents of child labour	4.2 Diversity, gender balance and protection of human and labour rights			
GRI 409: Forced or compulsory labour 2016	409-1 Activities and suppliers at significant risk for incidents of forced or compulsory labour	4.2 Diversity, gender balance and protection of human and labour rights			
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that have been assessed using social criteria	During 2024, the Group did not assess any new suppliers on the basis of social criteria.			

Consumer health and safety

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

Research and development of products with reduced environmental impact

GRI 3: Material topics 2021	3-3 Managing Material Topics	3. Italian innovation and design at the service of the customer			
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ASPECTS NOT COVERED BY GRI INDICATORS

-	Number of ISO14067 certified and carbon neutral shoe models	3.2 Carbon Neutral working shoes			
-	Net savings in leather consumed under the Leather Efficiency Program	5.2.2 Materials and Waste			
-	Number of Scope 3 categories monitored	5.2.1 Energy and emissions			





REPORT ON THE SUSTAINABILITY REPORT

Report of the auditing firm on the Sustainability Report 2024

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

We have been tasked to perform a limited review ("*limited assurance engagement*") on the Sustainability Report of U-Power Group S.p.A. and its subsidiaries (hereinafter also referred to as "the Group" or the "U-Power Group") for the financial year ended 31 December 2024.

Director responsibility for the Sustainability Report

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

The Directors are also responsible for such internal control deemed necessary to draft a Sustainability Report that is free from significant misstatement whether due to fraud or error.

The Directors are also responsible for defining the U-Power Group goals in relation to sustainability performance, as well as for identifying stakeholders and significant aspects to be reported.

Independence of the auditing firm and quality control

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

Our auditing firm applies the International Standard on Quality Management 1 (ISQM Italy 1) and, accordingly, maintains a quality control system that includes documented guidelines and procedures on compliance with ethical principles, professional standards and applicable laws and regulations.

Responsibility of the auditing firm

It is our responsibility to express, based on the procedures performed, a conclusion regarding the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work was carried out in accordance with the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter also "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for *limited assurance* tasks. This principle requires that procedures be planned and carried out in order to gain a limited level of assurance according to which the Sustainability Report does not contain any significant errors.



Shape the future
with confidence

Therefore, our review involved a lesser extent of work than required for a full *ISAE 3000 Revised* review ("*reasonable assurance engagement*") and, as a result, it does not allow us to be certain to have become aware of all the significant facts and circumstances that might be identified as a result of such a review.

The procedures carried out on the Sustainability Report were based on our professional judgement and included interviews, primarily with Company staff responsible for preparing the information presented in the Sustainability Report, as well as document reviews, recalculations, and other procedures aimed at obtaining evidence deemed useful.

In particular, we carried out the following procedures:

1. analysis of the process for defining the relevant topics reported in the Sustainability Report, with reference to the methods of analysis and understanding of the context of reference, identification, assessment, and prioritization of actual and potential impacts, and internal validation of the results of the process;
2. comparison of the economic and financial data and information reported in the section "U-Power Group: a safety partner" of the Sustainability Report with the data and information included in the Group consolidated financial statements;
3. understanding of the processes underlying the generation, collection, and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we conducted interviews and discussions with U-Power Group S.p.A. Management staff and carried out limited documentary checks in order to gather information on the processes and procedures that support the collection, aggregation, processing, and transmission of non-financial data and information to the department responsible for drafting the Sustainability Report.

Furthermore, concerning significant information, taking into account the Group activities and features:

- at Group level
 - a) with reference to the qualitative information contained in the Sustainability Report, we conducted interviews and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to the quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.
- for the Jallatte S.a.S. production site in Saint-Hippolyte-du-Fort (France), which we selected based on its activities, its contribution to consolidated performance indicators and its location, we conducted remote interviews. During these interviews, we spoke with the heads of the corporate department involved in the sustainability reporting process and acquired documentary evidence on a sample basis regarding the correct application of the procedures and calculation methods used for the indicators.



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Conclusions

Based on the work performed, no elements have come to our attention that lead us to believe that the U-Power Group Sustainability Report for the year ended 31 December 2024 has not been drafted, in all its significant aspects, in compliance with the requirements of the GRI Standards as described in the "Methodological Note" section of the Sustainability Report.

Milan, 26 June 2025

EY S.p.A.

A handwritten signature in black ink, appearing to read 'Gabriele Grignaffini', is written over the printed name and title.

Gabriele Grignaffini
(Auditor)

All photos used are property of U-Power
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Creative concept, design and layout







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Don't worry... be happy!