FERROLI SPA

2024 Sustainability report

Together towards the future.

Heat the future on the road to sustainability.

Brilliant ideas, outstanding expertise and unwavering determination since 1955.

Methodological note

Through its first Sustainability Report, Ferroli S.p.A. aims at communicating to its stakeholders the company's environmental, social and governance sustainability performance over the last few years, with reference to the financial year 2024.

The document was drafted in compliance with the Global Reporting Initiative (GRI Standards), updated to 2023, according to the "with reference to" option; however, the approach adopted in the process of studying ESG impacts, materiality analysis and stakeholder engagement was set up with the effort to align with the guidelines dictated by the new European Union directive, the CSRD (Corporate Sustainability Reporting Directive), and the related ESRS (European Sustainability Reporting Standard).

Both the impacts - positive and negative, actual and potential - generated by the company, as well as the financial risks and opportunities were therefore tracked in a double materiality perspective. These analyses enabled the identification of ESG issues relevant to the organization, which were then explored in depth within the relevant chapters and associated with the Sustainable Development Goals. promoted by the UN 2030 Agenda.

The principles adopted in the reporting are those of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

The individual topics are presented with reference to the reporting period from January 1st 2024, to December 31st 2024. Information on the previous two-year period can be found within the document.

This document was drafted with the technical-methodological support of Fedabo Spa SB.

The reporting perimeter of this 2024 Sustainability Report concerns **Ferroli S.p.A, operating parent company with registered office at Via Ritonda 78/A, San Bonifacio (VR)**, including the branch offices indicated in the Chamber of Commerce register updated on 15 November 2024:

- **Production plant located in Villanova di San Bonifacio (VR)**
- **Landfill located in Ca' Lioncello in San Bonifacio (VR)**
- **Commercial Headquarters located in Bologna**
- **Production plant located in Casole D'Elsa (SI)**

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Letters to stakeholders

Dear Stakeholders,

As you know, our industry is undergoing a period of significant transformation involving challenges but also presenting extraordinary opportunities for growth and innovation. At Ferroli Group, 2024 has been a year of consolidation and development, during which we have gained the understanding of how the company wishes to embody its values and address the challenges of the market.

In recent years, we have witnessed a growing interest in sustainable energy solutions and an increase in the energy efficiency of products. Demand for heating and air conditioning systems that comply with high ecological standards is constantly increasing, and Ferroli Group is committed to meeting this need with innovative, technologically advanced solutions that reduce environmental impact. Our aim is to respond positively to a challenging environment characterized by significant market instability at an international level.

This, our first Sustainability Report, is the result of efforts across the entire company to strengthen our relationships with all of you, our valued stakeholders. Your cooperation and support are crucial to our success. Furthermore, this report represents our commitment to complying with European and international regulations by defining and applying a group-wide strategy that encompasses social, environmental, and governance commitments, ensuring measurability and transparency. We will continue to pursue excellence at every stage of our sustainability strategy, with the aim of ensuring lasting value for everyone who relies on us.

I would like to thank all Ferroli Group employees, in Italy and abroad, for their fundamental contribution to our growth and for translating the principles of sustainability into their daily lives and professional activities.

Finally, I would like to thank all of you, our stakeholders, for your continued trust and cooperation, which has enabled us to embark on this extraordinary sustainability journey. We are confident that, by continuing to work together, we can achieve even more ambitious goals.
I hope that this report provides a clear picture of our work and corporate responsibility, and I wish you a pleasant read.

Antonio Recinella

Mission

We provide reliable climate systems to promote daily comfort and well-being.

Focusing on **quality** and **innovation**, our aim is to be a centre of excellence, continuously adding value to meet the evolving needs of our customers, partners, and communities.

Highlights

OVER
550
EMPLOYEES

4,900
TRAINING HOURS

FERROLI FOR
Wellbeing
AND **Empatika**
PLATFORM

FERROLI
Academy

Constant monitoring
OF THE EMISSION IMPACT THROUGH ORGANIZATION'S AND PRODUCT'S CARBON FOOTPRINT

Master Manager's Development
PROGRAMME IN COLLABORATION WITH CA' FOSCARI UNIVERSITY

Corporate ESG
STRUCTURE WITH OVER 30 EMPLOYEES INVOLVED

ISO 9001, 14001 AND 45001
Certifications

01

Who are we

FERROLI SPA

CAP. 01.1

Who are we

Founded in **1955** by **Dante Ferroli**, the company was born from a clear vision: to bring innovation and quality to the heating and air conditioning industry. Today, almost 70 years later, Ferroli Group continues to develop with the same determination, strengthening its global presence.

Based in **San Bonifacio**, in the province of Verona, Ferroli coordinates an international network including **production facilities in Europe and Asia**, as well as **13 sales subsidiaries** and around **2,000 employees**. The Group owns well-known brands such as **Ferroli, Lamborghini Caloreclima and Isea**, which are recognized for their combination of advanced technology, design and reliability.

The company has always been synonymous with **innovation** and **quality**, offering an extremely broad portfolio of products to meet the needs of domestic, commercial and industrial sectors. The range includes:

Solutions for the residential sector
including condensing boilers, heat pumps, electric and gas water heaters, radiators, fan coils, single-split and multi-split air conditioners and solar thermal systems.

Products for professional applications
such as premixed gas condensing boilers for central heating systems, heat pumps and large-capacity chillers.

Technologies for the industrial sector
including pressurized heat generators, steam and superheated water boilers, and thermal oil heaters for high-efficiency applications.

Over the years, our product range has evolved from simply selling products to providing **complete systems and services** that meet our customers' needs in a more efficient way. In fact, Ferroli is strongly committed to providing technical assistance and guarantees customers efficient and timely support. The company ensures maximum reliability and usability of its solutions through an **extensive network of service and training centres dedicated to professionals in the sector**. A key role in this path is played by the **Ferroli Academy**, inaugurated in 2021, a training centre of excellence dedicated to customers and business partners that promotes the dissemination of advanced technical skills and supports the adoption of new technologies. With four locations distributed throughout Italy (Verona, Bologna, Rome and Bari), the Academy has enabled **over 1,800 Ferroli partners** (installers and service centres) to undergo training during the 2024–25 academic year, with over **250 training activities, more than 200 classroom courses and over 300 web meetings.**

Research & Development is a strategic pillar of Ferroli. A team of over one hundred engineers is constantly working to anticipate market needs and develop increasingly high-performance solutions. Thanks to this commitment to innovation, the Group has become a leading player in the HVAC (heating, ventilation and air conditioning) sector, with a particular focus **on aerothermics, advanced connectivity, and digital technologies** for managing domestic and industrial comfort.

After-sales activities have also been optimized to allow technicians to receive real-time remote support from a Ferroli Technical Support Engineer. This support includes the ability to share notes, images, 3D animations and assembly instructions, making the operator fully autonomous when carrying out any type of work on the machine. In addition, thanks to its collaboration with Vodafone Business, Ferroli has introduced a **residential boiler with IoT technology and 4G connectivity**, guaranteeing real-time monitoring, voice alerts and remote control via app.

CAP. 01.1

The HVAC industry is now required to play a key role in the **energy transition** by adopting technologies that combine efficiency with eco-sustainability. In this context, finding innovative ways to use alternative energy sources, such as hydrogen, is a vital step towards decarbonization. In collaboration with the Eindhoven University of Technology, Ferroli has developed a project to integrate hydrogen into condensing boilers. This has resulted in the certification for the installation of **HydroHelix 28 boiler prototypes**. At the same time, research and development activities on **hydrogen burners** have been conducted in collaboration with prestigious research bodies such as the Energetic Technology Group, the Heat Engines Division and the University of Vigo. These activities have confirmed the feasibility of this technology. In addition to simulations, Ferroli built and tested several prototype boilers with the new hydrogen burner to verify their effectiveness in real conditions. The results confirmed the stability and efficiency of the combustion process, enabling the design to be optimized and emissions to be reduced. Analysis of the collected data also provided valuable information for refining the technology and preparing for its large-scale application.

Looking to the future, Ferroli continues to grow and innovate, staying true to its mission of providing high-quality solutions for people's comfort and wellbeing anywhere in the world.

CAP. 01.2

History

1950s

The birth of Ferroli

As soon as methanization arrived in San Bonifacio, Dante, the family pioneer, started to maintain the town's gas network and converted the first wood-fired boiler to a gas boiler.

While the first Ferroli model was being exhibited at the Milan trade fair, Dante obtained a contract from the social housing institute to supply boilers for 500 homes in Verona.

1960s

Industrial rise and international expansion

In 1961, Ferroli's industrial era began, with the start-up of the foundry plant and the internationalization of the fledgling company, first in the Netherlands and then in Spain, with the inauguration of a factory in Burgos for the production of boilers and radiators.

1970s

Industrial rise and international expansion

These are years of great activities for Ferroli: the transformation of the company into an S.p.A., the opening of a sales branch in France, the inauguration of the Alano di Piave plant, the reaching of 500 employees and the doubling of production capacity.

Constant investments in factories, openness to technological development, consolidation throughout Western Europe confirm the entrepreneurial genius of Dante Ferroli, who once again anticipates the market and builds the first cast iron wall-hung boiler.

1980s

Technological innovation and strategic expansion

Innovation and automation penetrate in Ferroli's production plant, which sees the introduction of advanced electronics in wall-hung boilers.

Being the first in Italy, Ferroli engineers developed a wall-hung gas boiler with a copper exchanger. Thus, the company restart to grow and, thanks to far-sighted investments, this laid the foundations for important development in Eastern Europe.

CAP. 01.2

History

1990s

Global expansion and first awards

With the takeover of a heating installation company, Ferroli Industry expanded in Dresden, accompanying Ferroli Group's development into Turkey, Romania and Poland.

In 1994, Ferroli's Xignal was awarded as the best boiler in Europe: equipped with internal self-diagnosis, the boiler outperformed competitors from England and France.

In 1995, the Group entered the industrial heating and air conditioning sector.

2000s

Growth, acquisitions and global success

The Group grows even more thanks to a number of acquisitions, including the Dutch AGPO and the Lamborghini Caloreclima Group.

Ferroli also entered the Chinese market: in 2001 it opened its first factory to produce steel power boilers in Qingdao, while in 2004 it acquired one of China's leading electric water heaters in Heshan.

TODAY

Crisis, rebirth and resilience: the Ferroli of the future

In 2016, an extraordinary transaction took place with the entry of the Trinity Investment Limited Fund, under the leadership of Attestor Capital, into the share capital. This operation enabled Ferroli to strengthen its capital and laid the foundations for the relaunch of the Group, with the aim of continuing along the path of relaunch and innovation undertaken in recent years.

From its headquarters in San Bonifacio, Ferroli Spa controls a global business with 8 factories and 13 commercial subsidiaries, with approximately 2000 employees worldwide in force by the end of 2024. Looking to the future, Ferroli aims to consolidate its leadership in the HVAC sector through the adoption of advanced technologies, the continuous innovation of its products and a strong commitment to sustainability. In this context, a structured sustainability process was launched in 2024, which included the calculation of the Carbon Footprint of the Parent Company and its subsidiaries, the calculation of the Carbon Footprint on a specific product in the Ferroli portfolio (BLUEHELIX HITECH RRT 28C Boiler) and the drafting of this Sustainability Report. In the course of 2025, Ferroli has defined a Sustainability Plan aimed at improving its ESG performance, while next year it will integrate its economic-financial reporting with the sustainability information progressively required by the Corporate Sustainability Reporting Directive (CSRD).

CAP. 01.3

Our product lines

Ferroli offers a **wide range of HVAC solutions** that have been developed with **comfort, efficiency and sustainability**. These solutions are divided into three main application areas: residential, professional and industrial. Each area is characterized by products specifically designed to meet different heating, cooling and domestic hot water production needs.

Solutions for the residential sector

Ferroli offers a broad portfolio of energy-efficient and sustainable solutions for home comfort. **The electrical and renewable energy product** category, i**ncluding air-water and air-air heat pumps, hybrid heating systems, electric water heaters, and solar thermal systems**, represents today the company's core business. This is due to consumers' growing preference for solutions with a lower environmental impact and high efficiency.

Alongside these products, Ferroli's long-standing division specializing in **gas-fired domestic heating** products continues to play a significant role in the company's offerings. **Wall-hung condensing boilers, gas water heaters, and fan coils** continue to be popular choices thanks to their reliability and excellent performance-to-consumption ratio. Finally, air **conditioning systems** are available in mono-split configurations for cooling individual rooms and in multi-split configurations for connecting several indoor units to a single outdoor unit. These complete the range for the residential sector. Equipped with inverter technology for lower energy consumption and advanced air filtration and purification systems, these devices guarantee comfort and flexibility all year round.

CONDENSING BOILERS

HEAT PUMPS /
HYBRID SYSTEMS

FAN COIL UNITS RADIATORS

MONO-MULTI SPLIT SYSTEMS

HEAT PUMP/ELECTRIC/GAS
WATER HEATER

WATER TREATMENT

SYSTEM ACCESSORIES AND
CONTROLS

SOLAR THERMAL

Solutions for the professional sector

In the professional sector, Ferroli provides advanced and reliable **heating and cooling solutions for medium-sized facilities**, including **offices, shopping centres**, and **public buildings**. For heating purposes, the company provides pre-mixed gas condensing boilers for central heating systems that are characterized by their high energy efficiency and low emissions. These boilers are equipped with stainless steel heat exchangers and low NOx-emitting burners to guarantee environmentally friendly operation and optimal performance.

For cooling and heating purposes, Ferroli provides high-capacity, reversible air-water heat pumps that use refrigerant gases with minimal environmental impact to ensure optimal performance in both modes. As for chillers, Ferroli offers models with scroll compressors and optimized heat exchangers for high efficiency. These are available in various configurations to meet specific customer requirements.

PREMIXED GAS CONDENSING BOILERS FOR POWER PLANT

HEAT PUMPS AND CHILLERS

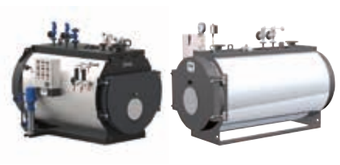
Solutions for the industrial sector

Constant innovation and attention to quality, the distinctive features of Ferroli, allow it to meet the needs of industries characterized by heavy thermal loads and strict emission controls, while ensuring efficiency, reliability and sustainability.

Ferroli produces and sells a range of boilers and generators for industrial heating, including **hot water, superheated water and steam boilers**, as well as **instantaneous steam generators and thermal oil heaters.** These products are designed to ensure high energy efficiency and reduced emissions. These solutions are ideal for industrial processes that require high temperatures and precise thermal control.

In the field of ventilation, Ferroli offers **air handling units (AHUs) and heat recovery units** to improve air quality in manufacturing plants and contribute to energy savings through heat recovery. Its specialised technical service operates globally to ensure installation, commissioning, calibration and after-sales assistance, guaranteeing the correct operation of the systems in any industrial context.

PRESSURISED HEAT GENERATOR



STEAM BOILERS / SUPERHEATED WATER BOILERS / DIATHERMIC OIL HEATERS

CAP. 01.4

Values and principles

Ferroli S.p.A. is founded on solid ethical principles that underpin every strategic decision and interaction with internal and external stakeholders.

Compliance with laws — **Integrity** — **Transparency**

are among the main core values on which the ethics of the Company and the Group, of which Ferroli is the parent company, are based, ensuring that all activities are carried out in full compliance with current regulations.

To this end, the **Group's Code of Ethics** has been adopted and spread to all subsidiaries, formalizing the fundamental values and rules of conduct for stakeholders such as employees, collaborators, corporate bodies, management, business partners and suppliers, as well as anyone else who has relationship with Ferroli S.p.A. (hereinafter also referred to as "the Company") and the Group.
The Code of Ethics **is a "charter of fundamental rights and duties"**, setting out and clarifying the ethical and social commitments and responsibilities towards internal and external stakeholders. Key **principles** include **preventing corruption and conflicts of interest, ensuring confidentiality and protecting personal data, promoting professionalism, valuing individuals, and ensuring safety at work and protecting the environment.**

Furthermore, as a company under Italian law, Ferroli S.p.A. has implemented an Organisation, **Management and Control Model (MOG)** in accordance with Legislative Decree 231/2001. This introduced administrative liability for entities in the Italian legal system for certain violations committed for the benefit of the entity by individuals in positions of representation, administration or management, or under their direction or supervision.

In this context, the **whistleblowing system** was introduced to protect individuals reporting violations of national regulatory provisions, including Legislative Decree 231/2001, by safeguarding the anonymity of whistleblowers and preventing retaliation or discrimination. To cover a broader objective and subjective scope with respect to the normative requirement, Ferroli has decided to retain the Speak-up system — an ante litteram whistleblowing system established by the Company in 2022, in line with Directive (EU) 2019/1937 relating to whistleblowing.

Finally, the **Anticorruption Policy** has been adopted to combat corruption and promote a culture of transparency and integrity. These tools demonstrate Ferroli Group's ongoing commitment to ethics and social responsibility, ensuring a working environment that adheres to the highest behavioral standards.

Respect for and enhancement of the individual are central to the corporate culture. Ferroli Group **guarantees equal opportunities** and rejects all forms of discrimination, promoting a serene working environment where everyone can work in accordance with the laws, principles, and shared ethical values. The company is committed to improving the professionalism of its employees by supporting their **training** and **professional development** and providing tools and opportunities for skill development.

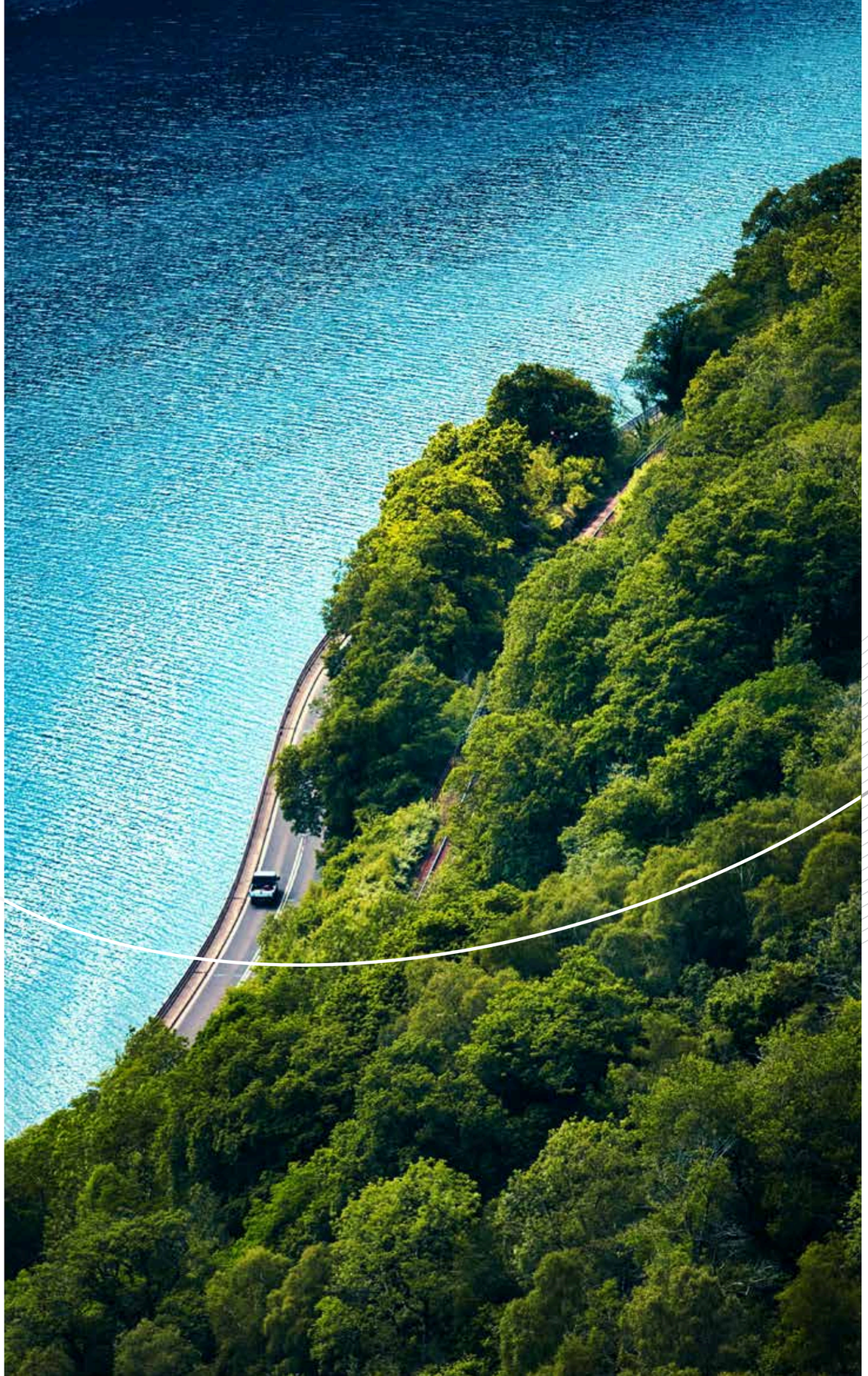
Ferroli Group pays particular attention to health and safety in the workplace. It adopts strict protocols to prevent risks and ensure safe and **healthy working environments** that respect individual dignity.

CAP. 01.4

Environmental commitment is another key part of the company's philosophy. Ferroli Group is actively involved in promoting environmentally friendly activities and processes through research and technological innovation. The company is also committed to **reducing the environmental impact of its products and production processes** by favoring energy efficiency and sustainable technologies. The company has thus initiated a multi-year sustainability journey, setting ambitious goals and implementing concrete improvement actions. This **Sustainability Report** is the first tangible step in this journey.

Ferroli Group also promotes the **ethical use** of its **equipment** and **information systems** as a means of supporting innovation and excellence. This is in line with laws and regulations involving confidentiality and protection of personal data.

Ferroli Group reinforces its social responsibility role through a structured and proactive approach, demonstrating that ethics, sustainability and attention to people are not mere principles, but can be translated into concrete choices that influence every aspect of the Group's operations and relations with stakeholders.



CAP. 01.5

Sustainability strategy

Ferroli Group recognizes the important role that sustainability can play in seizing growth opportunities and creating value — not just economic value, but environmental and social value too. Therefore, in recent years, sustainability has become an integral part of the company's overall strategy, and it has started monitoring, improving and communicating its ESG performance.

In this direction, in 2023 Ferroli carried out an initial analysis of its environmental, social and governance sustainability performance, based on which a structured plan of improvement actions aimed at strengthening operational efficiency, sustainability and internal training can be outlined. This actions include optimizing testing and water treatment in Italian plants, strengthening monitoring of separate waste collection and recycling, and revising policies to integrate environmental and social criteria in relations with suppliers. In terms of professional development, a comprehensive portfolio of learning programs has been made available through "Ferroli for Learning", alongside higher education initiatives such as the Master's degree in the "Managerial Development Programme", launched in 2023 in collaboration with Ca' Foscari University of Venice. This programme is aimed at offering 12 young Ferroli talents an advanced training path on sustainability issues. Finally, an ESG training program has been launched for all employees.

Recognizing the importance of anticipating regulatory scenarios and consolidating its commitment to sustainability, Ferroli Group embarked on a strategic path in 2024 aimed at aligning itself with the non-financial reporting obligations set out in Directive (EU) 2022/2464 (**Corporate Sustainability Reporting Directive - CSRD**).

To this end, Ferroli has adopted a multi-step strategic approach, with some steps already completed and others in progress or planned.

During 2024, the **Organization's Carbon Footprint** was calculated in accordance with the requirements of the international standard UNI EN ISO 14064-1:2019, with reference to emissions directly generated by the company (Scopes 1 and 2)[1]. Based on this calculation, a **structured plan of actions to reduce Scope 1 & 2 emissions** attributed to Ferroli Spa, as well as to the Chinese and Spanish subsidiaries, has been defined. Furthermore, the **Product Carbon Footprint** of the BLUEHELIX HITECH RRT 28C boiler was calculated in 2024, in accordance with the reference standard UNI EN ISO 14067:2018. This analysis quantified the greenhouse gas emissions generated during the extraction of raw materials and the production process (upstream phase), excluding the use and end-of-life phases, which will be completed in 2025.

Monitoring of the carbon footprint continued in the first months of 2025 with an update to the calculation of Scope 1 & 2 emissions across all Group subsidiaries. At the same time, the **indirect emissions calculation along the value chain** (Scope 3) was initiated for the first time, focusing exclusively on the Italian operations of Ferroli S.p.A. This analysis will identify the primary sources of environmental impact beyond company's operational boundaries, enabling the development of more effective mitigation strategies.

[1] For a definition of what is meant by Scope 1 and Scope 2, see the chapter Environment - Climate Change Mitigation and Adaptation

CAP. 01.5

Recognizing that sustainability encompasses not only the environmental dimension and the fight against climate change, but also social and governance aspects, the company has embarked on a bespoke three-step process: an initial **ESG assessment** of the organization's sustainability performance, followed by the development of a new **Sustainability Action Plan** to identify actions and objectives relating to the three spheres (environmental, social and governance). The purpose of this **Sustainability Report** is to communicate useful information about the organization to all its stakeholders.

The first step provided a fairly accurate and comprehensive overview of the company's environmental, social and governance performance. This allowed the company to identify its strengths and areas of improvement, enabling it to act strategically. Based on this, an action plan will be drafted, defining specific objectives, responsibilities and timeframes, which will be approved and monitored by management.

As part of its commitment to greater transparency and performance measurement, the Group also completed the **EcoVadis questionnaire**, one of the world's leading corporate sustainability rating platforms. EcoVadis evaluates the ESG performance of organizations using a structured analysis based on 21 criteria divided into four categories: environment, labour and human rights, ethics, and sustainable procurement. The entire Group undertook this exercise voluntarily to monitor the impact of its activities along the entire value chain.
All these initiatives were undertaken with the aim of strengthening the corporate structure and processes about sustainability, as part of a continuous improvement process aligned with international best practices.

This proactive approach will enable the Group to gradually comply with the Corporate Sustainability Reporting Directive's regulatory requirements, ensuring transparency and accountability to all stakeholders.

CAP. 01.6

Sustainability development goals

The **Sustainable Development Goals** (SDGs), which form the basis for the 2030 Agenda, a common plan for sustainable development, were proposed and signed by 193 UN member states in 2015. Consisting of **17 targets**, they invite institutions, governments, companies, organizations and individual citizens to actively participate in their achievement. These targets are also used as international guidelines to assess companies' commitment to sustainability issues.

The relationship between the SDGs and Ferroli's positive contributions to achieving the goals is presented below.

SDGs	Topic	Contribution
7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Energy efficiency Climate change mitigation and adaptation	› Development of heat pumps with environmentally friendly refrigerant gas R290 › Obtaining certification for installation of hydrogen boiler prototypes › ISO 14001 › Installation of photovoltaic system in the Casole d'Elsa plant › Replacement of fluorescent lamps with LED lamps and installation of electric car charging stations › Calculation of the carbon footprint of the entire organization and for identified products › Definition of an emissions reduction plan (Scope 1&2)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Resource use and circular economy	› Installation of Waterbox to reduce plastic and water bottle consumption › Joining ECOPED for collection, treatment and recovery of WEEE › Launch of a project to improve separate waste collection at Italian sites
4 QUALITY EDUCATION 3 GOOD HEALTH AND WELL-BEING	Employee management and welfare	› Welfare and employee benefits › Continuous training › ISO 45001 › *Ferroli for Well-Being*: individual psychological support and audiovisual material accessible to all employees via a platform
4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES	Collaboration with schools and research organisations Relationship with the community	› Activation of PCTO (Work-School Alternation Project) with local schools and internships with universities › R&D activities in cooperation with research institutions for hydrogen burners and boilers › Donations and sponsoring › "Più di un sogno" project for the employment inclusion of people with intellectual disabilities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Corporate culture	› Code of Ethics › Appointment of Data Protection Officer and privacy notices pursuant to Article 13 Regulation (EU) 2016/679 › MOG 231 › Whistleblowing policy › Speak-up policy › Anticorruption policy › Antitrust policy › Business continuity plan and disaster recovery plan in compliance with Directive (EU) 2022/2555

› Actions already implemented › Planned actions being implemented by 2025

02

Impacts and materiality

MATERIAL TOPICS AND IMPACTS OF FERROLI

CAP. 02.1

The concept of materiality and the assessment of impacts

For the analysis of its material impacts and issues, Ferroli adopted the methodology regulated by the new European sustainability reporting directive (CSRD – Corporate Sustainability Reporting Directive)[1] e by the new ESRS[2], that will become the main guidelines for sustainability reporting and disclosures (starting from FY2024 for the first companies subjected to the norm).

Before proceeding to describe each step of the analysis and their results for Ferroli, it is appropriate to define what the concept of materiality according to the ESRS consists of.

Materiality analysis aims at identifying those **environmental, social and governance issues** that are considered relevant (material) for the company.

The materiality of a certain issue can derive from:

Impacts generated
by the company on the world, employees and/or the community. These impacts can be positive or negative (with special attention paid to the latter, as also reiterated by due diligence or corporate responsibility practices) and can be actual (if they have occurred) or potential (if there is a possibility that they will occur).

Financial risks or opportunities
related to ESG aspects, to which the company is exposed for various reasons, whether related to impacts generated by the company itself or exogenous factors (such as the market, regulations, natural and/or geopolitical events).

This dual perspective is called **double materiality**, as it encompasses the two dimensions:

Inside-out (or impact materiality)
It identifies the company's effects on the outside world)

Outside-in (or financial materiality)
It identifies risks and opportunities to which the company is exposed)

As stated by the CSRD and the ESRS, a given ESG issue can be considered material according to only one of these two perspectives or according to both.

[1] CSRD Corporate Sustainability Reporting Directive (2022/2464).

[2] ESRS European Sustainability Reporting Standard, included in the delegated act published by the European Commission on July 31st, 2023.

CAP. 02.2

The steps of the analysis

The process that led to the identification of impacts and of the most strategic sustainability issues for Ferroli followed a path composed of several stages.

1. **Understanding the company context through interviews with strategic figures within the company and analysis of data and documents.**
2. **Identification of relevant ESG issues and IROs, through interviews to key roles in the company itself.**
3. **Assessment of significant impacts, risks and opportunities (IROs) according to CSRD criteria.**
4. **Prioritisation of risks, opportunities and impacts through scoring and normalisation.**
5. **Mapping of relevant stakeholders (divided into categories) to be involved to validate IROs.**
6. **Stakeholder engagement through the administration of questionnaires with relevant questions for each category.**
7. **Re-prioritisation of impacts through stakeholders' answers.**

CAP. 02.3

Identification of Impacts, Risks and Opportunities

The starting point to identify impacts, risks and opportunities was the **analysis** of the company's **context and interdependencies**. First, there was a discussion with key figures in the company such as ESG contact persons, the HSE (Health, Safety and Environment) manager, Quality, Purchasing, Human Resources and the Sales Department. At the same time, quantitative data were collected on various environmental, social, economic and management aspects, and the various documents that form the procedural, policy and metrics framework of Ferroli SpA were analysed.

Each **IRO (Impact, Risk, Opportunity)** identified through this analysis was then attributed numerical values (scale 1-to-4) according to the criteria required by the CSRD[3]. Both the IROs and their respective values were reviewed and approved by key figures in the company and by the management, to ensure the most objective, informed and accurate scores possible.

Actual impacts were evaluated in their severity, which is the average of three different values regarding the impact itself: **scale** (relevance of the generated damage/benefit), **scope** (extension) and, only for negative impacts, **irremediable character** (whether is possible to remediate the effect and restore the previous situation).

[3] The reporting standards, both in the official version and in the implementation guidance made available by Efrag (the body that drew up the standards) leave the company complete freedom as to how materiality is assessed. To make the assessment comparable and objective, it was decided to use a homogeneous scale that would give a data as objective as possible. According to the scale, a value of 4 indicates the maximum weight of each value listed below (e.g. very serious/beneficial, very extensive, very difficult to remedy, very likely) while a value of 1 indicates the minimum weight of that same value (e.g. not very serious/beneficial, not extensive, not difficult to remedy, not very likely).

CAP. 02.3

The weight of **potential impacts** is assessed as a product of severity (calculated through the just mentioned values) and **likelihood** of the event.

While analysing generated impacts (actual and potential), the level of **causality** was also considered, i.e. the distinction between impacts **directly caused, contributed to causing** (if the company is not the sole contributor to the impact) or **related to the company** (i.e. linked to business relationships with the upstream or downstream value chain, but not related to the company's own activity).

Finally, **risks and opportunities** were assessed for their **potential magnitude** (how severe the damage/advantage may be for the company's activity) and their **likelihood** of occurring.

For potential impacts, risks and opportunities, a time horizon aligned with the reference standards was also identified, between short (within one year from the reporting period), medium (within five years) and long (beyond five years).

CAP. 02.4

Conclusion of the first step of the analysis (pre-validation IROs)

In order to effectively compare the relevance of each impact, risk or opportunity for the company's business, the attributed numerical values were normalised in percentage form, providing a prioritisation of the various issues. Three bar charts were then generated, respectively for actual impacts (positive and negative), potential impacts (positive and negative) and risks and opportunities.

Subsequently, the second phase of analysis was undertaken, namely the validation of potential impacts, risks and opportunities by the various categories of internal and external stakeholders. Actual impacts, as they occurred and were therefore already verified, were not investigated with stakeholders.

The company then proceeded to identify and select its stakeholders, ending with a total of 7 macro-categories, namely:

1. **Workforce**
2. **Clients**
3. **Local community**
   (education institutes, associations, P.A.)
4. **Trade associations and industry partners**
5. **Investors and financial institutions**
6. **Suppliers**
7. **Internal strategic figures**

CAP. 02.5

Stakeholder engagement

The ESRS and their implementation guides (issued in 2024) require the reporting company to involve its stakeholders, i.e. those who are impacted by the company's activities, but also the 'users of sustainability reporting' (such as existing and potential investors, banks, partners, governments and NGOs).

Stakeholder engagement brings multiple benefits to the IRO analysis performed, including the possibility for the company to understand how different categories of stakeholders perceive the IROs themselves, and what priorities they see with reference to the company's activity and context.

The method selected by Ferroli to collect opinions of the various stakeholders was the administration of **dedicated questionnaires**, aimed at identifying which issues are perceived as the most strategic for Ferroli and its value chain.

CAP. 02.5

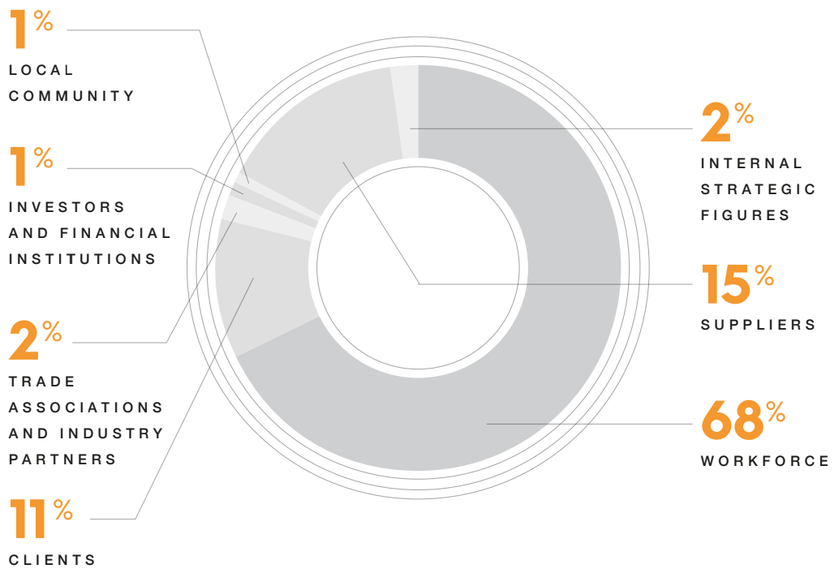
As also mentioned in the implementation guidance for the materiality analysis issued by EFRAG[4], it was deemed not significant and appropriate to ask all questions to each stakeholder involved, given the different degrees of each actor's interest and knowledge towards the different issues.

Therefore, each stakeholder was sent a survey with questions related to the interests and expertise of its specific category, to ensure answers were as relevant and informed as possible and to focus on the specific interests of each respondent.

In the questionnaire, stakeholders were asked to attribute different levels of relevance to each issue investigated, using a scale of 1 to 4. To gather as much input as possible, space was also left for additional ideas and comments.

In total, 293 stakeholders participated in the survey and 55 left a final comment; among these additional comments, 44 were from internal stakeholders (employees and internal strategic figures).

BREAKDOWN OF RESPONSES BY STAKEHOLDER CATEGORY



CAP. 02.6

Conclusion of the second step of the analysis (post-validation IROs)

The results of the questionnaires were used to reprioritise the potential impacts, risks and opportunities previously identified. In addition, stakeholders were asked to prioritise the ESRS topics identified as material by the company (thus including actual impacts), to assess the perspectives of each involved stakeholder category.

This tool then allowed the company to assess the priorities of various stakeholder categories and to reason about the extent of deviation between the stakeholder perspective versus the analysis conducted with internal key figures.

Below are the results, obtained following the stakeholder validation phase. The bar graphs show the prioritization of the various types of IROs: actual impacts (according to internal assessment), potential impacts, and risks and opportunities (in their post-validation version) for how they are reproportioned considering stakeholder input.
Impacts, risks and opportunities were analysed with different stakeholders with different sensitivity to our material topics.

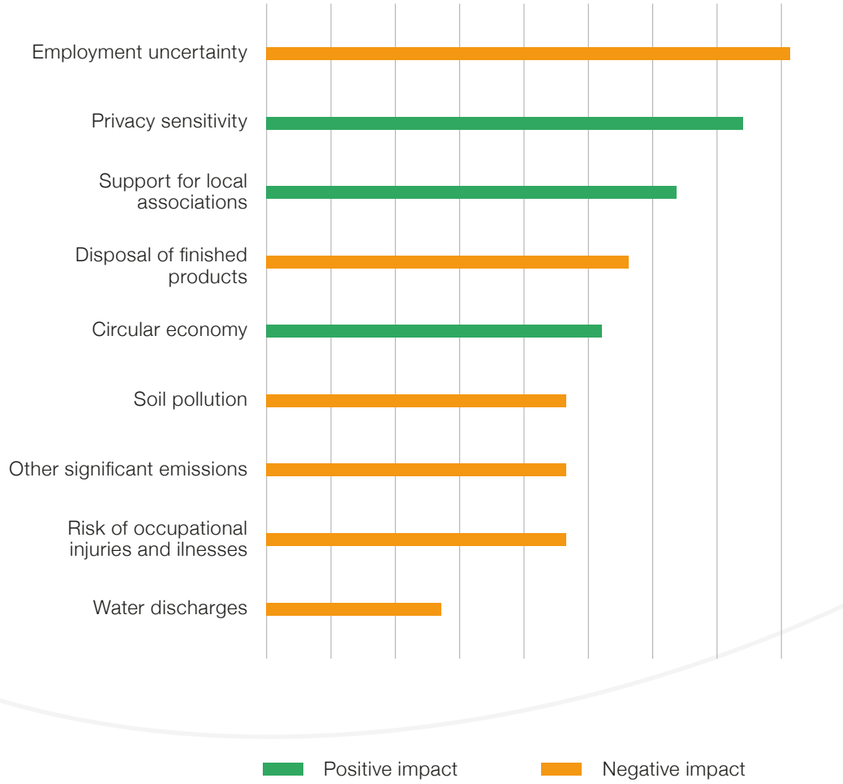
For details of each IRO, including the various strategies implemented by the company to mitigate its negative effects or enhance its benefits, please refer to the following chapters on related environmental, social and governance issues. A summary in tabular form of the numerical values attributed can be found in the appendix.

[4] EFRAG IG 1 – Materiality assessment implementation guidance. Par. 201 https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/IG%201%20Materiality%20Assessment_final.pdf

CAP. 02.6

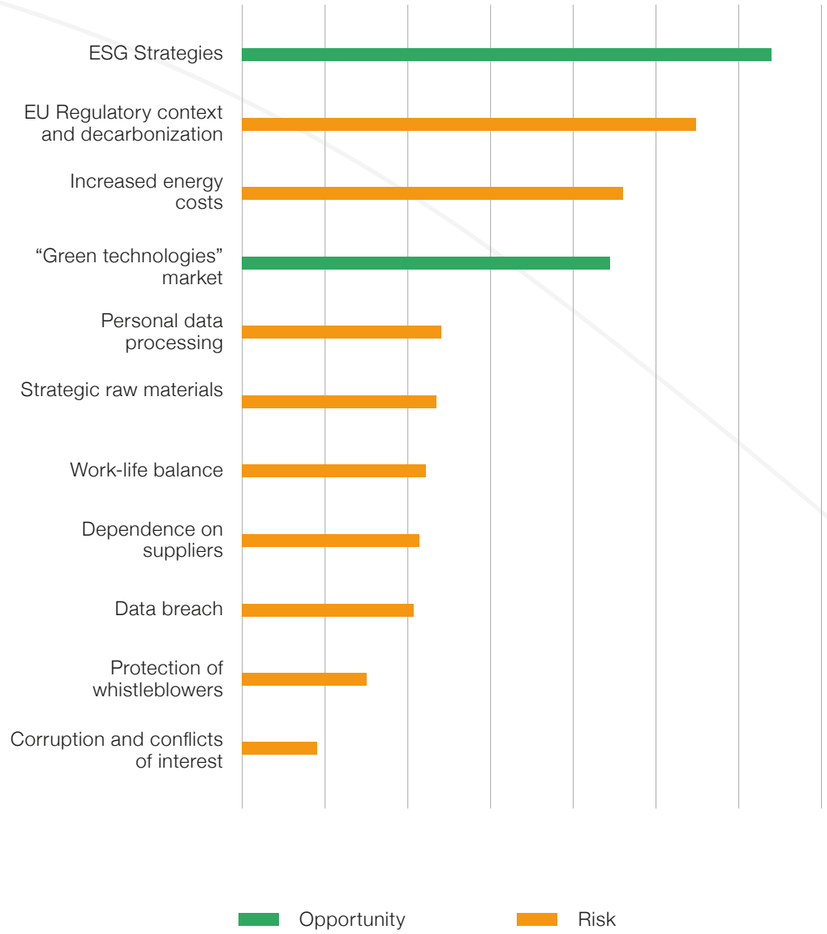
ACTUAL IMPACTS

POTENTIAL IMPACTS



CAP. 02.6

RISKS AND OPPORTUNITIES



CAP. 02.7

Material topics of Ferroli

Thus, this analysis allowed Ferroli to identify its **material ESG topics**, that represent the contents on which this Sustainability Report is focused[5].
Listed below are the different topics and sub-topics (divided in Environmental, Social and Governance spheres) that will then be disclosed in the related chapters.

Environment

Climate change

Pollution

Water and marine resources

Resource use and circular economy

Social

Own workforce

Workers in the value chain

Affected communities

Governance

Business conduct

[5] EFRAG IG 1 – Materiality assessment implementation guidance. Par.3 https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/IG%201%20Materiality%20Assessment_final.pdf

03

Environment sphere

OUR COMMITMENT TO THE ENVIRONMENT

With reference to environmental sustainability performance, energy and emissions are key issues for Ferroli, as for most manufacturing companies.

The company's production processes require high consumption of electricity and gas, with a significant impact on energy consumption.

Manufacturing operations also affect other relevant environmental aspects. The main impacts include the **emission of pollutants into the atmosphere**, which is regulated by specific environmental permits. In addition, the purchase of **virgin and non-renewable materials** involves environmental impacts related to extraction, transport and processing. A further area of attention is the **end-of-life management of products**, which can generate downstream environmental impacts related to the proper disposal of **Waste Electrical and Electronic Equipment** (WEEE) arising from customer returns or warehouse waste awaiting scrapping.

In response to these challenges, Ferroli has implemented several mitigation strategies, including a significant investment in the transition to **more sustainable solutions** such as heat pumps and hybrid systems, innovative technologies such as **aerothermal** and **hydrogen**, the development of products with **refrigerant gases with a low environmental impact**, and the willingness to use **augmented reality** to optimise technical assistance. Aware that the first step in mitigating its environmental impact is the timely measurement and constant monitoring of its performance, Ferroli has embarked on a journey to quantify, analyse and reduce its emissions. In 2024, the company calculated its **organisation's carbon footprint** for the first time according to the ISO 14064-1 standard. Based on this analysis, a **plan** was structured to **reduce the company's directly controllable emissions** (Scope 1 and Scope 2) by identifying the most significant areas for action and setting concrete targets for improvement. In the meantime, the company extended its commitment to the life cycle assessment of its products, calculating the **product carbon footprint** on the BLUEHELIX HITECH RRT 28C boiler according to the ISO 14067 reference standard.

BLUEHELIX HITECH RRT 28C

In parallel with the company's carbon footprint analysis, Ferroli in 2024 also undertook a study on a specific product, the BLUEHELIX HITECH RRT 28C boiler. This product was chosen because it is a condensing wall-hung boiler that well represents the company's product line and can serve as a pilot project.

PROJECT PHASES

2024: "Cradle to gate" product carbon footprint study	2025: Extension of the study: cradle to grave	2025: Improvement plan
Completed activity	Ongoing activity	Ongoing activity

Ferroli's goal is to accurately identify the main sources of emissions throughout the product life cycle, from material production to disposal. This process encourages more resource-conscious management, the adoption of more efficient practices and the reduction of waste. It is also a critical first step in setting concrete, measurable decarbonization strategies aligned with climate and regulatory goals.

CAP. 03.1

Climate change

CAP. 03.1.1

Energy

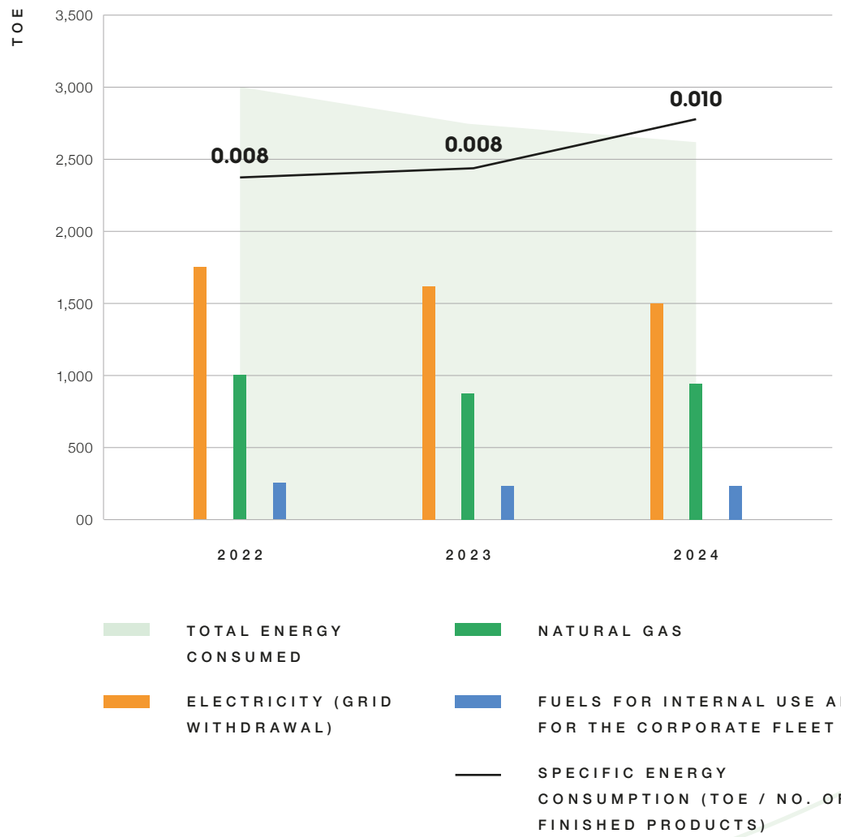
A key environmental aspect of Ferroli's business is energy consumption, both in relation to the energy carriers used in production processes and the fuels used by the company fleet.

In particular, the most energy-consuming activities, as revealed by the **energy diagnosis** conducted at the Ferroli S.p.A. production site in San Bonifacio, include the press department, characterised by a high consumption of electricity, and the painting department, which requires both electricity and methane gas for its operation. Further significant consumption is associated with auxiliary services, such as evaporative towers, the thermal power plant for painting, suction systems and the compressor room, as well as general services such as offices, canteen and UPS (uninterruptible power supplies).

Ferroli has always been paying particular attention to the issue of energy efficiency with the aim of reducing both consumption and related costs, while mitigating the financial risks arising from possible increases in market prices[1]. Among the main interventions carried out in recent years is the **renovation of the lighting system**, which involved the gradual replacement of the still present fluorescent lamps with **LED lamps**. This intervention has led to significant **savings in energy consumption**, estimated at around **50%** compared to traditional technologies.

[1] § Risk: Increased energy costs.

ENERGY CONSUMPTION



Total energy consumption, expressed in TOE[2], decreased slightly in 2024 (-2% compared to 2023), due to a significant drop in production, which recorded an 18.5% decrease in the number of finished products manufactured by Ferroli S.p.A. Particularly, there was a drop in the withdrawal of electricity (-7%) and fuels for internal and automotive use (-6.7%), against an increase in the consumption of natural gas (+8%).

Specific consumption, calculated as the ratio of total consumption (in TOE) to the number of finished products manufactured during the year, showed a significant increase of about 20% over the previous year, reflecting the combined effect of the contraction in energy consumption and production.

[2] The TOE (Tons Oil Equivalent) is a unit of energy measurement that allows comparison (through appropriate conversion factors) of different energy carriers. It represents the amount of energy released from the combustion of one ton of crude oil.

CAP. 03.1.2

Climate change mitigation and adaptation

Energy consumption is closely linked to **greenhouse gas (GHG)**[3] production, as each energy source generates a specific amount of CO_2 equivalent, thus contributing to global GHG emissions[4].

For the HVAC sector, the **decarbonisation targets** set by the EU present **significant financial challenges**. The transition to greener solutions, such as hybrid boilers and heat pumps, and the phase-out of fossil-fuel boilers by 2040[5] require substantial investments and may represent a financial risk in the short term for companies traditionally focused on gas-fired domestic heating[6].

However, this transition also offers a significant opportunity for Ferroli to renew and innovate. In order to promptly respond to future trends in the HVAC market, which is catalysed by a strong push toward the technological development of "green" products, Ferroli is already seizing this opportunity, developing and marketing innovative products in line with new market needs. These include **hydrogen boilers, heat pumps with R290 refrigerant gas (with GWP**[7] **close to 0) hybrid heating systems, smart and connected control systems in HVAC products**[8].

In this context, all initiatives to improve energy efficiency are key strategies for reducing environmental impact and mitigating greenhouse gas emissions. In this regard, **measuring** one's **carbon footprint** is a fundamental and preliminary step in reducing greenhouse gas emissions. This process of quantifying and reporting emissions is essential for **understanding the organization's environmental impact** and structuring a **strategic plan** of short, medium and long-term **emission reduction actions.**

[3] Greenhouse gases are substances in the atmosphere that trap heat and contribute to global warming. Among the main GHGs are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).

[4] § Actual negative impact: Contribution to greenhouse gas emissions.

[5] Directive (EU) 2024/1275 of the European Parliament and of the Council of April 24, 2024, on the energy performance of buildings.

[6] § Risk: EU regulatory environment and decarbonization.

[7] Global Warming Potential

[8] § Opportunity: "Green technology" market.

During 2024, Ferroli Group calculated the Carbon Footprint of Organization, in accordance with the requirements of the international standard UNI EN ISO 14064-1:2019,

referring to two main categories: **Scope 1**, which includes direct emissions generated within the company, and **Scope 2**, which covers indirect emissions related to the consumption of electricity drawn from the grid.

On the basis of the carbon footprint calculation, carried out on all Group subsidiaries, a **plan of actions to reduce emissions** related to Scope 1 and 2 has been defined, referring to the parent company, but extended to the main foreign plants. Among the actions being evaluated are the **installation of photovoltaic systems** on the canopies and roofs of the logistics warehouses in San Bonifacio (540 kWp + 1017 kWp) and the industrial thermal power plant in Villanova (140 kWp + 890 kWp), as well as on the roof of the Casole d'Elsa plant (248 kWp). Ferroli also planned the r**eplacement of the still existing fluorescent lamps with LEDs** at San Bonifacio and Villanova sites, as well as the **search for and elimination of compressed air leaks** at San Bonifacio site and the **replacement of existing compressors** at Casole d'Elsa compressed air plant.

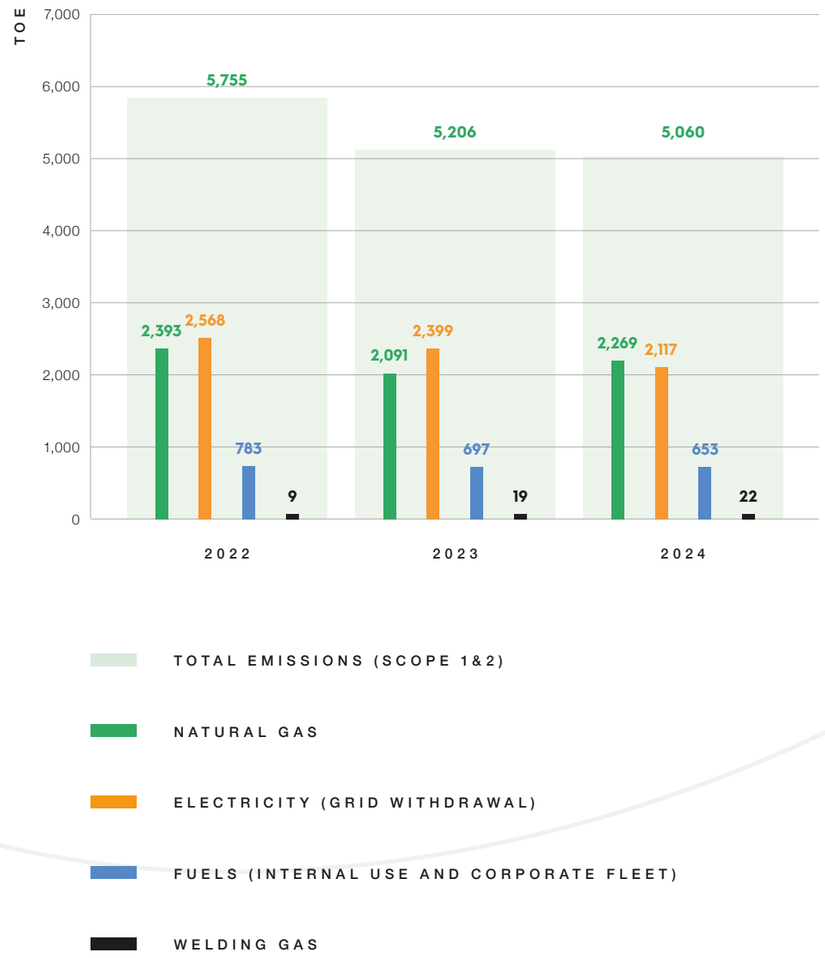
In addition, in 2024, the **Carbon Footprint of a wall-hung boiler** was calculated in accordance with the international standard UNI EN ISO 14067:2018. The model selected for this analysis was the **BLUEHELIX HITECH RRT 28C wall-hung boiler**, while the stated unit used for the study was defined as "1 boiler." The boundaries of the system in the LCA analysis were established according to the **"from cradle to gate"** approach, including both upstream processes (Scope 3), such as the production of raw materials, packaging and auxiliary products, and core processes (Scope 1 and 2), which include transportation of raw materials, consumption of electricity, water and methane gas, and waste management. The downstream stages, related to product use and end-of-life, will be calculated in 2025 with the **update of the Carbon Footprint calculation** and the concomitant **extension of the boundary of analysis**, following the **"from cradle to grave"** approach.

CAP. 03.1.2

Finally, in 2025 **Carbon Footprint of Organization** analysis have been **updated**, with reference to Scope 1 and 2, for all Group subsidiaries. For the Parent Company, the **calculation** will be **extended to Scope 3**, which includes all indirect emissions generated by activities not directly controlled by the company, such as those associated with the production and transportation of raw materials, logistics and transportation of finished products, customer use of products, and end-of-life management.

In line with the decline in energy production and consumption, t**otal Scope 1 and 2 emissions decreased by 2.8%**, from 5,206 tCO_2e in 2023 to 5,060 tCO_2e[9] in 2024. Direct emissions (Scope 1) increased by about 5%, related to the increase in methane gas consumption, while indirect emissions from energy offtake dropped by 11.7%. The decreasing trend in production over the three-year period under consideration was accompanied by an increase in the emission index per unit of production, amounting to 18.4 $kgCO_2e$ per finished product made (+19.3% compared to 2023, +22.2% compared to 2022), dependent on the share of fixed consumption related to business activities.

GHG EMISSIONS (SCOPE 1&2)

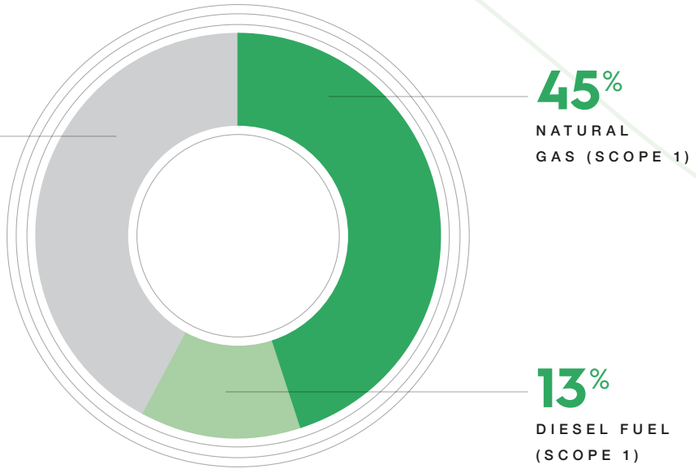


[9] Tons of CO_2 equivalent (tCO_2e) is a unit of measurement used to express the global warming impact of various greenhouse gases, such as methane (CH_4) and nitrous oxide (N_2O), in terms of the amount of carbon dioxide (CO_2) that would have the same effect. Carbon dioxide is used as a reference because it is the most common and widespread greenhouse gas, thus allowing the emissions of various greenhouse gases to be compared and summed using their Global Warming Potential (GWP), which represents the global warming potential of each gas relative to CO_2 over a specific time frame (usually equal to 100 years).

CAP. 03.1.2

The graph below shows the breakdown of the **emission weight** of different **energy carriers** in **2024**: **just under 90% of total GHG emissions (Scope 1 and 2)** are due to **gas and electricity consumption**. To a lesser extent, **diesel** contributes to **13%**, while other corporate fleet fuels (gasoline, LPG) and welding gases remain residual items in terms of emissions.

BREAKDOWN OF MAIN GHG EMISSIONS
SCOPE 1&2 (2024)



CAP. 03.2

Pollution

CAP. 03.2.1

Pollutant emissions

Ferroli S.p.A. is subject to **annual monitoring of pollutant emissions**, regulated by Article 208 of Legislative Decree 182/2006 and by "Autorizzazione Unica Ambientale (AUA)", respectively. The main emissions include dust from painting and welding processes, **nitrogen and sulfur oxides** produced during boiler testing, and particles containing **heavy metals** generated by metal processing.

The **risk of exceeding legally mandated limits** constitutes a possible negative impact on the environment, which could also result in penalties for the company itself[10]. Over the past few years, however, this eventuality has never occurred: the periodic inspections carried out have consistently confirmed **compliance with the threshold values**, without ever recording exceedances of the permitted concentrations of pollutants.

In addition, in 2022 the company carried out an efficiency upgrade of emission points, removing obsolete chimneys and installing new ones equipped with more efficient filters, with an investment of about €100,000.

[10] § Potential negative impact: Other significant emissions.

CAP. 03.3

Water Resources

CAP. 03.3.1

Water consumption and withdrawal

Water is a significant issue for the company, with annual consumption exceeding 50,000 m3 destined for both process activities, such as washing and rinsing in the paint workshop and cooling in the boiler testing department, and for sanitary and firefighting uses[11].

The company is subject to Autorizzazione Unica Ambientale (AUA) for the **disposal** of industrial wastewater generated by the paint workshop (San Bonifacio site) and civil wastewater from sanitation (San Bonifacio, Villanova and Casole d'Elsa sites) into public sewers. Industrial wastewater from the painting process, quantified at 2,072 m3 in 2024, is treated in a chemical-physical purification plant before discharge to the sewer system to avoid pollutant inputs above the authorized limits, which could compromise the quality of surface water and aquatic ecosystems[12].

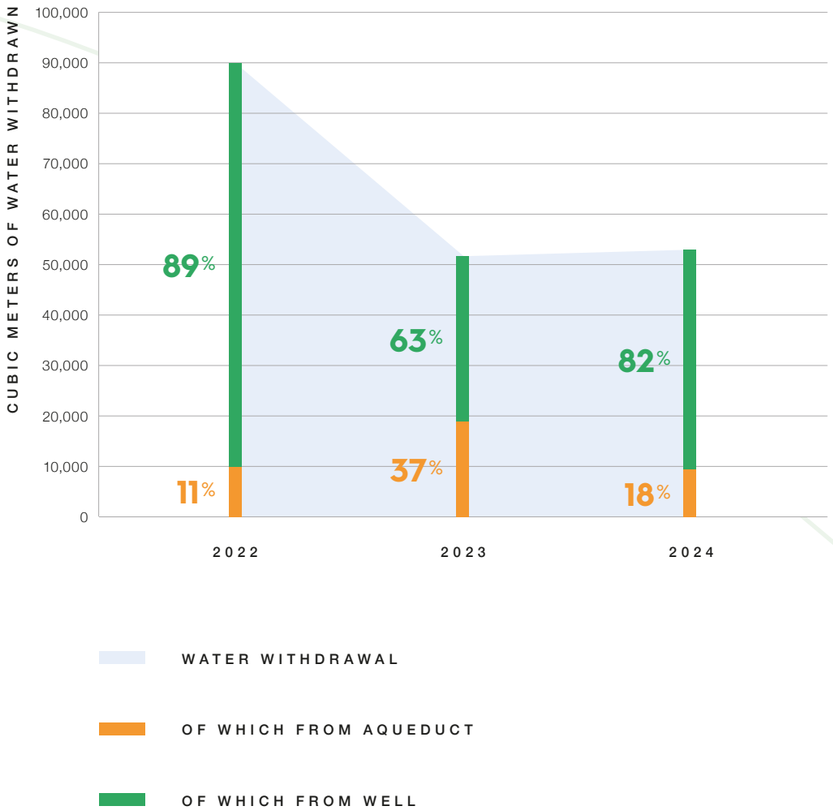
In the three-year period 2022-2024, total water consumption was **90,537 m³ (2022), 51,723 m³ (2023), and 53,313 m³ (2024)**, with a **reduction of 41% from 2022**, attributable to the drop in production and the change in testing to an air test in 2023 of a production line using test water at the San Bonifacio site. **Water supply** in **2024** was **82%** from **private wells** (43,849 m³) and 1**8%** from **aqueduct** (9,464 m³). The latter component decreased by 51% from the previous year, attributable to the identification and repair of a leak in the internal distribution infrastructure recorded during 2023.

[11] § Actual negative impact: Water consumption.

[12] § Potential negative impact: Water discharges.

CAP. 03.3.1

WATER WITHDRAWAL



CAP. 03.4

Resource use and circular economy

CAP. 03.4.1

Resource inflows, including resource use

In the HVAC sector, the purchase of **virgin non-renewable** materials such as copper, silicon, lithium, and rare-earths elements, albeit in small quantities, is critical to the production of heating, cooling, and air conditioning equipment[13]. For example, copper piping is widely used in HVAC systems because of its thermal conductivity, while electronic components require silicon and other so-called "critical" materials, as they fall under the category of **"Critical Raw Materials"** as stipulated by the European Union[14], which identifies them as essential to the European economy but, at the same time, at risk of supply disruption. This brings challenges related to **sustainability and supply chain management**, as their extraction and processing can have significant environmental impacts[15].

Ferroli understands the importance of a traceable and sustainable supply chain in a context where global supply chains are increasingly fragile and subject to disruptions due to natural disasters, geopolitical tensions, and infrastructure failures. The Group is working to promote sustainability through **eco-friendly product design, automation** of the **production process**, and collaboration with suppliers to use **innovative and lower-impact packaging**[16], as well as to **optimize transportation** while reducing emissions[17].

[13] § Actual negative impact: Virgin and non-renewable raw materials.

[14] Regulation (EU) 2024/1252 of the European Parliament and of the Council of April 11, 2024, establishing a framework to ensure a secure and sustainable supply of raw materials.

[15] § Risk: Strategic raw materials.

[16] § Potential positive impact: Circular economy.

[17] Source: Evaluation report regarding the "Challenges for a Circular Economy in Ferroli" training plan. The main purpose of this project is to implement a reorganization of production processes to achieve cross-cutting goals of sustainability, energy efficiency, resource and waste reduction. It aims to evolve the life cycle of manufactured goods from linear to circular by intervening on both machines and the production and logistics/ distribution process.

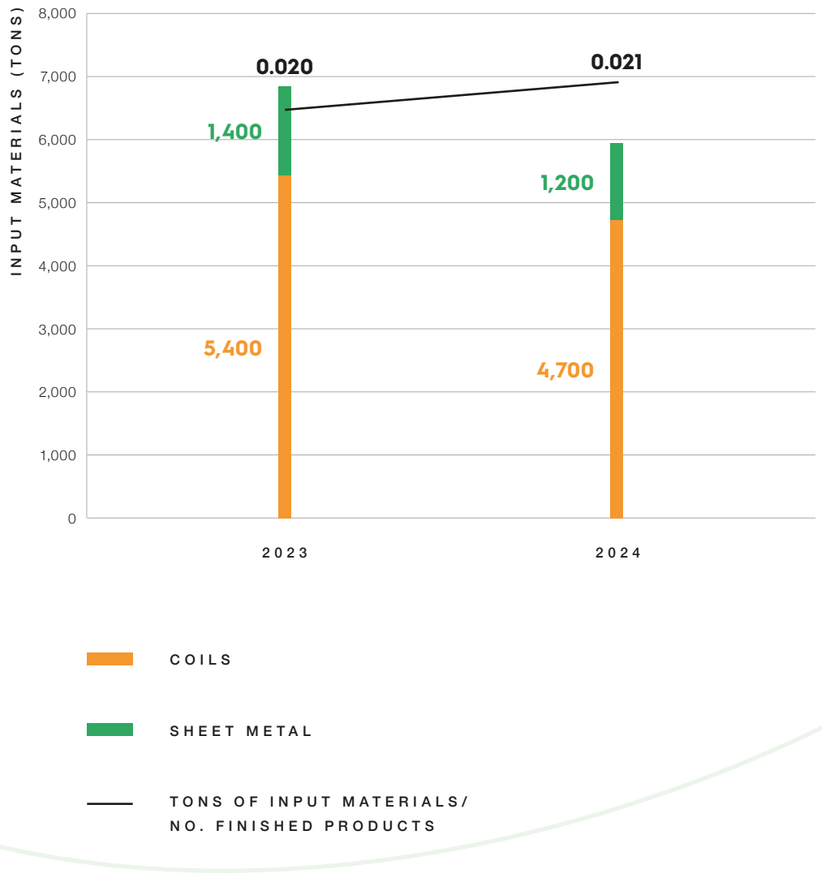
CAP. 03.4.1

These strategies are part of an ongoing journey to reduce its environmental impact by aligning with sustainability best practices in the supply chain and complying with emerging regulations. Ferroli is also investing in the electrification of heating and the development of greener technologies, such as hybrid heat pumps, to accelerate the energy transition to a low-emission future.

As shown in the chart below, the main raw material inputs monitored and reported by Ferroli S.p.A. are **sheet metal** and **coils**, such as steel and copper. Materials for coils are mainly derived from **scrap**, namely recycled metal materials, thus helping to reduce dependence on virgin resources from a circular economy perspective.

In 2023, Ferroli reported a 20% increase in purchases, finished goods, components, and raw materials compared to 2022, despite a reduction in production (-23%) and hours worked (-13%). This has led to **excess inventories**, particularly for aerothermal products, due to a significant slowdown in the HVAC market. To address this situation, Ferroli launched a **"de-stocking" project** in 2024 to monitor sales of heat pumps and hybrid systems. Thanks to improved warehouse management, there has been a 1**3% decrease in raw material purchases compared to 2023**, both for coils and sheets, in proportion to the drop in production. In **relative terms**, relating the tons of raw materials to the number of finished products, there is an **increase** in the index of **6%**, as production decreased slightly more than the reduction in raw material purchases.

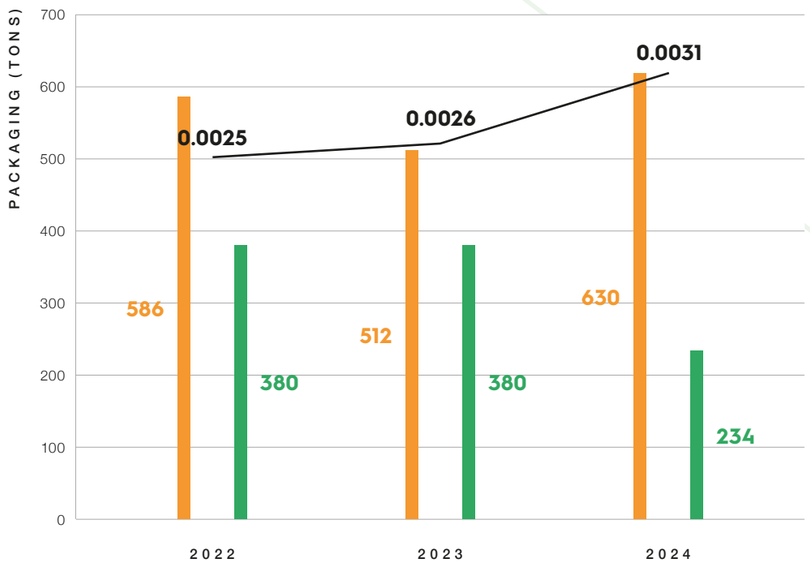
INPUT MATERIALS



CAP. 03.4.1

In terms of **packaging**, the total amount purchased and used for outgoing products decreased slightly from 892 to 864 tons. As shown in the graph below, most of the packaging is **cardboard** (73%), followed by **pallets and wood panels** (27%). When related to the number of finished products, the index showed a 20% increase from 2024 to 2023.

PURCHASED PACKAGING (USED FOR OUTGOING PRODUCTS)



CAP. 03.4.2

Waste

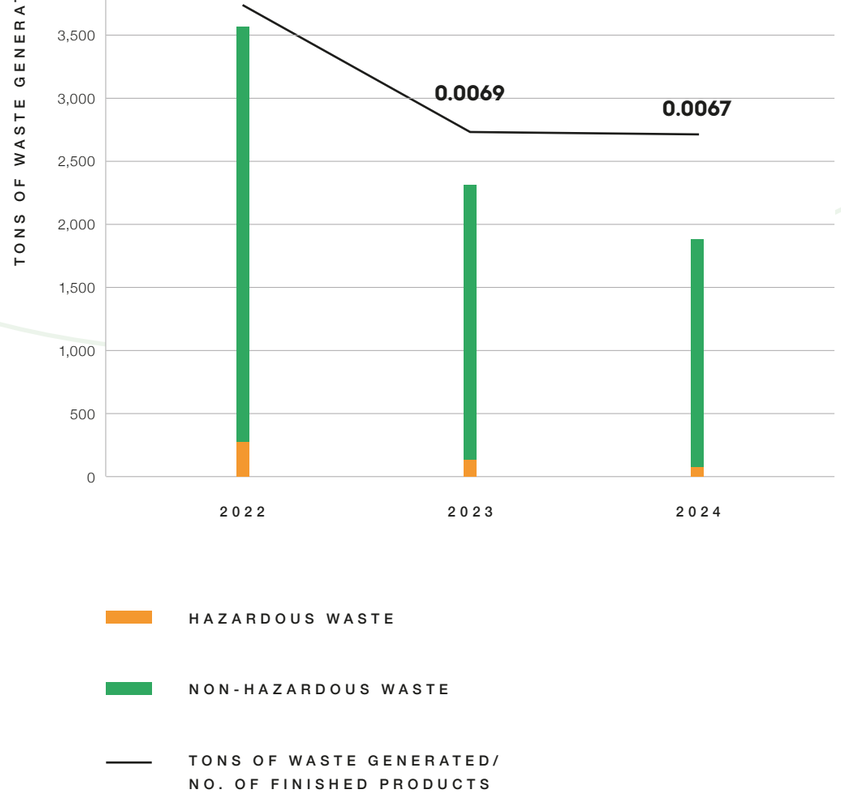
Like any manufacturing company, Ferroli generates a significant amount of **waste**, about 8% of which is classified as hazardous. This includes **Waste Electrical and Electronic Equipment** (WEEE), which includes customer returns and scraps awaiting scrapping. Inappropriate disposal of this waste can have serious environmental consequences, such as soil and water pollution, and results in irreversible loss of critical raw materials, increasing the need for mining and exploitation of non-renewable resources[18]. In addition, the **end-of-life** of products such as boilers, heat pumps, and air conditioning systems can generate **negative impacts on the downstream value chain**, particularly regarding disposal by end consumers, as these products often contain materials that are difficult to recycle[19].

To mitigate these impacts, Ferroli has implemented a **waste management procedure** that includes annual analysis to check whether waste classified as hazardous can be transformed into non-hazardous.

The company **collects WEEE** from temporary storage facilities at each plant and sends it for **recovery**, ensuring accurate recording on the loading and unloading register. In addition, the company to which Ferroli sends WEEE for recovery is registered with the WEEE Coordination Center, in which ECOPED participates. Ferroli is also a member of RIDOMUS and ECOPED, consortia dedicated to the collection, treatment and recovery of WEEE. In 2024, Ferroli provided for the installation **of 9 Waterboxes** at San Bonifacio and Villanova sites: this is a water cooler that refines drinking water, replacing water flasks, allowing the **purchase and disposal of plastic flasks to be significantly reduced**. In 2025, the project will also be extended to Casole D'Elsa plant.

The graph shows the trend in waste production over the three-year period 2022-2024: the total amount of waste produced has increased from **3,565 tons in 2022 to 1,851 tons in 2024**, while the **specific amount per unit of finished product has declined by 48%**, while remaining very small (about 6.7 kg of waste is generated for each finished product made by Ferroli).

TRENDS IN WASTE GENERATION



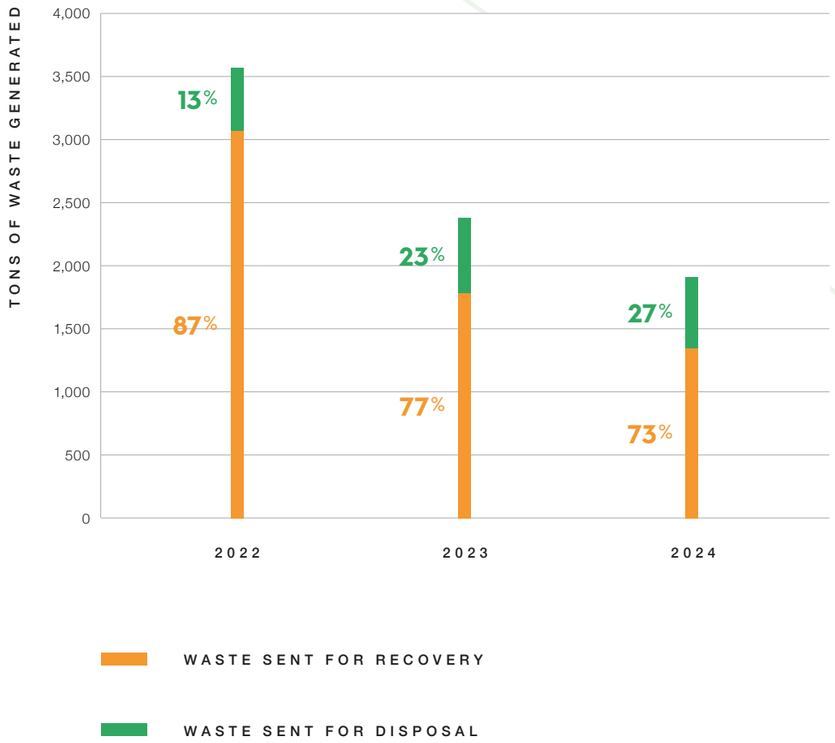
[18] § Actual negative impact: Waste production.

[19] § Potential negative impact: Disposal of finished products.

CAP. 03.4.2

Regarding the **destination of waste**, over the three-year period 2022-2024, there has been a decline in the share going to **recovery**, which remains substantially high, from an initial 87% to 73% in 2024.

DESTINATION OF WASTE



Regarding the topic of waste management, Ferroli operates **two landfills under post management**[20], near San Bonifacio plant, which were closed in 1999 and 2019, respectively. These landfills are dedicated to rare foundry earths and are in a continuous monitoring phase. In fact, the systematic and meticulous management put in place by Ferroli is crucial to prevent negative environmental impacts, such as leachate infiltration into the groundwater, which could carry contaminants, especially during heavy or prolonged rainfall[21].

To mitigate these risks, Ferroli has implemented a rigorous monitoring and control system. The company conducts **periodic collection** of **stored waste** and **environmental sampling** of leachate and ground- and storm- water. In addition, Ferroli has put in place **emergency procedures** and a l**ong-term post-operational management plan.**

[20] Post-management landfill refers to the phase following the closure of a landfill, during which environmental and health risks from the waste still present are monitored and managed. This phase includes activities such as controlling gas emissions, monitoring groundwater, and managing potential long-term effects to ensure that there is no harm to the environment or human health.

[21] § Potential negative impact: Soil pollution.

04

Social sphere

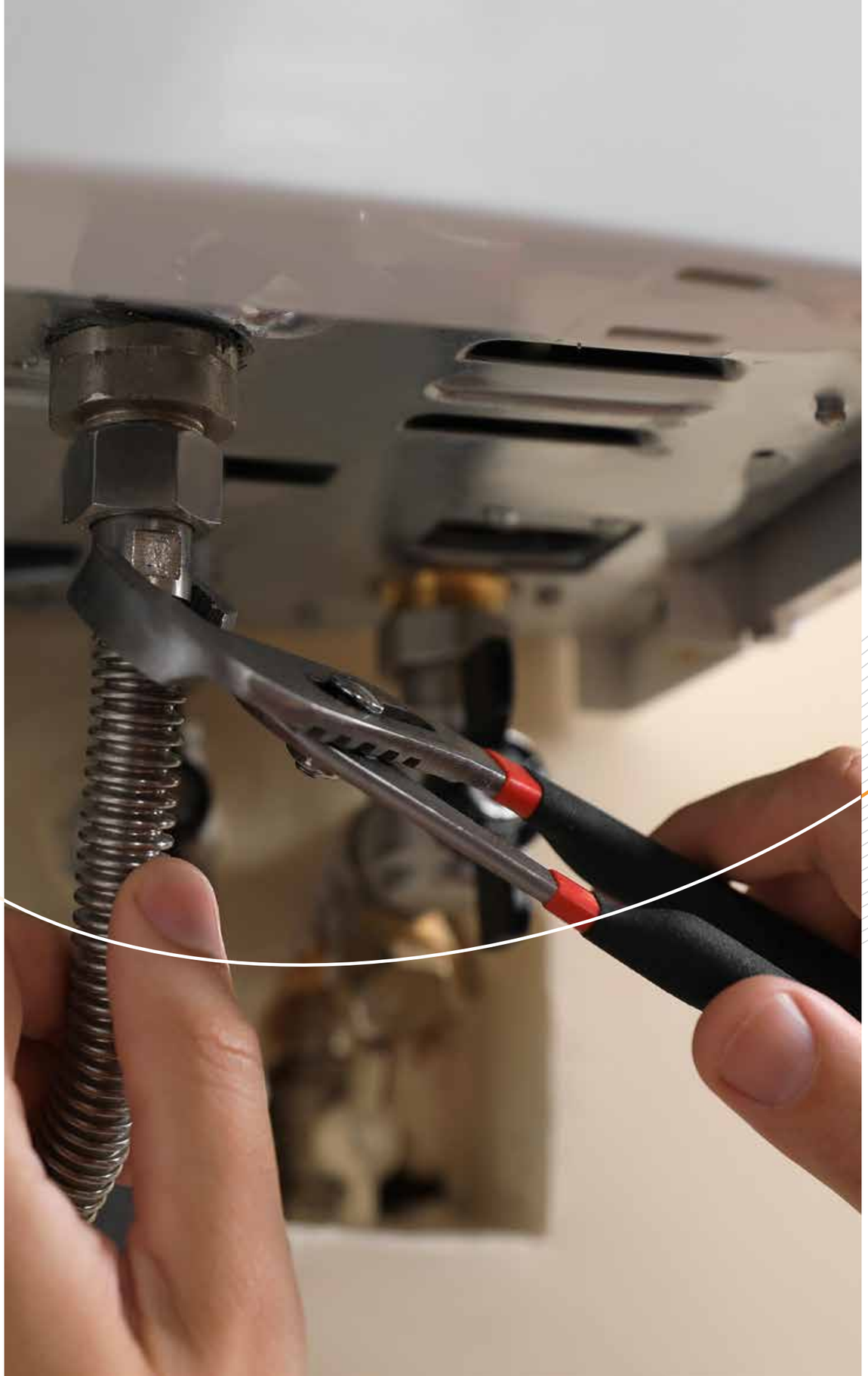
PEOPLE: ENGINE AND STRENGTH OF OUR COMPANY

Regarding the social sphere, Ferroli's own workforce is naturally the main topic.

The most relevant aspects related to the workforce, in addition to resource management, are the issues of **stable employment, health and safety, work-life balance, training and skills development, diversity, equity and inclusion and corporate welfare.**

Furthermore, the **engagement of workers in the value chain** (customers and business partners such as installers and service centres) makes the issue of **professional training** a relevant aspect of Ferroli business, through its **Academy** dedicated to technological updating, dissemination of best practices and skills development in the HVAC sector.

Finally, the commitment includes the **wellbeing of local communities**, with projects dedicated to social inclusion and employment.



CAP. 04.1

Own workforce

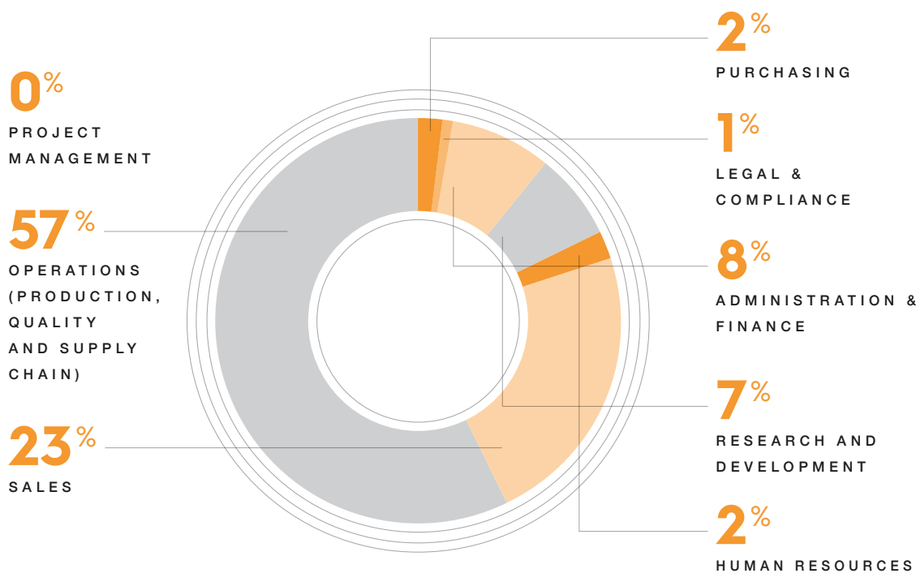
CAP. 04.1.1

Distribution of employees

In 2024 Ferroli S.p.A.'s workforce consisted of **579 employees**, divided into **488 men** and **91 women***. This figure shows, compared to the end of the previous year (12/31/2023), a decrease of 6% (-38 units, of which 31 men and 7 women).

Most resources are employed in the **operational functions (production, quality and supply chain)**, which absorb **more than 50% of the workforce**, with men (90%) and women (10%). The remaining share is divided between the **Sales function**, which accounts for 23% of the workforce, followed by **Administration and Finance** (8%) and **Research and Development** (7%). The remaining functions - **Purchasing** (2%), **Human Resources** (2%), **Legal & Compliance** (1%) and **Project Management** (0.2%) - complete the picture, contributing to the control of transversal processes.

DISTRIBUTION OF WORKFORCE BY JOB FUNCTION (2024)



The workforce is predominantly male, with a female presence of just over 15%, concentrated mainly in the white-collar category, particularly in Operations (6%), Sales (5.7%) and Administration & Finance (2.1%) departments. This gap is partially justified by the business activity: for various reasons, including cultural and labour market supply, jobs such as factory worker or warehouse or logistics office worker tend to be more common among men. In particular, the production of engineering components destined for the HVAC sector, which represents the heart of Ferroli's activities, has historically been associated with a prevalence of male labour, both in terms of the technical skills required and the physical characteristics of the tasks.

In fact, the largest category, that of blue-collar **workers**, consists of **265 men** and only **27 women**. Even in the **white-collar category**, the percentage is in favour of male figures (a total of 176 men and 58 women). Of 36 employees classified as **middle managers**, only 5 are women, while **top management** positions are almost entirely held by men (16 men, 1 woman).

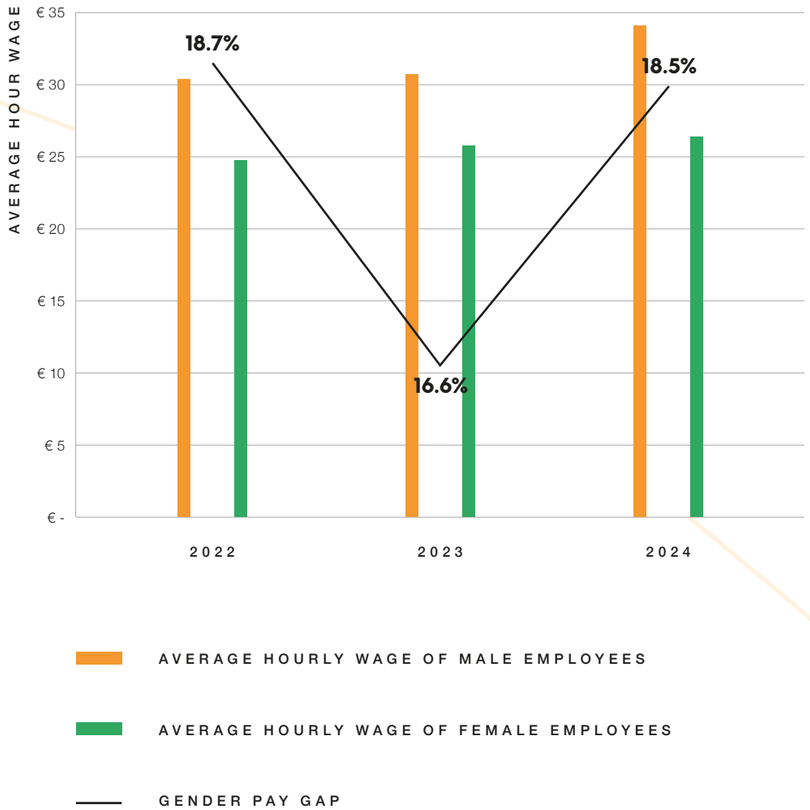
The low proportion of female resources, especially in senior roles, constitutes a risk in terms of fairness and equal treatment[1]. The gap in average hourly wages between male and female employees increased from 16.6% in 2023 to 18.5% in 2024, in line with the 2022 pay gap of 18.7%. In contrast, the ratio of the gross annual salary of the highest paid employee to the median employee decreased by 8.8% compared to 2023, due to a 9.6% increase in the median salary.

* Compared to the Financial Statement, the number of employees as at 31/12/2024 is higher. This is due to a group of people who were leaving due to termination of employment but were considered for the purposes of this Sustainability Report.

[1] § Actual negative impact: Gender pay gap.

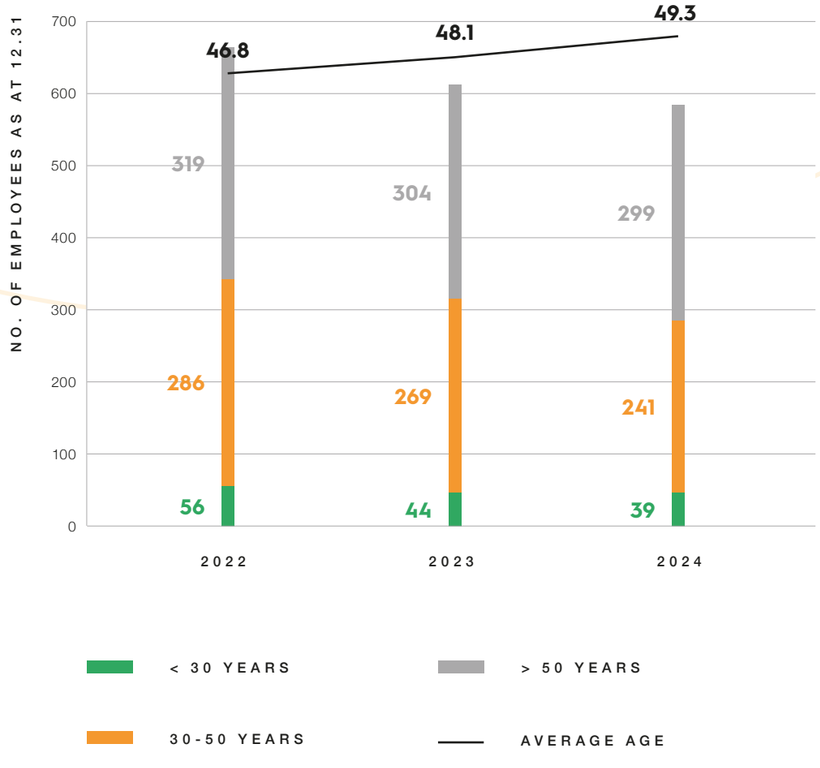
CAP. 04.1.1

GENDER PAY GAP



Regarding the average age of employees, the graph below shows a **steady decrease in younger workers (under 30)**, who account for just under 7% of the workforce in 2024 (8.5% in 2022). The **intermediate age group (30-50)** also showed a decreasing trend, falling from 286 to 241 over the three-year period under consideration. The **over-50 category** continues to represent the largest share of the labour force (51.6% in 2024), with numbers remaining fairly stable over time. Overall, against an already mentioned drop in the workforce of 6.2% at 12/31/2024 compared to 12/31/2023, the under-30s dropped by 11%, the 30-50 age group by 10% and the over-50s by 2%. This different evolution of the three age groups is reflected in the **increase in the average age**, which is gradually rising (+5.4% compared to 2022), indicating a gradual ageing of the workforce. To enhance the retention of new generations, Ferroli has **launched a Master Manager's Development Programme** in partnership with Ca' Foscari University of Venice in January 2023. The programme has involved 12 of the company's young talents, with the aim of providing them with technical and specialist training to be applied concretely in Ferroli's operational processes.

EMPLOYEES BY AGE GROUP



CAP. 04.1.2

Secure employment

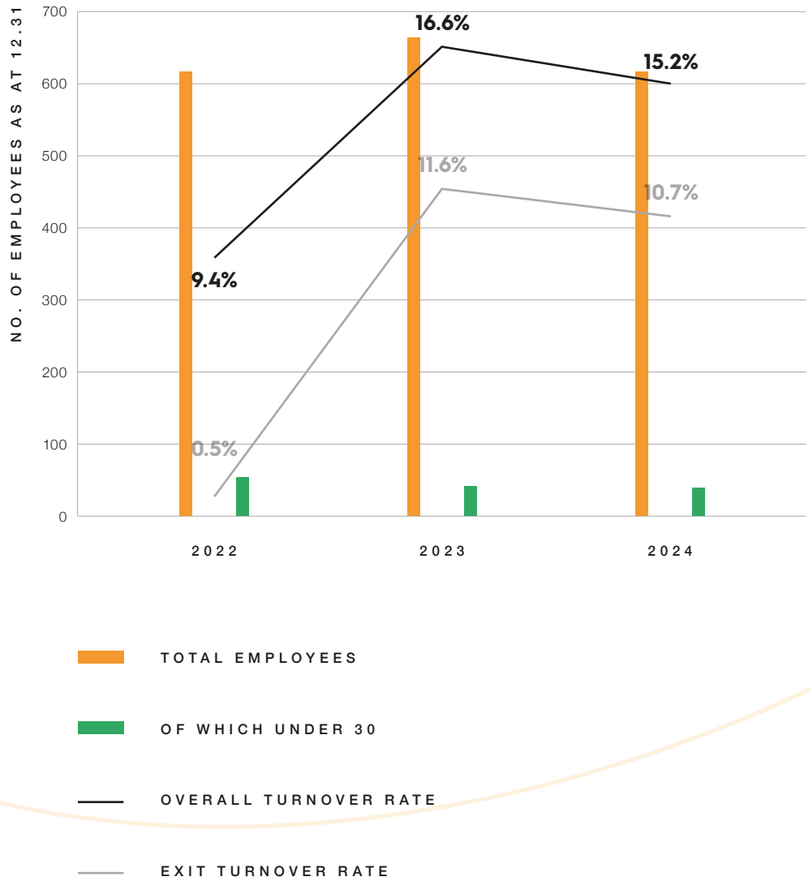
In 2024, the **overall turnover rate**[2] in the company was 16.2%, slightly down from 2023 (17.8%) but still almost double the 2022 (8.8%). During the year, 28 new resources joined the company, including 7 young people under 30, while the total number of resignations was 66, 13 of which involved workers under 30. **Voluntary resignations** accounted for about half of the departures, involving in particular younger employees. The **exit turnover rate**[3] stood at 11.4% a value that, although symptomatic of some internal mobility, is still lower than the national average of 16.2%. The overall turnover rate of 16.2% is also significantly lower than the national benchmark of 25.7%[4].

The outgoing turnover rate stood at 11.4%, a value that, although symptomatic of some internal mobility, is still lower than the national average of 16.2%. The overall turnover rate of 16.2% is also significantly lower than the national benchmark of 25.7%.

The company's health is affected by a complex financial situation; this context, combined with the general climate of uncertainty in the HVAC sector, has justified the use of social shock absorbers during 2023 and 2024 to optimise production capacity.

In 2024, Ferroli repaid its debt through an agreement with the bank. Through this agreement, the company finds itself in a position of greater financial stability that will allow it to face future challenges with greater serenity.

EMPLOYEES AND TURNOVER RATE



[2] Overall turnover rate calculated as the ratio of: sum of hirings and departures in year n / employees at 12/31 of year n-1 (in percentage form).

[3] Exit turnover rate calculated as the ratio of: total departures in year n / employees at 12/31 of year n -1 (in percentage form).

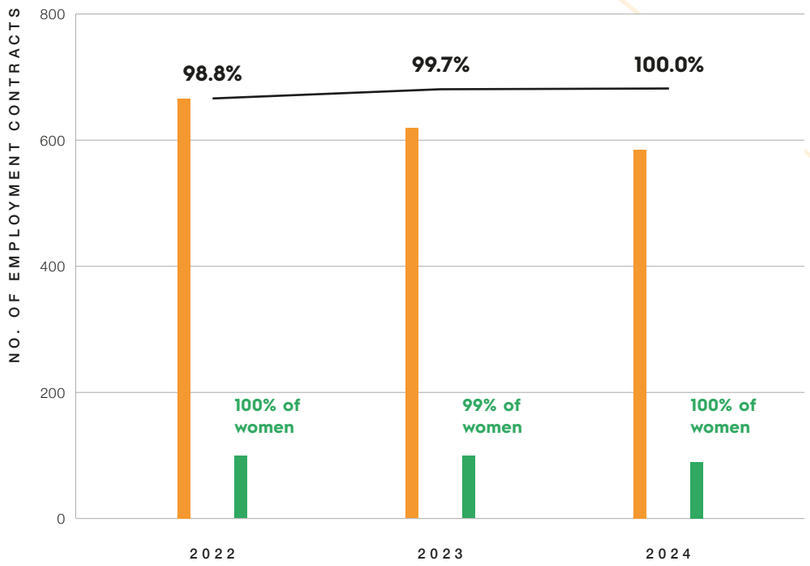
[4] Benchmarks taken from the Confindustria Job Analysis 2024: https://www.confindustria.it/home/centro-studi/temi-di-ricerca/valutazione-delle-politiche-pubbliche/dettaglio/indagine-lavoro-2024.

CAP. 04.1.2

However, employment security is guaranteed by the clear prevalence of permanent contracts for employees.

As the chart below shows, the percentage of permanent contracts increased from 98.8% in 2022 to 100% in 2024. The share of women hired on permanent contracts is also significant and constant, representing 100% of employees in 2022 and 2024 and 99% in 2023. These figures indicate a strong orientation of the company towards stable and lasting forms of employment to ensure maximum commitment to the employment stability of employees as far as is within its responsibility.

TYPES OF EMPLOYMENT CONTRACTS



CAP. 04.1.3

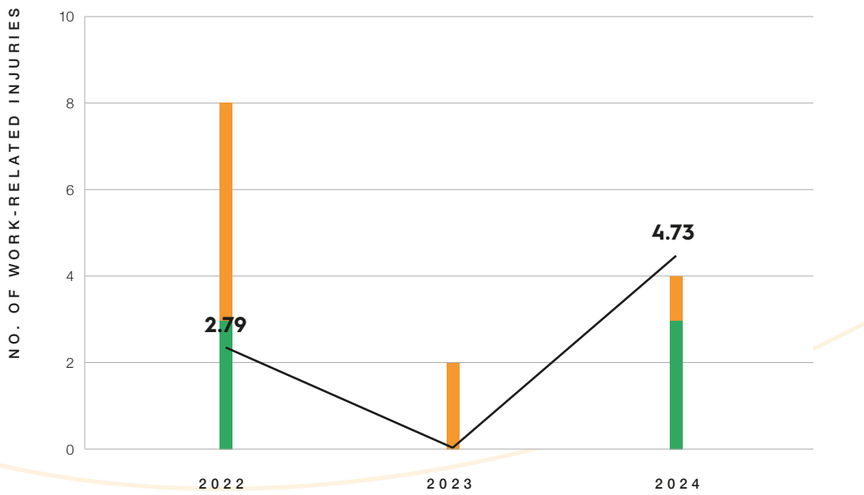
Health and safety

Protecting the health and safety of workers is a key priority for all companies, especially in manufacturing, where risks are inherently greater than in the service sector[6].

At Ferroli, the constant commitment to these issues made possible to maintain a very low level of accidents in recent years, with the goal of **achieving zero work-injuries by 2023**[7]. This result is due to the widespread awareness at all company levels and a series of targeted initiatives. Among these, the **collection and analysis of near-miss reports** from workers has been particularly important, allowing potential risk situations to be promptly identified and corrective action to be taken. In the event of an accident or significant near miss, **immediate communication** to all managers and safety officers allows protective measures to be quickly extended to all plants, preventing the recurrence of similar situations. Furthermore, through **monthly meetings with blue-collar workers (Safety Walk and Talk)** and **opportunities for discussion among company managers**, a shared safety culture is promoted and awareness of risks and best practices to adopt is enhanced. In addition, as required by current regulations, there is specific health protocol for each job role and a **document** has been drawn up for each plant, providing a **systematic analysis and assessment of health and safety risks for workers**. As evidence of Ferroli's commitment to ensuring excellence in the protection of workers' health and safety, all Italian production sites have obtained **ISO 45001:2018** certification.

In 2024, **4 non-serious injuries** were recorded, resulting in only **36 days of absence**. Compared to 2022, the number of accidents rose from 3 to 4, while the **frequency index** increased by 69 % due to a significant reduction in hours worked (-21 % compared to 2022). On the other hand, the **severity index** decreased (-76 %), consistent with the reduction in the total number of days of absence due to injuries, which dropped from 186 days in 2022 to 36 days in 2024[8]. During the period considered, Ferroli overall frequency rate has always remained significantly lower than both the industry benchmark (Ateco section C28), which stands at 10.76[9], and the size benchmark (companies with more than 250 employees), which is 21.21[10]. The severity rate also consistently remains below both the industry threshold (0.78)[11] and the size threshold (1.12)[12].

WORK RELATED INJURIES



[6] § Potential negative impact: Risk of occupational injuries and illnesses.

[7] Excluding commuting injuries (home/work route) that are not the company's responsibility and therefore excluded from the accident count as per GRI 403-9.

[8] § Actual negative impact: Work-injuries.

[9] INAIL Benchmark (update 31/10/2024): Oracle Analytics Interactive Dashboards - Rischio_Frequenza_Indici_di_Frequenza

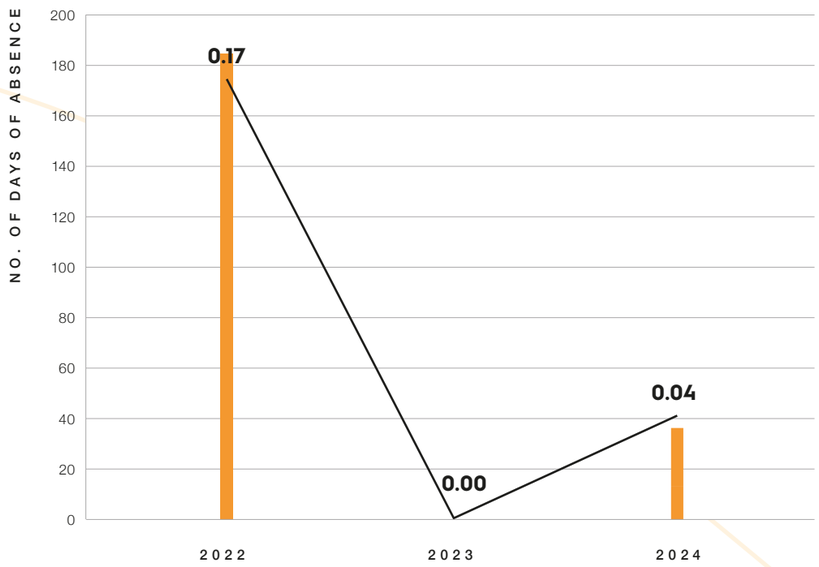
[10] INAIL Benchmark (update 31/10/2024): Oracle Analytics Interactive Dashboards - Rischio_Frequenza_Indici_di_Frequenza

[11] INAIL Benchmark (update 31/10/2024): Oracle Analytics Interactive Dashboards - Rischio Gravità_Indici_di_Gravità

[12] INAIL Benchmark (update 31/10/2024): Oracle Analytics Interactive Dashboards - Rischio Gravità_Indici_di_Gravità

CAP. 04.1.3

DAYS OF ABSENCE FROM WORK DUE TO INJURY AND SEVERITY INDEX



CAP. 04.1.4

Training and skills development

Training is a strategic pillar for Ferroli, which invests in innovative training courses going beyond regulatory obligations[13].

In 2024, the Parent Company provided a total of **4,900 hours of training** to its employees, or **8.4 hours/employee**. This figure is sharply down compared to the two-year period 2022-2023: this is due to the decision to rationalise training programmes, replacing generalist e-learning platforms used in the past with **targeted courses**, designed in synergy with employees' professional development and business needs, while still ensuring flexibility for initiatives linked to **employees' distinctive skills**, always approved by the HR Department. This optimisation reflects a more structured vision, in which quality and relevance replace quantitative logic, keeping innovation and the **professional and personal growth** of human resources at the centre.

As the chart on the next page shows, about 80% of the training provided in 2024 relates to **job-specific knowledge**, followed by training on **health and safety** issues (10%, or 486.7 hours) and on the **development of transversal skills** (6.6%, or 326 hours). This subdivision, which was also partially reflected in previous years, denotes a strong focus on operational/ professional refresher training and on compulsory regulatory requirements relating to health and safety risk prevention.

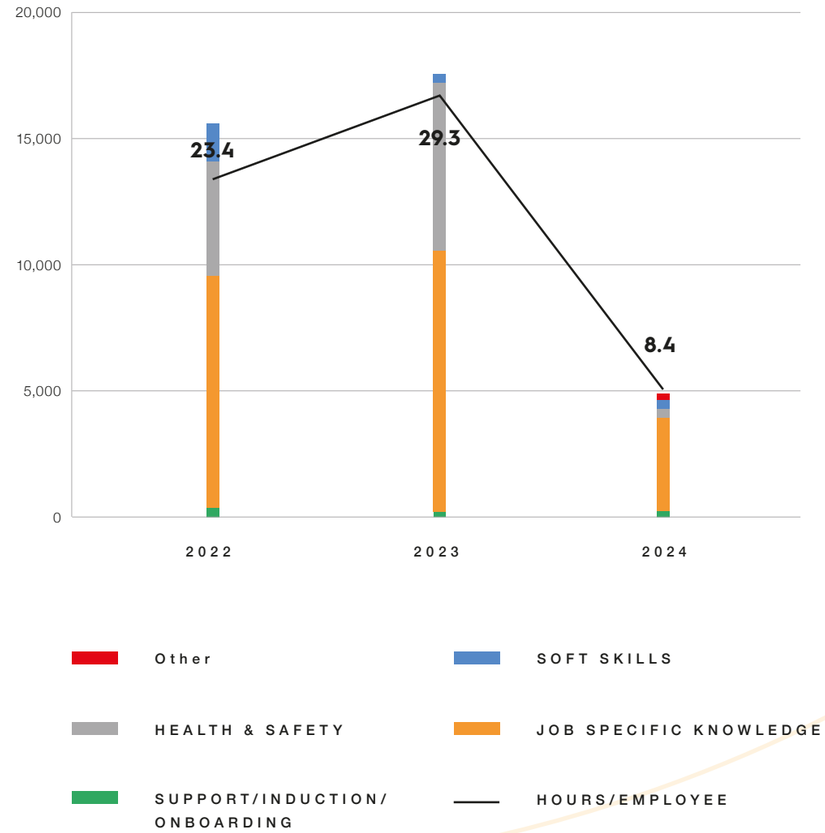
[13] § Actual positive impact: Training beyond the regulatory requirement.

CAP. 04.1.4

For several years, the company has been providing courses on **business ethics, regulatory compliance and environmental regulations**, to which the company is gradually adding topics such as **cybersecurity and sustainability**. About the latter topic, the ESG Team constantly delivers sustainability training at the start of each project.

In addition, the project **'CHALLENGES FOR A CIRCULAR ECONOMY IN FERROLI'**, funded by Fondimpresa, was organised in 2023 with the aim of transforming the life cycle of products from linear to circular model. The training course, which ended in May 2023, involved **109 employees** (including blue and white-collar workers) and addressed topics such as **eco-design, optimisation of the production process and logistics through specific teaching modules and multimedia tools**, monitoring effectiveness with ex-ante, in itinere and ex-post evaluations.

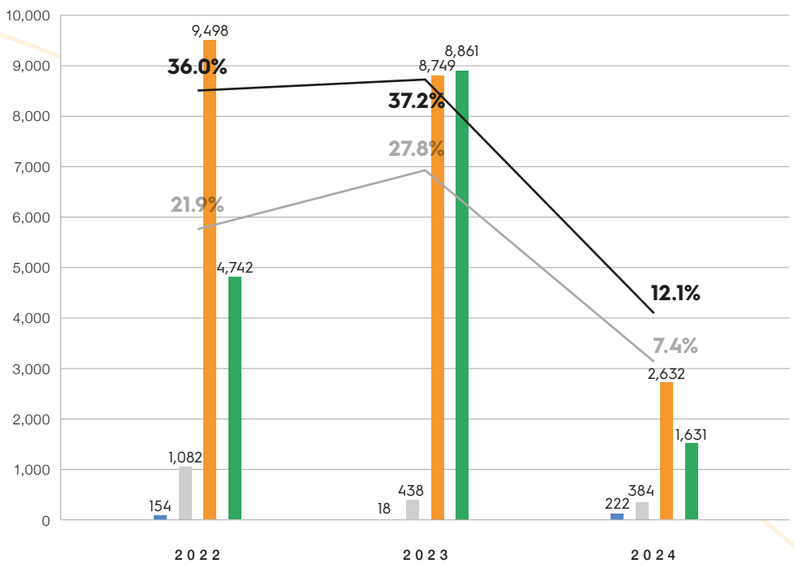
TRAINING HOURS BY TOPIC



As regards the breakdown **of training hours by job classification, more than half** (54% on average, peaking at 61% in 2022) is **allocated to the white-collar category**, a smaller portion (38% on average, 33% in 2024) concerns blue-collar workers, followed by training for managers (8% in 2024) and executives (5% in 2024), the latter showing a marked increase compared to 2023 despite the number of top managers remaining the same.

CAP. 04.1.4

TRAINING HOURS BY JOB CLASSIFICATION



TRANING HOURS - TOP MANAGER

TRAINING HOURS - MANAGER

TRAINING HOURS - WHITE COLLARS

TRAINING HOURS - BLUE COLLARS

AVERAGE TRAINING HOURS (MALE EMPLOYEES)

AVERAGE TRAINING HOURS (FEMALE EMPLOYEES)

In all three years considered, **women received on average more hours of training than men**, with a rather marked deviation in 2022 and 2023, while in 2024, although the total hours of training decreased, the gap narrows. In general terms, except for 2024, the **average training hours per employee are higher than the national average** (21 hours/employee)[14].

Finally, an ESG management structure was created in 2024[15] which, in addition to the development of the company's ESG strategy, was responsible for the planning and delivery of a range of sustainability-related training content, including classroom training for the Board, induction training for the ESG team on the projects developed, and dissemination of the results to all employees.

[14] ISTAT (2015), "La formazione nelle imprese in Italia" - https://www.istat.it/comunicato-stampa/la-formazione-nelle-imprese-in-italia

[15] See section "Business Conduct" in the chapter Governance.

FERROLI ACADEMY: ENGINE OF INNOVATION AND SKILLS DEVELOPMENT

The **Ferroli Academy** represents the beating heart of the Ferroli Group's training strategy, born in July 2019 out of the conviction that training is crucial to support growth and competitiveness in the global market. Located at the Villanova (Verona) plant, as well as three further locations distributed throughout Italy (Bologna, Rome, Bari), the Academy has dedicated spaces - including course rooms for installers and areas equipped for practical tests - and makes use of a modern e-learning platform, thus guaranteeing a flexible and accessible training offer.

The Academy addresses all company functions and various external stakeholders, such as installers, technical service centres and designers, with the aim of strengthening technical specialisation and a culture of innovation.

The training offer proposes 360° aggregate courses, developed both in-presence and via e-learning, concerning:

Technological fundamentals
Building a technical/knowledge base on the Ferroli product portfolio, with a focus on combustion, heat pumps and solar thermal energy.

Product Insight
Analysis of the operation, technical characteristics and practical applications of the catalogue solutions.

Integrated services
Training on customer support services, including technical assistance, digital tools and tax breaks.

In the 2024/2025 academic year alone, Ferroli Academy confirmed its role of excellence in technical and professional training, involving **1,693 trainees** through a wide and diversified offer. A total of **256 training activities** were carried out, including **244 classroom courses** and **11 webinars**. The Academy benefited from the contribution of **30 expert speakers**, guaranteeing a high level of specialisation and updating. The focus on didactic innovation is also reflected in the extensive use of digital tools: **119 e-learning courses** and **311 web meetings** made it possible to reach an increasingly broad audience, favouring the flexibility and customisation of learning paths[16].

[16] § Actual positive impact: Ferroli Academy

CAP. 04.1.4

Corporate welfare

Corporate well-being and work-life balance have become strategic pillars for any company, with a direct impact on productivity, engagement and the ability to attract talent.

According to recent research conducted by RADICAL HR's Future of Work Observatory, although 75% of Italian companies recognise the well-being of their employees as a priority, only 33% have implemented concrete initiatives, and less than 4% offer structured programmes[17].

Therefore, the possible difficulty of a company, due to structural or organisational constraints, to respond to the growing demand for flexibility and services aimed at reconciling work-life balance, represents a real **risk of loss of competitiveness in the labour market**, with **difficulties** in **finding** and **retaining human resources**, especially among the younger generations[18].
In its path of improvement, aimed at combining the needs of the company with the needs of the workers, Ferroli pays the utmost attention to the working conditions of its people, favouring their professional, personal and economic satisfaction. As evidence of this commitment, on May 3 2023, Ferroli S.p.A, with specific reference to the plants of San Bonifacio and Villanova, has signed, together with the trade union representatives, the first **Corporate Supplementary Agreement** in the last 10 years, which sees the company pursue the objective of putting **"the person at the centre"**. The agreement introduces paid leave for the care of children and the elderly, supplemented by the mechanism of **solidarity holidays**, and enhances the experience of older workers with a **seniority bonus**, while investing in young people through customised training paths and professional growth programmes. Corporate welfare is also enhanced with **benefits dedicated to physical, psychological and economic well-being**[19].

At Ferroli, 1**00% of employees have access to the welfare services provided**, including shopping vouchers and family services, supplementary pensions, education, sports, entertainment, culture. There are also company cars for mixed use for managers and executives. In addition to these, there are targeted initiatives for psychological support, such as **'Ferroli for Well-Being'**, which includes the **Empatika platform**: a tool dedicated to the care of mental wellbeing, through **articles, podcasts, videos** and an **individual support path** with therapists selected according to personal needs[20].

[17] "Corporate Wellbeing Italia 2022", research Conducted by RADICAL HR's Future of Work Observatory, in collaboration with PHYD and MYLIA - Corporate Wellbeing in Italia 2022 - RADICAL HR.

[18] § Risk: Work-life balance.

[19] § § Actual positive impact: Work-life balance.

[20] § Actual positive impact: Welfare.

EMPATIKA: DIGITAL TOOL FOR CORPORATE WELLBEING

Empatika is an **innovative platform** specialising in **psycho-physical well-being**, designed to support employees and companies through digital tools and personalised paths. Founded as a startup in 2021, it combines **self-help content (articles, podcasts, videos) with individual online sessions held by psychologists and qualified professionals**, accessible through a reserved area or dedicated app, with the aim of solving problems, anxieties, uncertainties or having an informed opinion.

Empatika, integrating perfectly within the welfare policies implemented by Ferroli, offers **employees free access, for one year, to continuous self-help services for well-being**, created by the Empatika Scientific Management and its collaborators, including:

THEMATIC PODCASTS: in-depth insights with narrated stories and meditation practices, relaxation exercises and self-help techniques to improve one's wellbeing and for personal growth.

VIDEO CONTENT: short videos that deal with topics related to the personal, relational or work sphere, providing valuable insights and practical advice for dealing with various everyday situations.

WELL-BEING ARTICLES: in the Empatika Well-being Book, users can delve into issues that impact on their well-being: anxiety, stress, conflict relationships and much more. Different perspectives are adopted, providing food for thought, scientific data, practical tips and simple exercises.

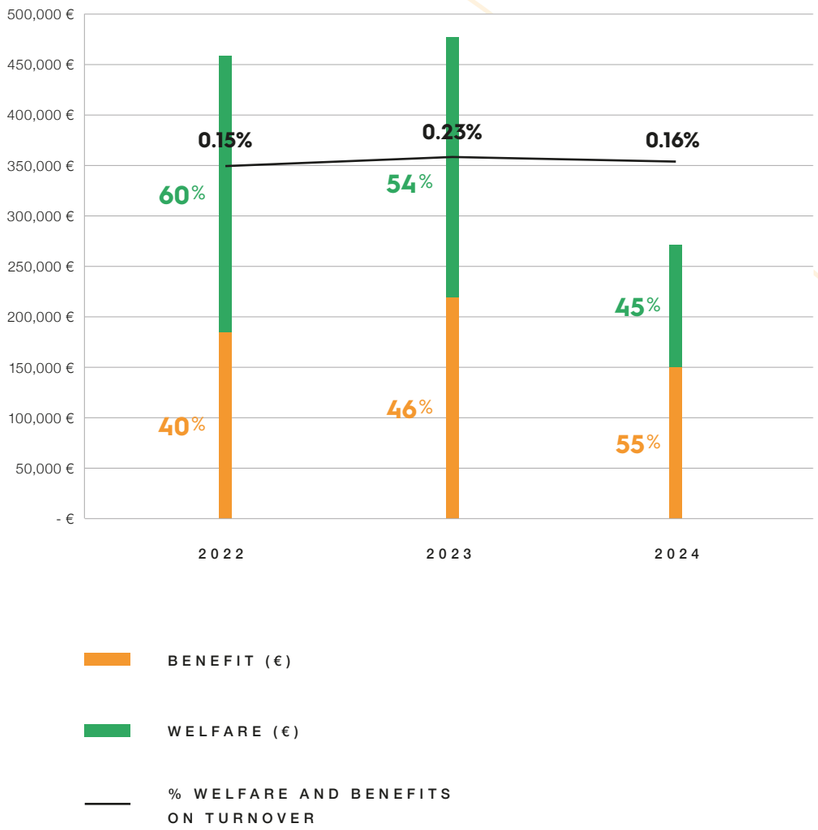
WEBINARS: 45-minute online meetings with the participation of experts to deal with the wellness topics of greatest interest, having the opportunity to interact in real time, confronting the experts and asking them questions.

In addition, there is the opportunity to take advantage of **one free telephone assessment and five free individual video meetings** with a qualified psychologist, psychotherapist or nutritionist from the Empatika team. The adoption of Empatika, included in the Supplementary Company Agreement together with other initiatives, reflects Ferroli's commitment to promoting a harmonious working environment that is attentive to individual needs. This choice consolidates the relationship of trust with employees, promotes the retention of talent and defines a business model that focuses on the **quality of working time and concrete support for mental and physical health**, through targeted welfare policies and personalised services.

CAP. 04.1.4

In 2024, the total expenditure on payments to Ferroli employees amounted to **€271,939**, more or less equally divided between **welfare (€121,600)** and **benefits (€150,339)**, which is equivalent to approximately **0.16% of Ferroli S.p.A.'s total turnover**. In addition to this, the **performance bonus**, which can be converted 50% or 100% into welfare, amounted to **€1,823.20** for each employee in 2024 (+11% compared to 2023).

WELFARE AND EMPLOYEE BENEFITS



CAP. 04.2

Community wellbeing

Ferroli interprets sustainability as a transversal commitment, integrating economic growth, social responsibility and environmental protection, with the aim of generating a positive and lasting impact in the territories in which it operates and for the communities that inhabit them.

The Group firmly believes that the success of a business cannot disregard the ability to actively contribute to **collective wellbeing**, promoting **inclusion, equity and opportunities for all**, with a special focus on the **most fragile categories.**

In collaboration with **Fondazione Più di un Sogno Onlus**, a reality located in Verona that supports people affected by autism and physical-intellectual disability to help them achieve a better quality of life, Ferroli is launching a **project aimed at the employment of young people** through a structured path in phases of selection, training and professional development. The initiative aims to bridge the gap between the company's needs for figures with specific technical skills and the opportunities offered by the protected categories, promoting an integrated model that combines **employment inclusion, education for autonomy and professional training**, in line with the principles of the 'Progetto di Vita' (i.e. Life Project) developed by the Foundation.

Despite the critical issues related to finding people with specific technical skills among candidates belonging to protected categories, combined with a complex economic context for the company and the entire HVAC sector[21], Ferroli confirms its proactive commitment through initiatives, such as **'Più di un Sogno'**, which go beyond the logic of mere regulatory compliance, e**ncouraging the employment of fragile individuals with structured projects and territorial collaborations.**

[21] § Actual negative impact: Employment of protected categories.

CAP. 04.2

In addition, Ferroli consolidates its commitment to the territory through donations to socially committed entities[22], such as **'I bambini delle fate'**, a social enterprise which, since 2005, provides financial support to social inclusion projects run by local partners and associations for the benefit of families with autism and other disabilities. Alongside social initiatives, the company strengthens its support for art and culture by **sponsoring events** such as the **Festival della Bellezza**, supported by the Ministry of Culture. In 2025, Ferroli also plans to support local realities committed to social issues with a project dedicated to encouraging the practice of sport by people with disabilities or in situations of social hardship, and one aimed at protecting women and families in fragile contexts.

The company's presence as a sponsor in nationwide events, such as the Italy-England match for the 6Nations Rugby tournament in Rome and the Empoli-Bologna Italian Cup semi-final, which drew over 2 million spectators, are important signs of recovery, which also contribute to brand recognition for all stakeholders.

In parallel, the company promotes internships (curricular and extra-curricular) and PCTO, offering students opportunities for professional growth in line with the needs of the labour market. These are Alternanza-Scuola-Lavoro training courses, with Istituto di Istruzione Superiore of Lonigo for the Villanova production area, and with Istituto Tecnico Industriale Statale Alessandro Rossi of Vicenza for the Information and Communication Technology area. The company also hosted the students of ITS Academy LAST, with the aim of opening Ferroli's doors to young people with the possibility of undertaking internships.

As part of its corporate social responsibility initiatives, Ferroli also values corporate volunteering aimed at supporting public health and social solidarity, by incentivising employees to engage in blood and plasma donation. In the three-year period 2022-2024, Ferroli has recorded an average of around 1,468 paid working hours each year for these activities.

For several years, Ferroli has established contacts and collaborations with various schools in the area, through agreements and partnerships, including the University of Padua, the University of Verona and the CUOA Business School Foundation. In particular, in May 2024, the R&D Team brought its testimony within a course of the Department of Industrial Engineering of the University of Padua. It was a moment of contamination between the world of university research and the Ferroli reality, in favour of more sustainable products and in line with customer needs, providing an important contribution to young people entering the world of work.

Starting from October 2024, as part of a plan financed by Fondimpresa, four Lean Basics courses were held, aimed at training internal teams in the principles of Lean Organisation and launching improvement worksites to give concrete expression to the change underway. Two of these workshops focused on the implementation of the 5S methodology, through practical cases and examples, preparing participants to lead improvement initiatives within their own areas of competence.

A total of 64 employees belonging to the Production, Quality, Maintenance, Planning, HSE, Logistics, Purchasing, R&D and ICT areas participated in an intensive course on the 5S principles: the aim was to provide effective tools to improve work organisation and optimise communication within teams.

The balance between theoretical training and practical application allowed participants to immediately experience the concepts they had learnt and assess their impact in their own operational context.

[22] § Potential positive impact: Support for local associations.

05

Governance sphere

ETHICS AND TRANSPARENCY IN BUSINESS MANAGEMENT

Ferroli Group is distinguished by a solid and structured governance model, based on principles of integrity, transparency and accountability that guide every strategic and operational decision.

The Board of Directors plays a central role in defining and monitoring corporate strategies, integrating environmental and social sustainability goals within the strategic plan. In every market in which it operates, Ferroli is committed to strict compliance with current regulations, ensuring that all activities are conducted in full compliance with the laws, regulations and ethical principles that inspire its actions.

CAP. 05.1

Business Conduct

The governance of Ferroli S.p.A. is based on a solid and articulated structure designed to ensure transparency, balanced decision-making and responsible management of the company's impacts.

The company adopts a **traditional administration model**, in which the **Board of Directors** (BoD) represents the central executive body, flanked by a **Board of Statutory Auditors** composed of external members. The BoD, consisting of directors, is in charge of defining and following the strategic and programmatic lines dictated by the Shareholders' Meeting, while the CEO, chosen by the BoD, oversees the operational implementation of board decisions and the powers of attorney granted. This is joined by **attorneys delegated by the CEO**, who are entrusted with powers to fully implement the choices and implementation of the company's activities by the executive body.

To support the Board of Directors and to strengthen oversight of the impacts of corporate decisions, Ferroli's governance includes the Board of Statutory Auditors and makes use of several committees and commissions, including the **Supervisory Board**, the **Risk Control Committee**, and the **Nominating and Compensation Committee**. These bodies perform control, advisory and monitoring functions, ensuring that decisions are also consistent with sustainability policies and current regulations.

The process of appointing members of the BoD and supervisory bodies is structured to ensure a **balanced representation of capital, promote diversity** - including gender diversity - and **enhance skills and independence**. The criteria adopted for selection aims to compose a multidisciplinary BoD, capable of meeting market challenges and effectively integrating sustainability into corporate strategy.

Through periodic reports and a clear delegation of powers and proxies, particularly in the areas of health, safety, and environment, the Board of Directors maintains **constant oversight of the organization's environmental, economic, and social impacts**. During the approval of the Sustainability Report, it also evaluates any sustainability aspects as outlined in the financial statements.

Furthermore, in 2024 Ferroli introduced the **ESG cross-functional team**, a global and cross-functional structure composed of thirty people, coordinated by two members—a Project Leader and an Executive Sponsor— who are engaged in organizing and managing all activities related to planning, monitoring, training, reporting, and dissemination of the company's sustainability projects and performance, including activities connected to data collection and the preparation of this document.

CAP. 05.2

Ethics and Compliance

Ferroli bases its business on principles of compliance with laws, transparency, responsibility to the community and protection of health and safety, promoting a work environment based on integrity, mutual respect and equal opportunities.

The company operates in full compliance with current regulations and rejects all forms of corruption, discrimination and exploitation, actively involving all stakeholders in sharing these values.

The **Code of Ethics**, adopted by the Parent Company following the first compliance project with Legislative Decree 231/2001, at the beginning of the 2010, and constantly updated, together with the Model of Organization, Management and Control (MOGC) of the Parent Company and its Italian subsidiaries Cola S.r.l. and Evolving Living Innovation Center-ELIC S.r.l., represents a fundamental guide for the work of the company and its collaborators, of the entire Ferroli Group.

It defines, as of 2021, on an international level, the values and principles that inspire every decision and behaviour, with the aim of ensuring responsible, transparent and value-creating activities for all stakeholders. The general principles contained therein are:

Professionalism, reliability and protection of the company's image
Ferroli requires the highest level of professionalism and reliability from all employees to protect the company's reputation and image, promoting the quality of the products and services offered.

Fair competition
T he company is committed to operating in compliance with the rules of competition, avoiding unfair practices and behaviour that may harm the market or other operators.

Transparency and fairness in corporate management
Corporate information is managed with the utmost transparency and fairness, ensuring the clarity and reliability of communications to shareholders, partners and stakeholders.

Confidentiality and protection of personal data
Ferroli protects the confidentiality of information and personal data, taking appropriate measures to protect them and ensuring the ethical use of information resources.

Ethical use of information technology equipment and systems
Ferroli requires that all employees use information technology resources, systems and company equipment responsibly, exclusively for company purposes and in compliance with applicable regulations

Valuing the person
The company is committed to recognizing and promoting the value of people, fostering the professional and personal growth of its employees. Ferroli upholds an inclusive and respectful work environment that values the skills, diversity and contribution of each person, countering all forms of discrimination or harassment.

Workplace Safety
Ferroli considers the protection of workers' health and safety a fundamental value, taking all necessary measures to prevent accidents and ensure a safe working environment, in accordance with current regulations, promoting a culture of prevention and shared responsibility for safety.

Environmental Defence
The company is committed to safeguarding and protecting the environment, adopting responsible policies and behaviours that aim to reduce the environmental impacts of its activities and actively contribute to protecting the ecosystem and combating climate change.

CAP. 05.2

A fundamental aspect of corporate strategy is the **fight against corruption and conflicts of interest**. Ferroli is committed to preventing any unlawful behaviour through organizational and control tools, ensuring full compliance with regulatory provisions. In this regard, as mentioned above, an **Organization, Management and Control Model** has been implemented in accordance with Legislative Decree 231/2001 governing the administrative liability of legal persons for certain crimes committed in their interest or to their advantage by directors, employees or collaborators, such as corruption, fraud, environmental crimes and corporate crimes.

Since 2022, Ferroli was already in compliance with Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report violations of Union law (the so-called “Whistleblowing Directive”) through the adoption of a Speak-Up System. Upon the Italian legislators’ transposition of the aforementioned directive through Legislative Decree 24/2023, the Parent Company evaluated its reporting channels and adjusted them, adopting a **Whistleblowing System**, which allows individuals who have relations with the Company such as employees and collaborators, for example, to safely and confidentially report any violations falling within the objective scope of Legislative Decree 24/2023, such as the crimes specified in Legislative Decree 231/2001[1].

[1] § Risk: Protection of whistleblowers.

CAP. 05.2

To cover the broad spectrum of potential whistleblowing, which does not fall within the scope of Legislative Decree 24/2023 and the Whistleblowing Directive, Ferroli has decided to maintain in force and update the **Speak-up Policy**, as a result of the issuance of the Whistleblowing Policy.

The set of policies pertaining to the Whistleblowing System and the Speak-Up System, guarantee the right to report possible violations and irregularities and protect the identity of whistleblowers, preventing retaliation and ensuring confidential and ethical handling of the information received. Finally, the Ferroli Group has adopted the **Anticorruption Policy**, aimed at defining standards and procedures to prevent and counter corruption within the company and in its legal entities, with the goal of promoting a culture of transparency and integrity, in compliance with current national and international anti-corruption regulations[2].

Ethics training also plays an important role in the company, which has mapped out training focused on this area: 374 employees were trained in the three-year period under consideration, for a total of 890 hours of total training.

Ethics training is delivered during induction hours to Ferroli's new hires and is made available to all via a course catalogue in the company application, which any employee can access. The company aims in 2025, to extend training on the topic as a follow-up as well, to increase awareness among all employees.

In addition, Ferroli promotes **ethical use of IT equipment and systems**, preventing any misuse and protecting the **confidentiality** and **personal data** of employees, customers and business partners. As detailed in more detail in the section on Cybersecurity, Ferroli has specific policies and procedures for the proper use of the company's IT systems for the proper storage and protection of company information, as well as for the processing of personal data in accordance with current regulations.

With reference to the latter point, since the company interfaces with customers and business partners (B2B) and finds itself processing and communicating personal data for specific purposes, including end-user support[3], with a view to ensuring compliance with current legislation on the protection of personal data, in particular EU Regulation 679/2016 (GDPR), the company has formalized its commitment with the adoption of specific documents such as **privacy notices**, which describe in detail the methods, purposes and legal bases of data processing, and a **Data Retention Policy**, which defines the terms of retention of documents and information, in any form, in compliance with the regulations and for the protection of data subjects, with the guarantee that they can interface directly with the dedicated Privacy Function. Demonstrating the special attention given to this issue[4], the company has also appointed an external **DPO (Data Protection Officer)**, in accordance with Articles 37-39 of the GDPR.

In the three-year period 2022-2024, there were no reports or procedures related to privacy violations against the company.

[2] § Risk: Corruption and conflict of interest.

[3] § Risk: Personal data processing

[4] § Potential positive impact: Privacy sensitivity.

FERROLI GROUP'S SUSTAINABILITY STRATEGIES

As mentioned in the introductory chapter, the company is moving in several directions to improve its governance by including, in addition to profit targets, targets aimed at improving its sustainability performance. Pushes in this direction are undoubtedly coming both from the market, due to the growing attention of customers and consumers, and from financial players, who are paying particular attention to the performance of companies in terms of sustainable activities, especially regarding climate change and decarbonization strategies. Subsidized rates and incentives, both from financial institutions and from national and international bodies, can support companies in their transition to a business model oriented toward environmental and social sustainability[5].

The **creation of a dedicated management structure**, with a figure engaged full time in the coordination and management of activities and resources variously included in the ESG sphere, **the initiation of multiple parallel projects**, such as the **calculation of the carbon footprint** of the organization as a whole and of specific products, the development of a **decarbonization plan**, with a focus on emission targets, and a **sustainability plan**, extended to include impacts on people, as well as **training** and **information in sustainability** dedicated to specific resources and top management, and then disseminated at different levels and at the many locations, in Italy and, progressively, around the world, are all important, and onerous, actions that the company has chosen to undertake with a tight schedule intensified in 2024 and already cadenced through 2026, **demonstrating its concrete commitment and internal drive toward a truly sustainable business model.**

As a guarantee of a structured system, already oriented to quality and the protection of workers and the environment, Ferroli S.p.A. also obtained and maintains updated **certifications** of its **Integrated Management System** in accordance with international standards **UNI EN ISO 9001:2015 (Quality), UNI EN ISO 14001:2015 (Environment), UNI EN ISO 45001:2018 (Occupational Health and Safety)**[6].

[5] § Opportunities: ESG Strategies

[6] § Actual positive impact: Sustainability pathway.

CAP. 05.3

Economic performances

Ferroli Group is committed to grow with the goal of harmonizing ethics and profit, recognizing that economic development cannot disregard consideration of the environmental and social aspects that influence and/or are influenced by business activity.

For this reason, in its Sustainability Report, the company has adopted the guidelines of the GRI International Standards to map economic and financial performance, measured through the economic value generated and distributed. The International Nonfinancial Reporting Standards (GRI Standards) define the two concepts as follows:

Directly generated economic value

It includes revenues, such as net sales, plus revenues from financial investments and sales of assets.

Distributed economic value

It includes operating costs, employee wages and benefits, interest expense on loans and other forms of debt, return on capital, payments to government, and investments in the community[7].

The **economic value generated** by the company in 2024 **dropped by 20%** year-on-year, from EUR 216.9 million to EUR 173.8 million. This is reflected in the lower production by the parent company, which recorded a drop in finished goods (-18.5%). Similarly, **operating costs** fell (-29%)[8], which represent the preponderant item of the distributed value; as a result, the **economic retained value**, resulting from the difference between the generated economic value and the distributed economic value, **dropped by 58%**, recording a **negative value** in the two-year period 2023-2024. In fact, the **climate of uncertainty** that has characterised the **HVAC sector** in Europe over the last few years has had a negative impact on the company's economic performance (-19% of turnover compared to 2023).

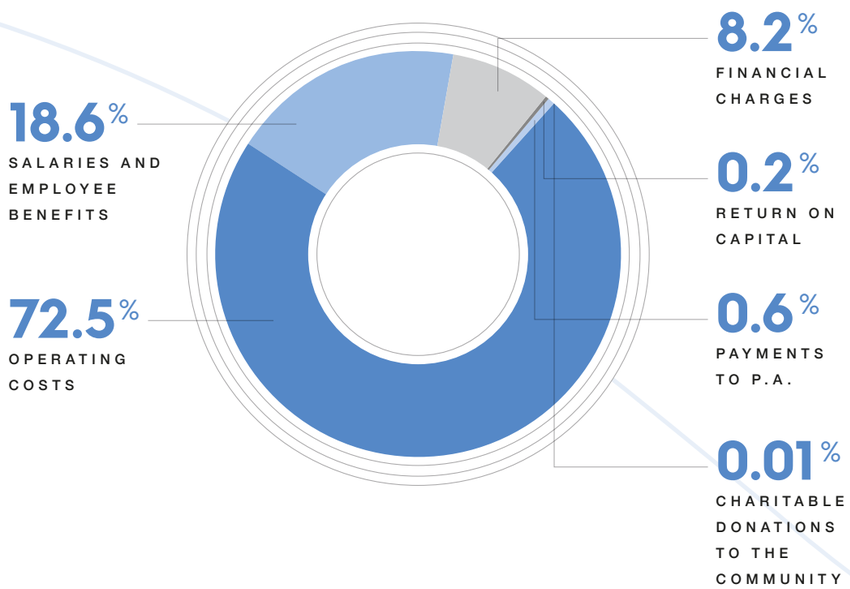
Most of the distributed economic value (72%), is attributable to the coverage of **operating costs** (€133.5m in 2024, down 29% from 2023). The second largest cost item is **salaries and employee benefits** which account for 19% of the total (€34.3 million in 2024), with a stable value over the two-year period. This is followed, to a residual extent, by **interest expenses on loans and other forms of indebtedness** (8% of the total distributed value), **payments to public administrations** (fees and taxes), **distribution of dividends to shareholders**, and **charitable donations to the community.**

[7] Investments in the community include, for example, contributions to charities, NGOs, research institutions (unrelated to the organization's commercial R&D), funds to support community infrastructure such as recreational facilities, direct costs of social programs, including arts and educational events.

[8] GRI 201-1: Reported operating costs are the sum of items B.6 (costs of production related to raw materials, consumables and goods), B.7 (costs for services) and B.8 (costs for use of third-party assets) of the reclassified Profit and Loss Account, stripped of any investments in the community (as defined in the previous footnote).

CAP. 05.3

BREAKDOWN OF DISTRIBUTED ECONOMIC VALUE (2024)



CAP. 05.4

Management of relations with suppliers

Ferroli pays particular attention to the management of its supply chain, adopting and planning various measures to ensure business continuity on the one hand and the sustainability of the supply chain as a whole on the other.

Dependence on certain strategic business partners may expose the company to high **financial costs** in case of **supply chain disruptions**[9] and the effective management of these risks is crucial: a **resilient** and **monitored supply chain** allows not only to mitigate the risks of disruptions, but also to respond promptly to changes in raw material prices, new compliance regulations and customer demands in terms of sustainability and transparency. In this regard, new suppliers are always subject to **signing** the **Ferroli Group's Code of Ethics** and **to agree to relevant social criteria** that include **compliance with all applicable local laws**, particularly those relating to employment such as the **prohibition of child labour, compliance with minimum wages, proper compensation for overtime work, recruitment procedures and work safety**. Furthermore, it is constantly verified that suppliers have adequate financial means, organisational structures, technical capabilities, experience, quality systems and resources to meet contractual requirements. The **selection of its business partners** is also based on **criteria of ethics, reliability, good reputation, credibility in the reference market and professional reliability**, thus ensuring responsible and sustainable collaboration.

[9] § Risk: Dependence on suppliers.

CAP. 05.4

Over the last three years, the total expenditure towards suppliers shows a constant prevalence of the share relating to **suppliers of goods**, which represents on average 85% of the total expenditure, while the share relating to **suppliers of services** remains around 15%. Also, the percentage of purchases of goods from **local suppliers**, understood as business partners located within a radius of 150 km from the Ferroli S.p.A. plants[10], has remained stable over the three-year period, standing at just over 20% of total spending with suppliers.

However, in absolute terms, the **overall expenditure decreased significantly (-58% compared to 2022)**, mainly due to a reduction in production related to **lower sales and market volumes**, resulting in a lower need for raw materials and components. At the end of 2022, in an unstable market environment but with overall positive expectations for 2023, both Ferroli and its customers had accumulated high inventories, anticipating possible difficulties in the supply chain. However, sales in 2023 did not reach the forecasted assumptions, generating a substantial unsold stock. As a result, a **de-stocking project** was initiated in 2024 to bring inventories back to optimal levels by further reducing purchases from suppliers. This dynamic was caused by **macroeconomic factors** such as inflation, rising interest rates and changes in incentive systems, in particular the freezing of credit assignment and invoice discount linked to building bonuses in Italy.

[10] For the San Bonifacio and Casole plants, local suppliers (goods) are those located in the provinces of: Verona, Modena, Venice, Treviso, Padua, Mantua, Brescia, Bergamo, Trento. For the Casole d'Elsa plant, local suppliers (goods) are those based in the provinces of: Siena and Florence.

CAP. 05.5

Research and Development

Ferroli confirms its strategic commitment to research and development (R&D) in the heating and air conditioning sector, with the aim of offering innovative, high-quality products such as wall-hung boilers, water heaters, heat pumps and hybrid systems.

In the three-year period under consideration, the total hours dedicated to research and development (R&D) activities, including those dedicated to maintenance on products already in the catalogue, remained at a high level, fluctuating between approximately **43,000 and 49,000 hours per year**.

Most development R&D activities are handled in-house, drawing on the expertise of around 50 employees from different company functions who follow the entire process from design to supplier selection. These activities include **thermo-fluid dynamic (CFD) and mechanical (FEM) simulations, prototype testing and, to ensure safety and reliability, certification by third-party bodies and organisations of all products placed on the market.** A minor part of the hours dedicated to research and development was carried out in collaboration with **external research institutes**, including the Eindhoven University of Technology in the Netherlands and the Universidad de Vigo in Spain for the development and life testing of new hydrogen burners and wall-hung boilers.

THE FOCUS ON CYBERSECURITY

In today's global environment, **cybersecurity** has become a key priority for any organisation, regardless of size or sector. Increasing digitisation and increasingly interconnected systems have led to an increase in the number and complexity of cyber threats, which pose a real risk to the business continuity, reputation and financial soundness of companies.
One relevant aspect, which concerns all those involved, is the issue of cybersecurity and, in particular, the **risk of cyber-attacks** or **data breach** that could generate financial losses for companies[11]. Recent studies show that the global average cost of a data breach is now close to USD 5 million, underlining the significant financial impact such events can have on the companies involved[12].

The company is very sensitive to this issue and has implemented, over the years, an integrated system of policies, procedures and controls aimed at preventing and mitigating cyber threats. **The organisational measures adopted are of a preventive and protective nature** (corporate policies drawn up, disseminated and tested) **and of a technological nature** (replacement of firewalls, raising the level of control for spam/malware, antivirus on PCs and cloud accesses, weekly information to users on cyber-attacks and phishing in progress with the consequent rules of conduct to be adopted, restrictions on Internet browsing,

double authentication for access and adoption of complex passwords). In case of computer incidents or data breaches, there is an immediate response protocol involving ICT, HR and the Data Protection Officer, with immediate actions such as disconnecting the affected devices and promptly analysing the security incident to inform, if necessary, the Data Protection Authority. The company also follows a **Data Retention policy** that regulates the storage duration of logs, backups and e-mail accounts, ensuring compliance with the GDPR and, in general, current regulations. An increase in compulsory training in IT security is also planned, also in anticipation of the entry into force of the NIS-2 directive to which the company is subject.

[11] § Risk: Data breach.

[12] IBM (2024), "Cost of a Data Breach Report 2024" https://www.ibm.com/reports/data-breach

06

GRI Content Index

Appendix

Impacts, Risks and Opportunities

Negative actual impacts

			MAGNITUDE		
Topic	IRO Title	Contribute to the impact	Scale	Scope	Irrimediable caracter
E1 - Climate change mitigation and adaptation	Contribution to emissions	DIRECTLY CAUSED	3	2	3
E3 - Water consumption and withdrawal	Water consumption	DIRECTLY CAUSED	2	2	3
E5 - Resource inflows, including resource use	Virgin and non-renewable raw material	CONTRIBUTED TO CAUSING	3	2	3
E5 - Waste	Waste production	DIRECTLY CAUSED	3	3	1
S1 - Health and safety	Work-related injuries		1	1	2
S1 - Gender equality and equal pay for work of equal value	Gender pay gap	DIRECTLY CAUSED	3	2	2
S1 - Employment and inclusion of diversity and disability	Employment of protected categories	CONTRIBUTED TO CAUSING	2	1	1

Positive actual impacts

			MAGNITUDE	
Topic	IRO Title	Contribute to the impact	Scale	Scope
S1 - Work-life balance	Work-life balance	DIRECTLY CAUSED	3	2
S1 - Corporate well-being	Welfare	DIRECTLY CAUSED	3	2
S1 - Training and skills development	Training beyond the regulatory requirement	DIRECTLY CAUSED	3	2
S2 - Training and skills development	Ferroli Academy	DIRECTLY CAUSED	4	2
G1 - Business conduct	Sustainability pathway	DIRECTLY CAUSED	3	2

Negative potential impacts

			MAGNITUDO				
Topic	**IRO Title**	**Contribute to the impact**	**Scale**	**Scope**	**Irrimediable caracter**	**Likelihood**	**Time horizon**
E2 - Pollution (of air, water, soil, living organisms and food resources)	Other significant emissions	DIRECTLY CAUSED	2	1	3	2	MEDIUM TERM
E2 - Pollution (of air, water, soil, living organisms and food resources)	Soil pollution	DIRECTLY CAUSED	3	2	1	2	LONG TERM
E3 - Water discharges (including oceans)	Water discharges	DIRECTLY CAUSED	3	2	2	1	MEDIUM TERM
E5 - Resource outflows related to products and services	Disposal of finished products	DIRECTLY LINKED TO COMPANY'S ACTIVITIES	3	2	3	2	LONG TERM
S1 - Secure employment	Employment uncertainty	DIRECTLY CAUSED	4	3	2	3	MEDIUM TERM
S1 - Health and safety	Risk of occupational injuries and illnesses	DIRECTLY CAUSED	4	2	4	2	MEDIUM TERM

Positive potential impacts

			MAGNITUDO			
Tematica	**Titolo IRO**	**Modalità contributo**	**Entità**	**Portata**	**Probabilità**	**Orizzonte temporale**
E5 - Resource outflows related to products and services	Circular economy	DIRECTLY CAUSED	3	2	2	LONG TERM
S1 - Privacy	Privacy sensibility	DIRECTLY CAUSED	2	3	3	SHORT TERM
S3 - Impacts related to community well-being	Support for local associations	DIRECTLY CAUSED	2	2	3	SHORT TERM

Risks

Topic	**IRO Title**	**Potential magnitude**	**Likelihood**	**Time horizon**
E1 - Climate change mitigation and adaptation	EU Regulatory context and decarbonization targets	3	4	LONG TERM
E1 - Energy	Increase of energy costs	3	3	SHORT TERM
E5 - Resource inflows, including resource use	Strategic raw material	3	2	SHORT TERM
S1 - Work-life balance	Work-life balance	3	2	MEDIUM TERM
S4 - Privacy	Personal data processing	3	2	MEDIUM TERM
G1 - Protection of whistle-blowers	Protection of whistleblowers	3	1	MEDIUM TERM
G1 - Supplier Relationship Management, including Payment Practices	Dependence on suppliers	3	2	SHORT TERM
G1 - Corruption: Incidents and prevention and detection, including training	Corruption and conflicts of interest	3	1	SHORT TERM
G1 - Cybersecurity	Data breach	4	1	SHORT TERM

Opportunities

Topic	**IRO Title**	**Potential magnitude**	**Likelihood**	**Time horizon**
E1 - Climate change mitigation and adaptation	"Green technologies" market	3	3	LONG TERM
G1 - Business conduct	ESG Strategies	3	4	MEDIUM TERM

KPI

Environment sphere

Energy consumption

GRI 302-1	UoM	2022	2023	2024
Electricity	kWh	9,328,279.00	8,592,975.00	7,984,056.00
Of which taken from the grid	kWh	9,328,279.00	8,592,975.00	7,984,056.00
Of which self-produced	kWh	-	-	-
Electricity	toe	1,744.39	1,606.89	1,493.02
Natural gas	Sm^3	1,194,241.00	1,038,921.00	1,122,816.00
Natural gas	toe	998.38	868.54	938.67
Diesel	l	282,739.44	251,449.00	238,583.00
Diesel	toe	242.68	215.83	204.78
Petrol	l	8,654.78	6,479.00	1,284.00
Petrol	toe	6.62	4.95	0.98
LPG	l	2,350.00	2,100.00	2,300.00
LPG	toe	1.44	1.29	1.42
Total consumption	**toe**	**2,993.53**	**2,697.50**	**2,638.88**

Emissions

GRI 305-1,2	UoM	2022	2023	2024
Natural gas	tCO_2e	2,395.73	2,091.23	2,268.70
Diesel	tCO_2e	758.65	678.51	646.20
Petrol	tCO_2e	20.34	15.24	3.00
LPG	tCO_2e	3.81	3.40	3.60
F-Gas leaks	tCO_2e	9.13	19.33	21.70
Total scope 1 emissions	tCO_2e	3,187.66	2,807.72	2,943.20
Electricity taken from the grid (location-based)	tCO_2e	2,567.71	2,398.60	2,117.10
Total scope 1 + scope 2 emissions	**tCO_2e**	**5,755.37**	**5,206.32**	**5,060.30**

Water consumption

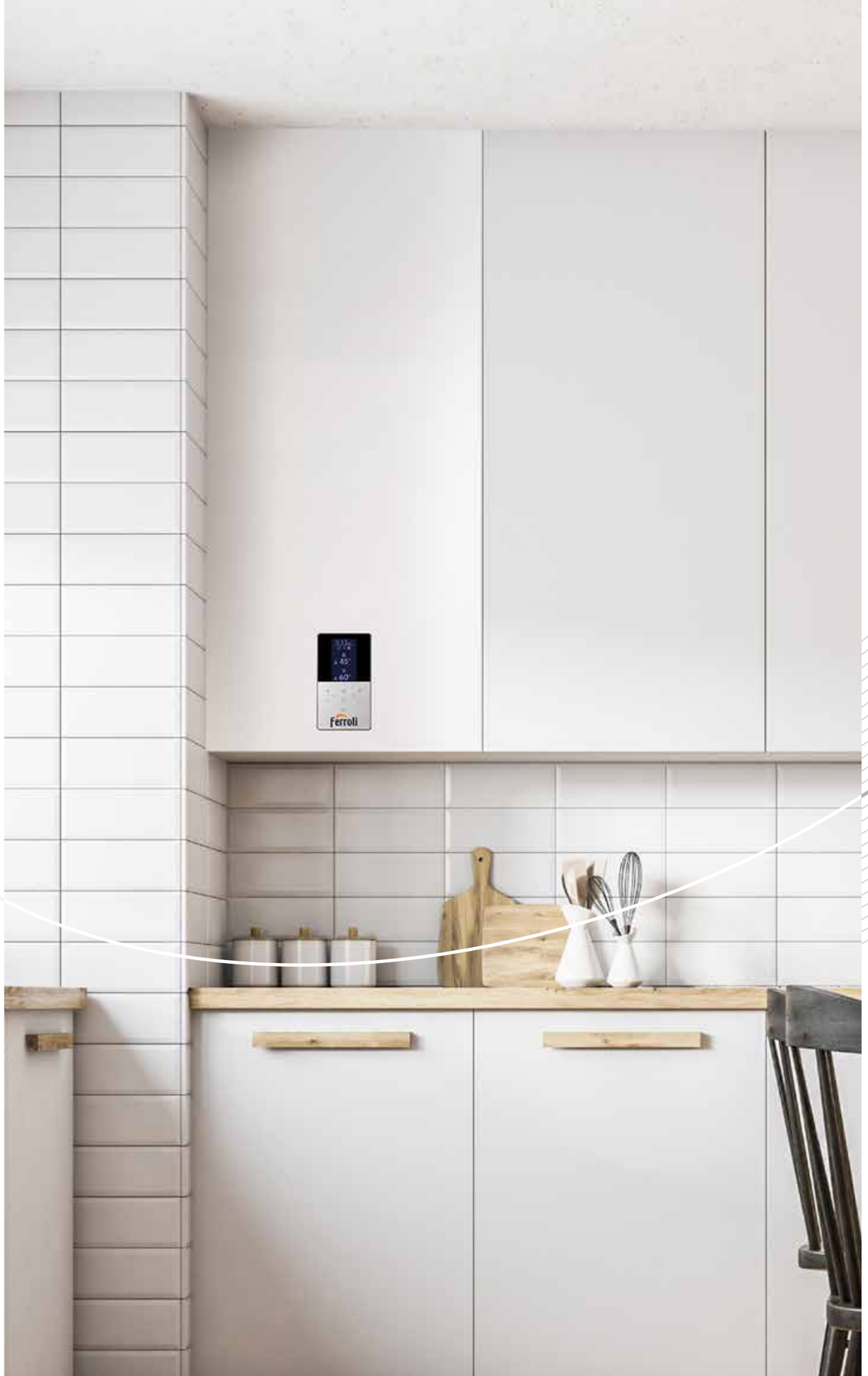
GRI 303-3,5	UoM	2022	2023	2024
Total water consumption	**m^3**	**90,537.00**	**51,723.00**	**53,313.00**
Of which drawn from aqueduct	m^3	9,903.00	19,379.00	9,464.00
Of which taken from well	m^3	80,634.00	32,344.00	43,849.00
Of which treated and released back into the environment	m^3	2,222.00	2,524.00	2,072.00

Materials

GRI 301-1,2	UoM	2022	2023	2024
Raw materials	**tons**	n.d.	**6,800.00**	**5,900.00**
Of which coils	tons	n.d.	5,400.00	4,700.00
Of which sheet metals	tons	n.d.	1,400.00	1,200.00
Other process-related materials (production oils)	tons	2.66	1.30	2.29
Purchased packaging (used for outgoing products)	**tons**	**966.00**	**892.00**	**864.00**
Of which paper and cardboard	tons	586.00	512.00	630.00
Of which wood (pallets)	tons	380.00	380.00	234.00
Incoming packaging	**tons**	**473.69**	**417.00**	**255.30**

Waste

GRI 306-3,4,5,6	UoM	2022	2023	2024
Waste generated	**tons**	**3,565.09**	**2,321.86**	**1,850.98**
Of which dangerous	tons	305.90	200.44	136.67
Of which non-hazardous	tons	3,259.19	2,121.43	1,714.31
Of which sent for reuse	tons	-	-	-
Of which sent for recovery	tons	3,103.77	1,777.40	1,343.24
Of which sent for disposal	tons	461.41	544.46	507.74



Social sphere

Work staff

GRI 401-1	UoM	2022	2023	2024
Number of employees	-	**661**	**617**	**579**
Number of hires	-	55	33	28
Number of exits	-	3	77	66
Overall turnover rate	**%**	**9%**	**17%**	**15%**
Number of hires under 30	-	21	4	7
Number of exits under 30	-	0	1	13
Under-30 turnover rate	%	38%	11%	51%

Contracts

GRI 2-7	UoM	2022	2023	2024
Open-ended	-	**653**	**615**	**579**
Of which women	-	104	97	91
Fixed term	-	**7**	**2**	**0**
Of which women	-	0	1	0
On call/hourly	-	**1**	**0**	**0**
Of which women	-	0	0	0
Full-time	-	**647**	**601**	**566**
Of which women	-	94	87	81
Part-time	-	**14**	**16**	**13**
Of which women	-	10	11	10

Labor force classification

GRI 401-1 | GRI 2-7	UoM	2022	2023	2024
By age group				
Employees < 30 years	-	56	44	39
Employees between 30 and 50 years old	-	286	269	241
Employees > 50 years old	-	319	304	299
By gender				
Men	-	557	519	488
Women	-	104	98	91
By job classification				
Top manager	-	15	17	17
Manager	-	33	33	36
Office worker	-	274	246	234
Worker	-	339	321	292
By job function				
R&D	-	44	44	43
HR	-	10	9	10
Sales (pre-sales, marketing, spare parts, sales, service)	-	159	144	135
Operations (production, quality, compliance&legal, sustainability, supply chain)	-	389	363	330
Administration & Finance		44	43	45
Purchasing		9	8	9
Legal and compliance		6	6	6
Project Management		0	0	1

Work-related injuries

GRI 403-9	UoM	2022	2023	2024
Hours worked	Hours	1,074,569.1	943,063.5	845,366.8
Number of work-related injuries	-	3	0	4
Number of commuting accidents	-	5	2	1
Days of injury	Days	186	0	36
Frequency index	-	**2.79**	**0.00**	**4.73**
Severity index	-	**0.17**	**0.00**	**0.04**
Serious injury rate	-	**0.00**	**0.00**	**0.00**

Staff training

GRI 404-1,2,3	UoM	2022	2023	2024
Total training hours	Hours	15,475.63	18,066.2	4,869.26
Hours per employee	Hours/Employee	23	29	8
By topic				
Health and safety (mandatory)	Hours	4,931.25	7,302.25	486.75
Health and safety (optional)	Hours	24	1	-
Job specifications	Hours	9,149.88	10,403.45	3,873.01
Incoming shadowing/ tutoring/Onboarding	Hours	377	156	115
Soft skills	Hours	994	204	326
Other	Hours	-	-	69
By job classification				
Top manager	Hours	154	18	222
Manager	Hours	1,082.00	438	384
Office worker	Hours	9,498.35	8,748.95	2,632.26
Worker	Hours	4,741.78	8,861.00	1,631.00
By job function				
R&D	Hours	984	572	209
HR	Hours	433	376	369
Sales (pre-sales, marketing, spare parts, sales, service)	Hours	3,281.42	4,070.40	912
Operations (production, quality, supply chain)	Hours	8,410.21	12,779.45	2,920.84
Administration & Finance	Hours	2,367.25	269	218
Project Management	Hours	-	-	242

Welfare				
GRI 401-2	**UoM**	**2022**	**2023**	**2024**
Workers with access to welfare	**-**	**661**	**617**	**579**
Welfare	€	273,200 €	256,000 €	121,600 €
Benefit	€	182,920 €	216,739 €	150,339 €
Convertible performance bonus (50% or 100% in welfare at the discretion of each employee)	€	1,439 €	1,644 €	1,823 €

Internships			
UoM	**2022**	**2023**	**2024**
Number of curricular internships	-	0	0	1
Number of extra-curricular internships	-	2	1	0
ASC/PCTO projects	-	0	2	2
Total internships	**-**	**2**	**3**	**3**
Number of trainees hired	-	1	0	0

Governance sphere

Economic performances				
GRI 302-1	**UoM**	**2022**	**2023**	**2024**
Turnover	€	295,958,899 €	207,092,247 €	166,942,124 €
Net income	€	28,568,625 €	- 18,743,285 €	- 29,363,000 €
Reclassification of financial statements				
Generated economic value	€	313,171,911 €	216,887,414 €	173,791,958 €
Of which distributed	€	293,331,226 €	242,141,981 €	184,275,061 €
Of which retained	€	19,840,685 €	- 25,254,567 €	- 10,483,103 €

Suppliers				
GRI 204-1	**UoM**	**2022**	**2023**	**2024**
% expenditure vs. local suppliers (<150 km)	%	22%	22%	23%
Total suppliers	-	**536**	**503**	**940**
Number of suppliers who have signed Ferroli Group's Code of Ethics	-	N.A.	64	388

GRI Content Index

Declaration of use	Ferroli has reported the information mentioned in this GRI content index for the period between 01/01/2024 and 31/12/2024 following the “with reference to” option of the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

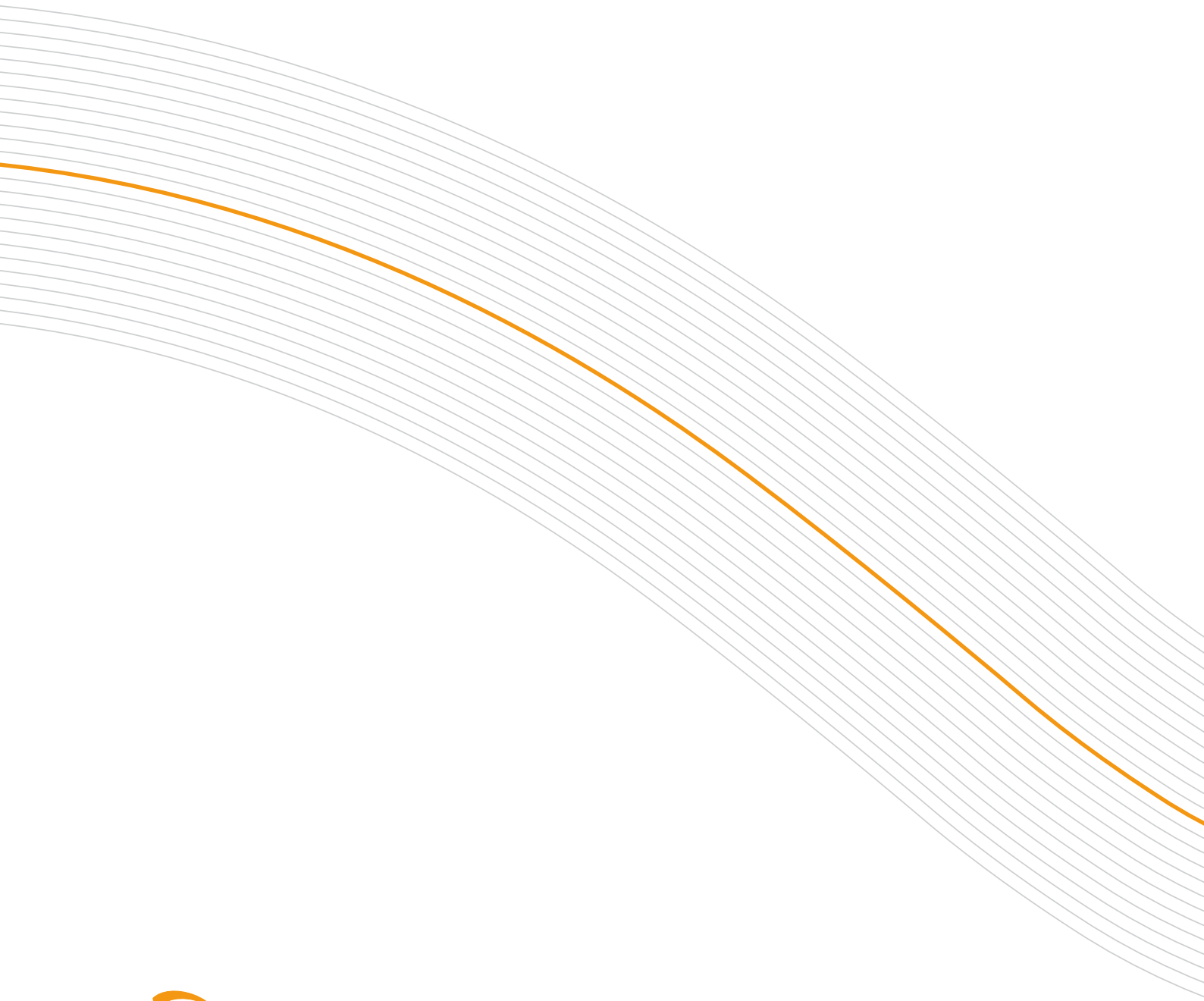
GRI 2: General Disclosure 2021	2-1 Organisational Details	Who are we
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting Period, Frequency and point of contact	Methodological note
	2-4 Review of Information	All revisions are indicated in the text
	2-6 Activities, Value Chain and Others business relationships	Who are we
	2-7 Employees	Social - Own workforce
	2-9 Structure and Composition of the governance	Governance – Business Conduct
	2-10 Appointment and selection of the highest governing body	Governance – Business Conduct
	2-11 President of the highest organ of governing body	Governance – Business Conduct
	2-12 Role of the highest governing body in the control of impact management	Governance – Business Conduct
	2-13 Delegation of Responsibility for the management of impacts	Governance – Business Conduct
	2-22 Statement on the sustainable development	Sustainability strategy
	2-25 Processes to remedy impacts negative impacts	In the text, under each impact (identified with §)
	2-26 Mechanisms for requesting clarification and raise concerns	Governance – Ethics and Compliance
	2-27 Compliance with Laws and Regulations	Governance – Ethics and Compliance
	2-28 Membership of associations	Social - Community Wellbeing
	2-29 Approach to the engagement of stakeholders	Material topics and impacts of Ferroli - Stakeholder engagement

GRI 3: Material topics 2021	3-1 Process for determining material topics	Material topics and impacts of Ferroli
	3-2 List of material topics	Material topics and impacts of Ferroli
	3-3 Managing material topics	Material topics and impacts of Ferroli. References to the management of material topics in each thematic chapter
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Governance – Economic performances
GRI 204: Procurement Practices 2016	204-1 Proportion of expenditure on local suppliers	Governance – Management of relations with suppliers
GRI 301: Materials 2016	301-1 Materials used by weight and volume	Environment – Resource use and circular economy
	301-2 Recycled input materials used	Environment – Resource use and circular economy
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environment – Climate change - Energy
	302-3 Energy intensity	Environment – Climate change - Energy
GRI 303: Water and effluents 2018	303-2 Management of water discharge impacts	Environment – Water resources
	303-3 Water withdrawal	Environment – Water resources
	303-4 Water drainage	Environment – Water resources
	303-5 Water consumption	Environment – Water resources
GRI 305: Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	Environment - Climate change mitigation and adaptation
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	Environment - Climate change mitigation and adaptation
	305-4 Intensity of greenhouse gas (GHG) emissions	Environment - Climate change mitigation and adaptation
GRI 306: Waste 2020	306-1 Waste generation and impacts significant waste-related impacts	Environment - Waste
	306-2 Managing significant impacts related to waste	Environment - Waste
	306-3 Waste generated	Environment - Waste
	306-5 Waste sent to landfill	Environment - Waste

GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers who have been selected using environmental criteria	Governance – Management of relations with suppliers
	308-2 Negative environmental impacts in the supply chain and measures taken	Governance – Management of relations with suppliers
GRI 401: Employment 2016	401-1 Recruitment of new employees and turnover of employees	Social- Own workforce - Distribution of employees
	401-2 Benefits for full-time employees that are not available to fixed term or part-time employees	Social- Own workforce - Corporate welfare
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Social - Own workforce - Health and safety
	403-2 Risk identification, risk assessment and accident investigation	Social - Own workforce - Health and safety
	403-3 Occupational health services	Social - Own workforce - Health and safety
	403-4 Participation and consultation of workers on occupational health and safety programmes and their communication	Social - Own workforce - Health and safety
	403-5 Worker training on the health and safety at work	Social - Own Workforce - Health and Safety; Training and skills development
	403-6 Workers' Health Promotion	Social - Own workforce - Health and safety; Corporate welfare
	403-8 Workers covered by an occupational health and safety management system	Social - Own workforce - Health and safety
	403-9 Work-related injuries	Social - Own workforce - Health and safety
GRI 404: Training and education 2016	404-1 Average number of training hours per year per employee	Social - Own Workforce - Training and skills development
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity in governance bodies and among employees	Social - Own workforce - Distribution of employees
	405-2 Ratio of basic wages to women's wages in relation to men	Social - Own workforce - Distribution of employees
GRI 408: Child labour 2016	408-1 Activities and suppliers presenting a significant risk of child labour incidents	Governance - Management of relations with suppliers
GRI 409: Forced or compulsory labour 2016	409-1 Activities and suppliers presenting a significant risk of incidents of forced or compulsory labour	Governance - Management of relations with suppliers
GRI 413: Local Communities 2016	413-1 Operations with local community involvement, impact assessments and development programmes	Social - Community wellbeing
	413-2 Operations with significant actual and potential impacts on local communities	Social - Community wellbeing


Ferroli

Heat the future on the road to sustainability.



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