



021

SUSTAINABILITY REPORT



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

FRANCO UZZENI
PRESIDENT, U-POWER GROUP

A handwritten signature in black ink, appearing to read "Franco Uzzoni".

HIGHLIGHTS

232 MLN €

of economic value generated
+34% compared to 2020

18,500

pairs of shoes
produced per day in the plants
of France and Tunisia

28

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

15

new footwear models
certified as Carbon Neutra



8 %

market share

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

45 %

female presence
in Group staff

U-Green:
first footwear project with reduced
environmental impact, with the full offsetting
of greenhouse gas emissions

LETTER TO STAKEHOLDERS



FRANCO UZZENI
PRESIDENT, U-POWER GROUP

“

Our aim is to become the most authentic and reliable reference point for security of workers through innovative and distinctive design Personal Protective Equipments.

Dear stakeholders,

Commitment and hard work always lead to a result. Our orientation towards the future and our continuous desire to grow and improve, in fact, have enabled us to become a strong international company, a leader in our field.

With this spirit and with the aim of becoming the most authentic and safest point of reference for the safety of all workers, the U-Power Group was established, a company that wants to contribute to improving people's quality of life through safe, comfortable, innovative, sustainable and creatively designed Protective Equipment.

Our significant growth path is a reflection of the commitment of our employees, as well as the quality of our products. Our achievements make us proud, but for us leadership means above all responsibility. And it is precisely by virtue of the latter that we have decided to communicate, with fairness and transparency, through qualitative and quantitative indicators, what the Group has done and is doing in order to pursue a sustainable development of its business.

The challenges of our time, from the energy transition to combating climate change to the scarcity of natural resources, demand timely and concrete action. In the coming years, it will therefore be important to be able to change consumption habits and look for alternative production methods. In response to this need, the U-Power Group developed two new lines of Carbon Neutral certified safety footwear in 2021: U-Green and J-Respect. An ambitious and successful project that required intensive research activities for the development of new recycled materials or obtained from renewable sources and tech-

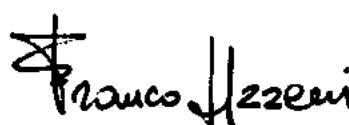
nologies that guarantee worker safety and respect for the environment.

However, our growing commitment to Corporate Social Responsibility goes beyond environmental sustainability and finds its natural evolution in the very change of the Group concept through the transition to a Benefit Corporation, i.e. a company capable of reconciling profit goals with business innovation in a sustainable way. This change entailed incorporating clear references in our Articles of Association to our commitment to people, the community, the territory, and socio-cultural goods and activities.

We have thus decided to continue to set ourselves new and important goals in both the environmental and social aspects: through the Sustainability Plan, we have given shape and concreteness to our values, translating them into an integrated strategy for the creation of value in the medium and long term, as Corporate Social Responsibility topics are not just a duty, but a true mission aimed at building a model of excellence in the world. In fact, today's challenge is to grow, contributing daily to positive change for the benefit of the community, through the promotion of initiatives and solutions that are able to bring well-being to the communities and territories in which we operate.

The road taken is well defined, but we are aware that there is still a lot to build. Therefore, we will continue to focus all our efforts on making our projects increasingly sustainable, aware, now more than ever, that the well-being of everyone is the ultimate meaning of our actions.

And it is with these words that I wish you a good read.



5,047

EMPLOYEES

+16% compared to 2020

232 M€

OF ECONOMIC VALUE
GENERATED

+34% compared to 2020

88,068 GJ

TOTAL ENERGY CONSUMPTION
OF THE GROUP

+10% vs 2020 due to increased
production

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VALUES AND PURPOSE



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

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

...This explains our philosophy of life: don't worry, be happy!

SEARCHING FOR EXCELLENCE

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



LEVERAGING CREATIVITY

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



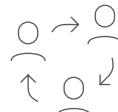
BELIEVING IN TOMORROW

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



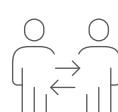
INVOLVING PEOPLE

Bringing empathy, building trust to create long-term relationships.



EXPERIENCING DIVERSITY

We are always open to different voices. We live of multiplicity and dialogue with all generations.



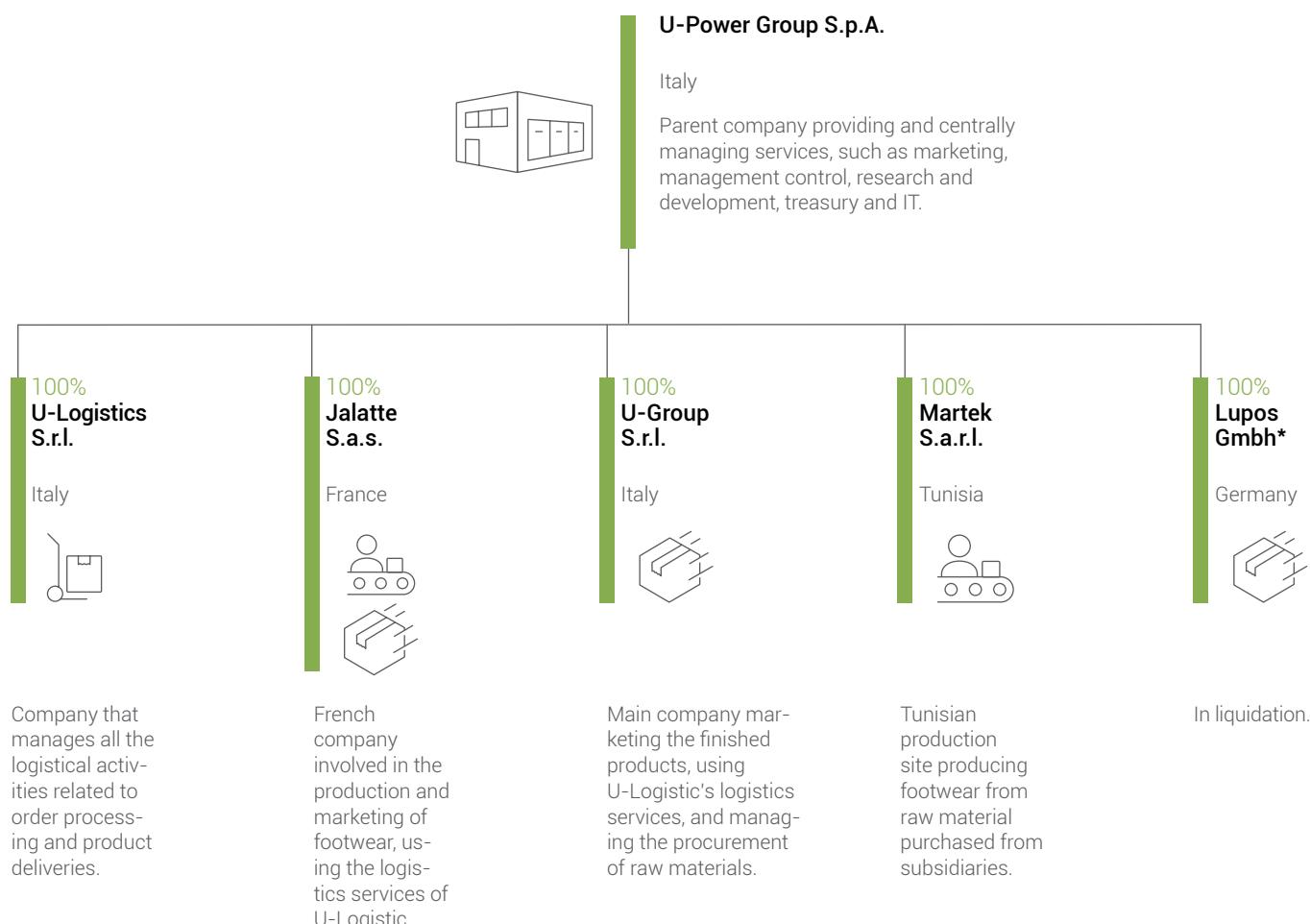
PURSUING SUSTAINABLE SUCCESS

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



THE GROUP COMPANIES

The structure and the companies of the Group as at 31.12.2021 are represented below:



Legend



Holding



Manufacturing



Research and Development



Procurement of raw materials



Sales



Logistics

Registered office in Paruzzaro (NO) – Via Borgomanero 50

Share capital: Euro 10,000,000 = fully paid-in

Tax Code and Novara Register of Companies no. 08482990150

Chamber of Commerce of Novara no. 163970 R.E.A.
(Economic and Administrative Index)

* On 23 December 2020 the liquidation of the German subsidiary Lupos GmbH began, transferring the commercial activity to U-Group S.r.l..



1

U-POWER GROUP: A COMPANY, A SAFETY PARTNER



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

Robin - Red Leve Range.



The U-Power Group (hereinafter also "U-Power") was founded by entrepreneur Pier Franco Uzzeni in 2006, in Paruzzaro (Italy), based on the experience handed down by his father and then gained in 50 years of activity in the safety footwear sector.

Since then, the Group has grown to become one of the main players in the sector, a leader in the Italian and European market for work footwear, with excellent results also in the technical clothing market.

U-Power was established, in fact, with the aim of becoming the point of reference for worker safety, contributing to improving people's quality of life by offering safe, comfortable, high-performance and attractively designed Personal Protective Equipment (PPE).

As of 2020, the Group consists of 5 companies, based in 6 countries. Specifically, during 2021, the merger of the subsidiary Altek Europe S.r.l. into U Group S.r.l. was finalised, while the brokerage companies Granbis S.a.r.l. and Belbis

S.a.r.l. were merged into Martek S.a.r.l. with retroactive effect from 1st January 2021. Furthermore, the resolution to dissolve the subsidiary Lupos GmbH was passed on 23 December 2020. Lastly, in 2021, the U-Group subsidiary established branches in France, Spain, Germany and England.

This international network is able to cover all the stages of the value chain, from design and prototyping to production, sales and customer support, allowing the Group to directly manage its two production units, located in France and Tunisia, and to maintain effective control over the quality of its processes and products while respecting the environment and its people.

In addition, in 2021, the Group changed its articles of association to become a Benefit Corporation, defined as a company that pursues one or more common-benefit purposes and operates in a responsible, sustainable and transparent way towards people, communities, territories and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

UK
Logistic platform
1 Branch

GERMANY
1 Branch

FRANCE
Production site
1 Sales office
1 Branch

ITALY
Headquarters and logistics platform
1 Sales office

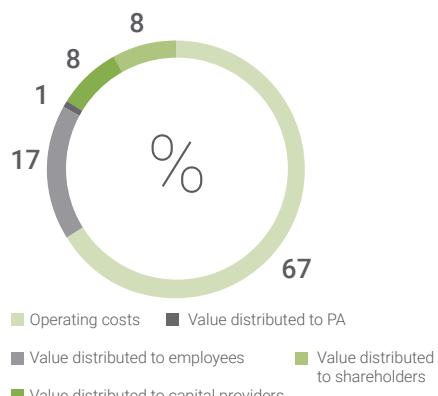
SPAIN
1 Branch

TUNISIA
Production site

Situation as at 31.12.2021

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (k€)	2019	2020	2021
Economic value generated	161,197	173,919	232,344
Production value	161,048	173,818	232,303
Financial income	149	101	41
Distributed economic value	147,825	144,205	207,515
Operating costs	98,412	102,619	139,189
Value distributed to employees	27,158	28,407	34,325
Value distributed to capital providers	1,925	1,189	1,063
Value distributed to PA	8,080	1,990	15,838
Value distributed to shareholders	12,250	10,000	17,100
Economic value retained	13,372	29,714	24,829

Distributed economic value 2021



1.1 A HISTORY OF INNOVATION IN TRADITION

*A long lasting
successful History*



The focus on safety footwear

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

1988
2000

1956
1987

2000
2005

Almar, the early years

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

Consolidation



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



Creation of U-Group

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

2006
2013



2013
2017

Acquisition and relaunch of JAL Group

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

The new technological era

These are the years of the Group's greatest growth:

- U-Power launches the revolutionary new lines with Infinergy® technology from BASF.
- The Group's financial figures show growth for all brands.
- In 2020, with a turnover growing further to around 173 million euro, the levels achieved in 2014 are doubled.

2017
2020

2021

A new challenge

2021 is a year full of changes:

- U-Power becomes a Benefit Corporation, changing its corporate structure to emphasise the Group's commitment to creating a positive social and environmental impact.
- Launch of the U-Green and J-Respect lines, the first totally Carbon Neutral work footwear.

1.2 THE BUSINESS MODEL

The integrated management of the entire value chain, from Research & Development (R&D) to production and commercialisation, ensures flexibility and speed of response to market needs.

The U-Power Group's strength lies in its ability to develop innovative, safe and technologically advanced products.

Thanks to the integrated management of the entire value chain, from Research & Development (R&D), to production at its plants in Tunisia and France, to marketing, the Group stands out for its adaptability and speed of response to market changes. For lower-end footwear and workwear, the Group uses carefully selected Asian manufacturers, who respect the quality levels that underpin all U-Power products.



Logistics: the Group's capillary, multi-channel network and two logistics platforms, in the UK and Italy, handle the shipment of more than 20,000 pairs per day and guarantee order processing in just 24 hours. Logistics management is thus efficient, flexible and perfectly aligned with customer needs: 98% of orders are ready to be delivered on time.



R & D: activities are conducted at the two R&D centres in Trani and Paruzzaro, with the aim of improving and making efficient the quality and technological standards of products, as well as constantly innovating models and style. Product development includes several stages among which:

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



Supply chain: the Group carefully researches, qualifies and monitors its suppliers with regard to their reliability from a technical and qualitative point of view, as well as on aspects related to delivery compliance. Supplier screening includes:

- Financial analysis
- Evaluation questionnaires
- Verification of certifications



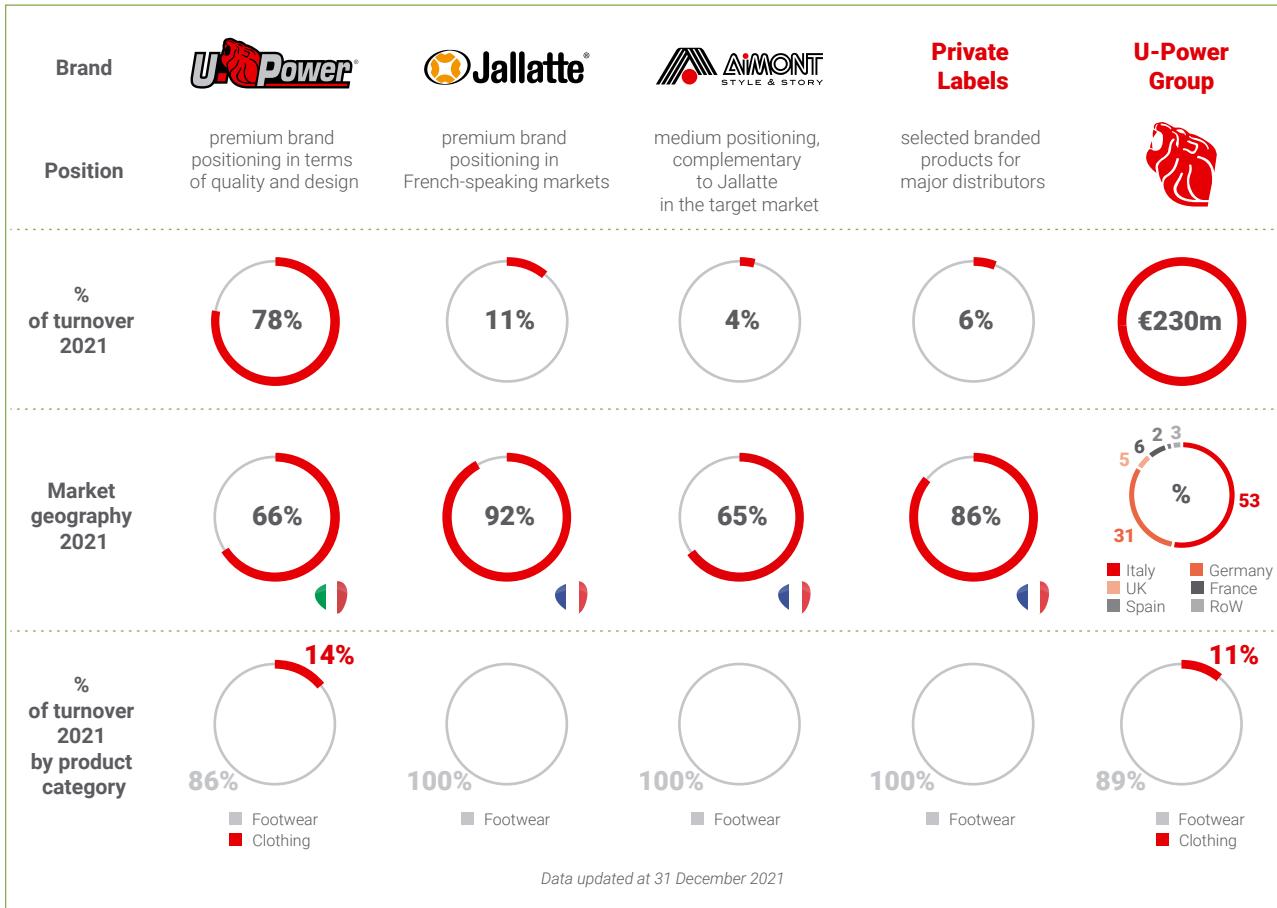
Processing, production and assembly: shoes are manufactured at the factories located in Tunisia (covering 87% of production) and in France (covering 6% of production capacity for a daily output of around 1,000 pairs). At the French plant, the assembly of soles with uppers produced in Tunisia is concentrated, where state-of-the-art facilities are located that allow a daily production of around 13,000 pairs. Following assembly, the Group tests the quality of the footwear and the efficiency of the production process.



Sales, customer management and marketing: the Group markets its products mainly through distributors and resellers (more than 9,000 in 2021), through whom products are then sold to end users. In addition, through its sales channels, U-Power reaches out directly to customers, trying to respond promptly to their needs and requirements. U-Power Group creates brand awareness directly in the end consumer through a marketing policy centred on sponsoring campaigns in *<prime time>* television programmes, social media and sports clubs.

Way (DB) Polo - Enjoy Range.





FCS - CRITICAL SUCCESS FACTORS OF THE U-POWER GROUP

Key elements of the U-Power Group strategy underlying its competitive success: "Why does the customer buy the U-Power Group product and not others?" FCS can be summarised as follows:

- Integrated value chain with flexible logistics platform
- Brand recognisability
- Perception of value by the consumer towards the purchased product, with respect to the production origin of the product
- Content technology and design of safety footwear in relation to different "occasions of use", differentiated in relation to target markets and countries
- Quality of service to the customer/distributor: ability to guarantee very short delivery and order processing times and to "refill" customers' assortment in terms of breadth and depth of range
- Well-diversified portfolio of complementary brands with a wide range of products
- Highly diversified customer portfolio



FOCUS ON SECTOR ANALYSIS: DATA AND GROWTH FORECASTS

Recent market studies show that in the PPE manufacturing sector, safety footwear will account for 11% of turnover in 2020.

Based on the available information, the 2021/2025 analysis curve was developed, which shows a forecast of steady growth in turnover share, mainly driven by an increased use of PPE in manufacturing, construction, transport and healthcare.

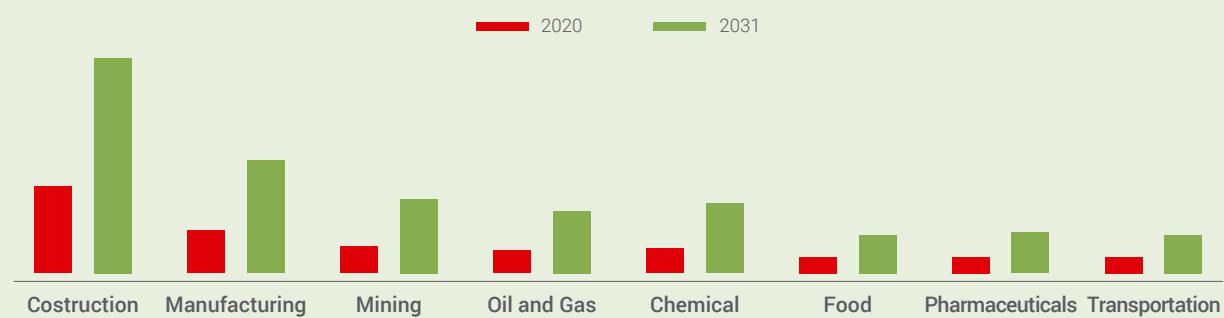
The increase in market demand is mainly attributed to stricter and stricter enforcement of health and safety obligations in industrial sectors, as well as a growing awareness of the role of protective footwear in reducing occupational accidents, especially with regard to safety footwear with anti-slip and electrostatic discharge properties.

A focus on the materials used in the production of safety shoes shows that leather footwear accounted for the highest market share in 2020. However, between 2020 and 2031, footwear made of synthetic materials is expected to grow faster, due to their resistance to low temperatures, UV radiation and waterproofness. From a sectoral point of view, however, construction is the sector where the largest increase in the use of safety footwear is expected. Finally, in terms of market geography, North America will continue to dominate and grow at a steady pace, followed by Europe, mainly due to the increasing industrialisation phenomenon in the UK and Germany.

SALES FORECASTS BY MATERIAL TYPE



SALES FORECASTS BY SECTOR







2

GOVERNANCE AND SUSTAINABILITY STRATEGY

2. THE U-POWER SUSTAINABILITY STRATEGY

In a context that is increasingly attentive to the impacts that industrial processes produce on society and the environment, the U-Power Group has decided to commit itself to making sustainability a real mission, thus becoming a model of excellence in the sector. In order to meet this new challenge, the Group has decided to structure its business through the adoption of an integrated strategy, capable of combining economic growth with a path of social and environmental sustainability.

The Group's Sustainability Plan contributes to the UN Sustainable Development Goals, which aim to safeguard the planet and the well-being of its inhabitants, and translates the Group's commitments into concrete actions capable of creating long-term value. The U-Power Group has thus decided to respond to some of the global sustainability chal-

lenges and outline the commitments made through the 5 SDGs. In order to align the U-Power Group's activities and commitments with the goals defined by the 2030 Agenda, the 169 targets were also used, which identify, for each SDG, the detailed goals to be achieved and the related qualitative and quantitative disclosures¹.

The Group has embarked on a path of defining goals and initiatives, starting with an analysis of sector trends, best practices and the regulatory environment, and identifying areas for improvement. The pillars of the U-power Group's Sustainability Plan are in line with what is defined in the company's articles of association as a Benefit Corporation: protection of the planet, promotion of people's safety and well-being, people's value, and development and enhancement of the communities within which the company operates.

U-Circular&Carbon

Aware of our impacts and the need for imminent and concrete action to safeguard the planet, we are dedicated to implementing a **circular model** involving all Group operations, from production processes to product design. We are committed to finding innovative solutions for energy efficiency and **reducing greenhouse gas emissions**.



U-Innovation Safety

We are constantly searching for cutting-edge technologies, capable of guaranteeing the **development of innovative products** that combine maximum quality, high safety standards and minimisation of environmental impacts: from waste reduction, material recovery and reuse, to the reduction of energy consumption and emissions.



U-People

We believe that the success of the Group is based on the skills and value of our people. That is why we invest great energy in selecting the best talents, in their professional development, in promoting their well-being, and in developing a stimulating and inclusive working environment. We foster the educational and professional development of our people, and we dedicate ourselves every day to the elimination of all forms of discrimination in order to ensure equality and equal opportunities for all employees.



U-Community

We promote the **development and enhancement of communities**, with the aim of actively contributing to the creation of value for the area in which U-Power Group operates.

We are committed to **creating, supporting, developing projects and partnerships** with national or foreign, public or private entities.



¹ Business Reporting on SDGs - An analysis of the Goals and Targets (GRI and UN Global Compact)

2.1 THE GOVERNANCE MODEL

GROUP GOVERNANCE

In 2021, the U-Power Group, by becoming a Benefit Corporation, has included in its articles of association the common benefit goals to be followed during the exercise of its

activities, in order to operate in a responsible, sustainable and transparent way towards people, the territory, the environment and other stakeholders.

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

Legality, transparency, fairness, impartiality, integrity, mutual respect and valorisation of human resources, on the other hand, are the values and ethical principles that have characterised the U-Power Group since its foundation, helping it to become a major player in the safety footwear market.

These principles, summarised in the U-Power Group Code of Ethics approved in 2021, are applied to all Group companies, so that they are observed by corporate bodies, employees and all the persons involved in the pursuit of the corporate goals.

The value-protecting governance model of the U-Power Group is structured around two main bodies:

- Board of Directors (BoD), the administrative body responsible for ensuring the proper corporate management and guiding the company in achieving its strategic and organisational goals;
- Board of Statutory Auditors, with the task of supervising compliance with the law and monitoring the adequacy of the organisational structure and internal control system of the Company.

The Board of Directors, in office until 31 December 2021, comprises a total of 1 Chairman and 2 Directors.

MEMBERS OF THE BOARD OF DIRECTORS²

(as at 31 December 2021)

Chairman	Pier Franco Uzzeni
Directors	Franco Gandini
	Giovanni Falco

The Board of Statutory Auditors was appointed by the shareholders' meeting held in March 2021 and will remain in office until the approval of the 2023 annual financial statements.

In March 2021, U-Power Group also adopted the Organisation, Management and Control Model pursuant to Legislative Decree 231/01, applying it to all the Group's Italian offices. The approval of this Organisational Model was followed by a mapping activity of the risks of commission of the relevant offences according to Legislative Decree 231/2001, some of which are also considered important in terms of sustainability, including the fight against active and passive corruption, the protection of workers' health and safety, and environmental protection. The rules and safeguards of the organisational Models of Italian companies, in addition to those already provided for in the Code of Ethics, form the basis for the management of social responsibility topics.

Finally, given the applicability of Models 231 to the Italian territory only, the U-Power Group has adopted an anti-corruption policy extended to all Group companies, including those with registered offices abroad, with the aim of preventing corruption by and against all U-Power Group staff as a greater guarantee for all stakeholders.

As at 31 December 2021, as in previous years, no reports were received of detected incidents of corruption or sanctions for non-compliance with laws and regulations in the social or economic aspect. During the three-year period, 2019-2021, there were also no incidents of discrimination.

SUSTAINABILITY GOVERNANCE

In 2020, the U-Power Group embarked on a path of commitment to Corporate Social Responsibility (CSR) topics, in order to make business more ethical by reconciling legal and financial aspects with social and environmental ones, in light of the opportunities that may arise for the company and all its stakeholders.

2.2 RISK MANAGEMENT

During 2020, the U-Power Group conducted an analysis of non-financial risks that were identified, classified and then qualitatively assessed based on the management and mitigation methods in place.

The risks were identified on the basis of the findings of a benchmark analysis, of the interviews conducted with management and of context analyses. Specifically, the non-financial disclosures of some companies belonging to the fashion and footwear sector were analysed, in order to identify their main risks. Subsequently, the main areas of risk and the management and mitigation methods characterising the various areas of sustainability were examined in depth through interviews with management and analysis of the Group's internal documents.

The analysis of sustainability risks was integrated with the analysis of financial risks, carried out during the course of 2021, which identified 21 risks related to U-Power Group's activities, divided into four macro-areas: operational, compliance, financial and strategic risks.

²The members of the Board of Directors are over 50 years of age.

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

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

follows >>

<< continued

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

Matt - Red Leve Range.

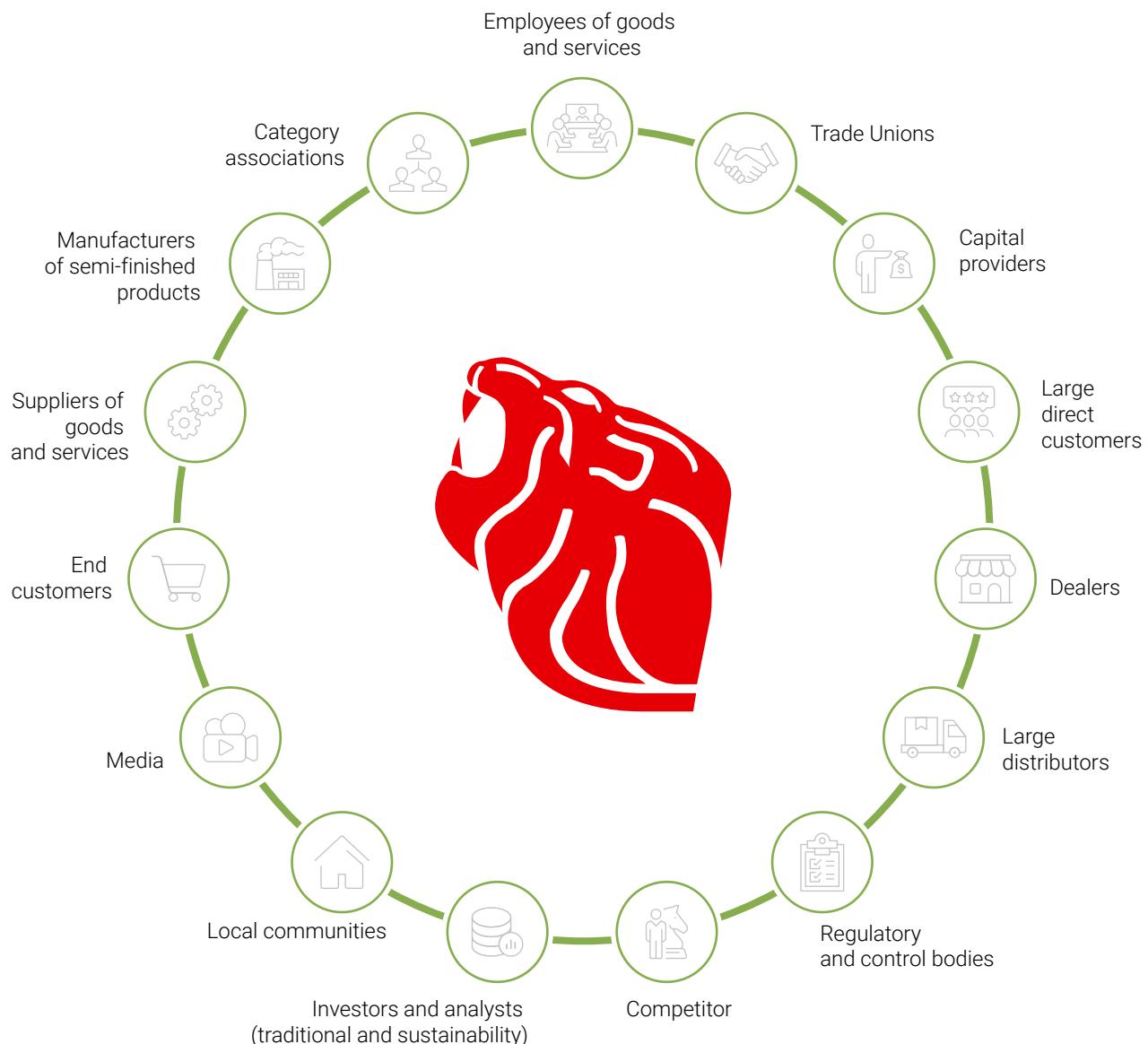


2.3 OUR COMMITMENT TO SUSTAINABILITY

This Sustainability Report is seen as a channel through which to communicate social and environmental performance, as well as to maintain and continuously improve transparency towards all U-Power stakeholders. For this reason, the

Group's main stakeholders and the most relevant topics to be reported on in the document were identified.

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



Starting with the 2020 reporting, in order to define the structure and content of the Sustainability Report, U-Power initiated a structured reflection process on sustainability topics relevant to the company and its stakeholders, carrying out the first materiality analysis in line with the requirements of the GRI Standards.

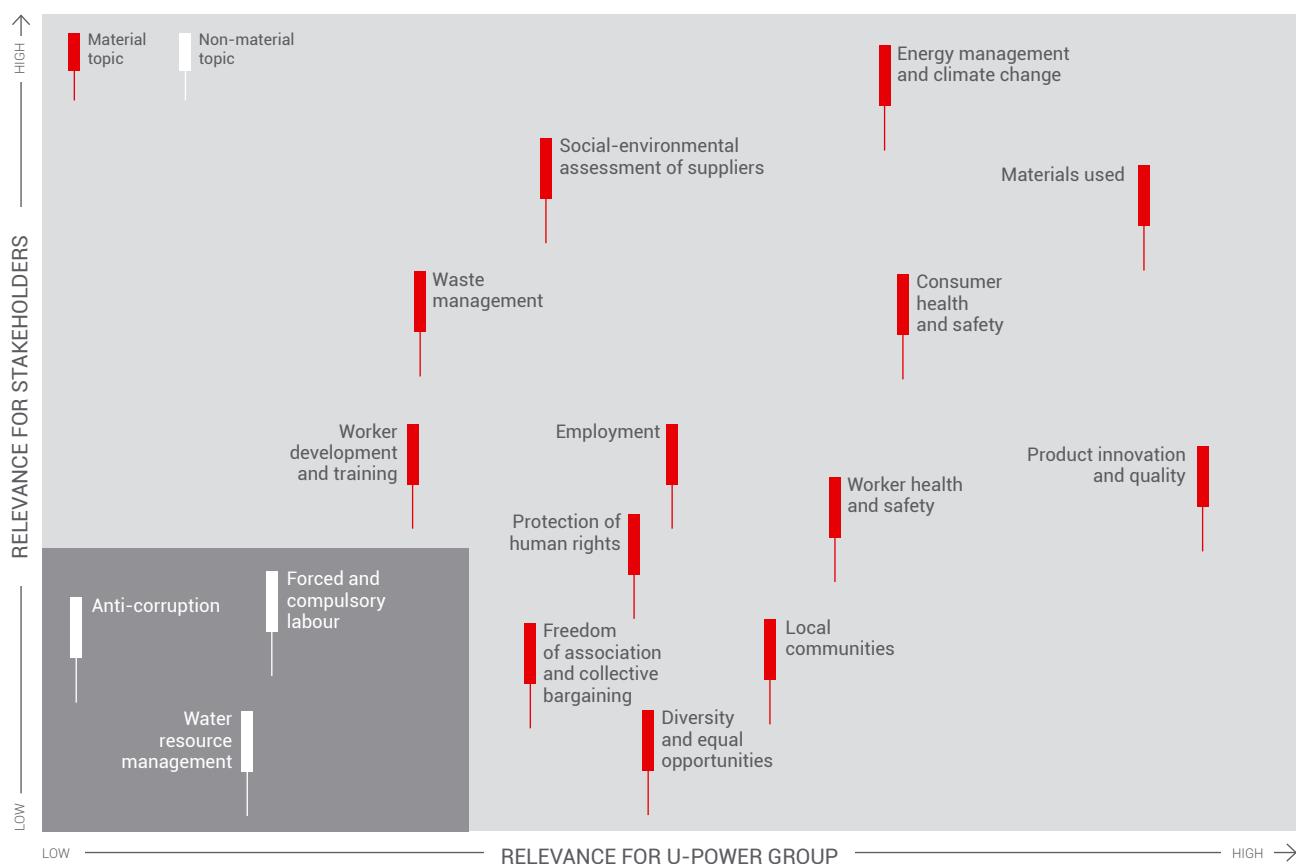
Between 2021 and early 2022, the Group defined its materiality analysis, aware of the strategic importance of the matrix as a tool for identifying and communicating the most relevant and significant topics for both the company and its stakeholders. Specifically, the procedure was divided into the following stages:

- **Understanding the context:** the main sector and global sustainability trends were analysed. In addition, a benchmark research was set up, identifying the most important national and international peers and competitors as benchmarks.

- **Verification of internal changes:** an analysis of the main evolutionary events within the Group was carried out, through a series of document examinations. This provided a detailed overview of the specifics of the business model and internal operations, related to environmental impact aspects and human resources management.

- **Top management involvement:** a dedicated workshop was organised, involving the corporate top management, in order to assess the possible impacts, present and future, of U-Power's operations on the subject matters that emerged as potentially relevant from internal and external analyses.

From the above-mentioned assessments, therefore, the materiality matrix was updated to identify the topics to be prioritised:



Compared to 2020, the topic *Local communities* was material, as it is a fundamental pillar for the U-Power Group and for the realities in which it operates. In addition, the topics of *Materials used* and *Product innovation*

and quality have become more relevant for the U-Power Group in light of the numerous activities in 2021, including the launch of the Carbon Neutral U-Green and J-Respect lines.

Robin - Red Leve Range.





3

ITALIAN INNOVATION AND DESIGN AT THE SERVICE OF THE CUSTOMER



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

The U-Power Group is constantly searching for new technologies that respond to the principles of sustainability and that can offer all-round protection in the immediate term, but also preserve psycho-physical health in the medium and long term, through the careful study of movements. From heavy industry to extreme weather conditions, U-Power Group's safety products are designed to provide the worker with maximum comfort and safety.

The Group operates in an environment that not only requires continuous research into technical solutions, but that is also increasingly aware of the importance of combating plastic-related pollution and reducing CO₂. Companies are called upon to develop new production processes: a challenge that the U-Power Group has decided to take up, committing itself to the constant search for technologies that not only meet the needs of workers, but also the principles of sustainability.

Jupiter (DB) Sweatshirt - Enjoy Range.



3.1 INNOVATION AT THE SERVICE OF SAFETY

The Group has two R&D laboratories in Italy for the creation of models and collections with which it enriches its product range every year. In particular, over the past few years, a fruitful cooperation has been established with the bodies and authorities that set standards in the field of occupational health and safety, through constant dialogue and the development of joint projects.

In addition, the Group is constantly searching for new renewable or recycled raw materials to reduce the environ-

mental impact throughout the life cycle of its products, and for the elimination of production defects in order to offer a finished product that is more and more targeted to the type of work and suited to the specific needs of different sectors.

In 2021, the U-Power Group filed 11 patents, covering both the entire work shoe and innovations on individual shoe components, bringing the total number of patents filed to 28.

U-GREEN & J-RESPECT PROJECT

In the area of environmental protection, the U-Power Group has decided to make a distinctive commitment, directing its research towards increasingly eco-friendly safety solutions. With this in mind, the Group launched the U-Green and J-Respect footwear lines: an ambitious project that began in 2020 and that continued this year with the production of an additional fifteen models (ten under the U-Power brand and five under the Jallatte brand), all certified as Carbon Neutral³.

The two new lines of safety shoes represent the first step in reconciling the principles of sustainability with the high safety standards typical of the U-Power Group. The main features are:

- **Sole:** anti-abrasive, anti-oil, anti-slip and anti-static, made of 100% polyurethane from renewable raw materials, according to the BASF Group's *biomass-balanced* project.
- **Anti-puncture system:** made from 50% recycled materials and totally "metal-free", it guarantees 100% puncture protection, as it is sewn directly onto the upper.
- **Insole:** anatomical and antibacterial, it is made of polyurethane developed by the BASF Group according to the *biomass-balanced* project.

- **Upper:** made of 50% recycled material, it guarantees the robust and lightweight features of PUTEK technology.
- **Lining:** highly breathable, it consists of 66% recycled air-tunnel material.
- **Strings:** 100% recycled polyester.
- **Toe cap:** resistant to 200 joules (corresponding to a fall of a 20 kg weight from a height of one metre or to a compression of approximately 1.5 tonnes).

For the conception of these two lines, characterised by a high level of technology and quality that takes into account the emission profile, the U-Power Group collaborated with the BASF Group, which developed a polyurethane derived 100% from renewable sources and certified REDcert²⁴. The latter attests to the use of the *biomass-balanced* approach, a system aimed at ensuring the eco-sustainability of the finished product.

With the aim of reducing emissions during the design and prototyping phases of models, the parent company U-Power Group S.p.A. decided to purchase energy from renewable sources at the Paruzzaro premises (offices and warehouse).

³The Qualifying Explanatory Statements (QES), which demonstrate that the U-Power Group has achieved carbon neutrality with respect to GHG emissions for its fifteen footwear lines, were prepared in accordance with PAS 2060:2014. The Carbon Footprint of all models, on the other hand, was carried out in accordance with ISO 14067:2018, an international standard that defines the requirements and guidelines for quantifying the carbon footprint of products, and considering the Product Category Rules (PCR) on Leather Footwear (version 2.11; Product Category Classification: UN CPC 2933), containing the rules necessary to make LCA studies and product-related EPD comparable.

⁴REDCert² is a European certification used to demonstrate that fossil-based raw materials have been replaced by sustainable renewable materials, using the mass balance approach.

Furthermore, from January 2022 to December 2024, the Group will adopt a series of improvement actions, defined following an energy diagnosis, with the aim of reducing CO₂ emissions linked to the life cycle of shoes. In addition to the energy diagnosis, a feasibility study was carried out for the installation of a photovoltaic system at the Group's Tunisian plants, in order to further reduce emissions related to the use of electricity.

Regarding unavoidable emissions associated with the production of the U-Green and J-Respect lines, the U-Power Group has implemented an off-setting programme, in line with international best practice, with the aim of not only off-

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

RED LEVE

In early 2022, the U-Power Group launched the Red Leve line, consisting of fifteen models of super-lightweight safety shoes, free of semi-finished products of animal origin and suitable for all seasons and both wet and dry environments. The models are designed with the aim of reducing the weight on the legs, thus minimising the expenditure of energy during foot movement, with an overall benefit to the entire body and an overall reduction in the perception of tiredness and swollen legs at the end of the day.

The safety shoes of the Red Leve line provide lightness, guaranteeing all the safety that has always been acknowledged to the U-Power brand and required by European standards. The new generation polyurethane compound sole, together with the toe cap Airtoe® Aluminium, have made it possible to considerably reduce the weight of the footwear by passing all protection and safety tests, guaranteeing a quality and high-performance product.

INFINERGY®

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

U-Power has patented the insertion of such an insert in safety footwear, allowing the end user to maintain energy levels longer than any traditional sole, ensuring lightness and freedom of movement with the possibility of reducing muscular-skeletal disorders. This elastic, visible and tangible insert is characterised by resilience according to DIN 53512⁵.

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

⁵Technical Standard issued by the German Deutsches Institut für Normung. In particular, standard 53512 refers to the determination of rubber rebound resistance using Schob's pendulum.

RED CARPET

In order to provide the right support for staff who work long hours in a standing position, the U-Power Group's R&D laboratories have developed dedicated safety footwear designed to provide the right posture support and revitalise the affected areas subjected to stress. The Red Carpet technology, developed in collaboration with the BASF chem-

ical Group, is designed to absorb and relieve body stress, reducing the trauma resulting from prolonged standing at stationary workstations. The material used, totally free of harmful substances, is able to reactivate blood circulation and provide relief to joints, neck, loins and support the worker throughout the working day, ensuring comfort and safety.



QUALITY AND SAFETY ALONG THE SUPPLY CHAIN

The quality and reliability of U-Power products stem from the choice of excellent, controlled materials and proper supply chain management. The U-Power Group works with more than 170 suppliers with whom it has established solid and long-term relationships. In particular, procurement and relations with suppliers are managed centrally in Italy by the company U-Group S.r.l., following the merger with Altek Europe.

The U-Power Group carries out a series of activities to ensure that the materials purchased are in full compliance with the required and contracted quality standards. The supplier selection process is the responsibility of the individual functions and involves filling out a form that assesses both general aspects (punctuality, adherence to deadlines and contracts) and technical aspects (cases of non-conformity, presence of certifications, product quality).

In 2021, 100% of the suppliers were subjected to the internal assessment system defined by the U-Power Group.

During 2022, the Group also started a process of environmental assessment of suppliers, through the sending of a questionnaire concerning the presence of management systems, compliance with waste management regulations, compliance with current authorisations, the definition of energy-saving activities, the presence of a contingency plan and the carrying out of relevant simulations.

U-Power managers also periodically visit the production plants of the most relevant suppliers to check the production process and the quality of the purchased products, in order to verify the purchased product even before it is shipped and received by the Group's production or logistics sites.

Certain technical features, such as the water repellency of the fabrics purchased, on the other hand, are tested directly by specialised technicians at the Group's laboratories: if the material does not conform to the technical specifications established at the time of purchase, the U-Power Group sends a report to the Italian offices, which then informs the supplier of any complaint procedures.

Lastly, every six months the Group asks all suppliers of the materials that will make up the U-Power Group's safety shoes to update their certification according to the REACH European Regulation, which establishes the rules to be respected to ensure the protection of consumer health and of the environment through the registration, assessment and authorisation of certain chemical substances used in production processes and contained in the products sold, indicated in the Regulation.

3.2 YOUR SAFETY

The safety of U-Power Group products is a prerequisite for ensuring consumer confidence in its products. The Group's aim is to ensure maximum comfort and functionality of its articles, in order to improve working conditions, including by reducing "invisible" risks of physical and health impairment. In order to ensure the highest product quality, the Group's Tunisian production site renewed its quality management system certification according to ISO 9001:2015 in 2021, while the Italian headquarters is scheduled for a three-year renewal in the second half of 2022. In accordance with the standard, the two sites have implemented a monitoring system for operational processes related to quality management and customer support, which are the reference points for an organisation that wants to plan, implement, monitor and improve its goals.

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

In addition to "Safety footwear", the U-Power Group also produces "Protective footwear", certified according to ISO

20346:2011 and "Work footwear" or "Professional footwear", standardised by ISO 20347:2012. The former differ from Safety footwear in that they have, in addition to the minimum requirements, a lower protective toe cap against impacts with energy up to 100 joules. The latter, on the other hand, do not protect against physical, mechanical risks of impact and compression on the toe, as they do not have a protective toe cap.

This ISO certification system is awarded and guaranteed by external laboratories, accredited and tracked through an identification number. The relevant conformity information is present and visible on all the labels attached to footwear. In addition, the label contains information about the month and year of manufacture, protection class, reference standard and conformity.

In order to always ensure the high quality of the products offered, the Group pays the utmost attention to customer satisfaction. This is why the U-Power Group works daily to track and analyse all possible product non-conformities, paying particular attention to all return cases. For each episode, statistical analyses are carried out, in order to define quality improvement actions in the products. Specifically, the company usually opens an investigation process in order to understand, analyse and resolve the issue by intervening at the project level, if the complaints relate to a specific problem. Thanks to this management and intervention model, no significant cases of product non-conformity were detected during the three-year period 2019-2021.

Saturn (DB) Gilet - Mercury (DB) Cargo Shorts - Fluo (OF) T-Shirt - Ryder Red 360 Range.





4

OUR TEAM



4. OUR TEAM⁶

In order to ensure its success, the U-Power Group employs people who bring added value through skills development, professional experience and technical know-how. These are just a few of the elements that distinguish the Group's corporate management: at the core remain the commitment and strong passion that have always characterised the team, leading it to respond ever more effectively to the high demands of the market.

The U-Power Group is aware of the importance of its resources, which is why it continuously invests in the search and selection of the best talent, in the professional development of its resources and in promoting the well-being of its employees. By virtue of this commitment, the Group constantly works to ensure a healthy, safe, meritocratic, collaborative and inclusive working environment, where diversity is valued and where each person is enabled to express his or her abilities and talents to the full.

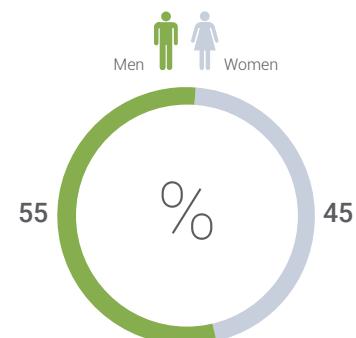
Dany (YF) Gilet - Shine (YF) Polo.



⁶The 2020 figures for staff (and 2019 for health and safety topics only) have been restated with respect to the values published in the 2020 Sustainability Report, due to the presence of more detailed information than was taken into account for the calculation made last year.

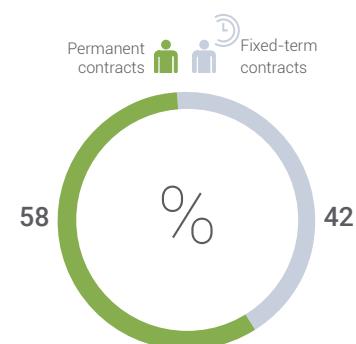
4.1 A COMPANY OF PEOPLE

As at 31 December 2021, the U-Power Group consisted of 5,047 employees and approximately 190 collaborators⁷. In spite of the economic consequences of the Covid-19 pandemic, the workforce increased by 682 staff members compared to 2020 (+16%).



EMPLOYEES BY CONTRACT TYPE AND GENDER

	Permanent			Fixed-term			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	1,252	1,302	1,511	1,063	1,063	1,287	2,315	2,365	2,798
Women	1,090	1,259	1,410	894	741	839	1,984	2,000	2,249
Total	2,342	2,561	2,921	1,957	1,804	2,126	4,299	4,365	5,047



EMPLOYEES BY PROFESSIONAL TYPE AND GENDER

	Full-time			Part-time			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Men	2,311	2,361	2,793	4	4	5	2,315	2,365	2,798
Women	1,975	1,989	2,240	9	11	9	1,984	2,000	2,249
Total	4,286	4,350	5,033	13	15	14	4,299	4,365	5,047



Staff recruitment and selection are of high importance to the U-Power Group: the Group strongly believes that long-term value creation is closely linked to its human capital. This strong conviction is also reflected in the Group's numbers, which again in 2021 saw a growth of 1,096 people against only 386 terminations⁸.

The Group is committed on a daily basis, also through its corporate portal, to attracting and identifying talented people, capable of standing out not only for their technical-professional and managerial skills, but also for their personal and relational qualities, in tune with the values of the U-Power Group.

⁷This figure includes trainees, self-employed, temporary workers and agents.

⁸The 25 employees of Altek Europe S.r.l. merged into U-Group S.r.l. and the 3 employees of Lupos GmbH are included in the recruitment.

The search process is expanding more and more towards international and heterogeneous profiles, both in terms of origin and education, in order to build a working environment based on positive, fruitful and collaborative relationships that allow adaptation to a constantly and rapidly changing environment.

NUMBER OF HIRES AND TERMINATIONS BY GENDER

	Hires			Terminations		
	2019	2020	2021	2019	2020	2021
Men	450	219	615	123	178	164
Women	322	220	481	238	211	222
Total	772	439	1,096	361	389	386

NUMBER OF HIRES AND TERMINATIONS BY AGE GROUP

	2019	2020	2021	2019	2020	2021
	392	245	553	173	208	169
Less than 30	392	245	553	173	208	169
30-50	361	187	496	176	161	185
More than 50	19	7	47	12	20	32
Total	772	439	1,096	361	389	386

INCOMING AND OUTGOING TURNOVER RATE BY GENDER

	Incoming turnover rate			Outgoing turnover rate		
	2019	2020	2021	2019	2020	2021
Men	19%	9%	22%	5%	7%	6%
Women	16%	11%	21%	12%	11%	10%
Total	18%	10%	22%	8%	9%	8%

INCOMING AND OUTGOING TURNOVER RATE BY AGE GROUP

	2019	2020	2021	2019	2020	2021
	44%	68%	50%	19%	21%	15%
Less than 30	44%	68%	50%	19%	21%	15%
30-50	12%	16%	14%	6%	6%	5%
More than 50	6%	11%	9%	4%	8%	6%
Total	18%	25%	22%	8%	9%	8%

The Group recognises the importance of the development of its collaborators. This is why, over the years, the U-Power Group has been dedicated to enhancing the skills of its employees and ensuring their professionalism. During 2021, training hours increased considerably due to the numerous courses given to apprentices.

TRAINING HOURS BY PROFESSIONAL CATEGORY

	2019	2020	2021
Training hours provided to Managers	7	18	28
Training hours provided to Middle Managers	85	183.5	126
Training hours provided to Clerks	165.5	56	1,267
Training hours provided to Workers	41.5	56	148
Total	299	313.5	1,569

TRAINING HOURS PER CAPITA PER PROFESSIONAL CATEGORY

	2019	2020	2021
Training hours per capita per Manager	0.47	1.13	1.56
Training hours per capita per Middle Manager	2.58	6.80	4.34
Training hours per capita per Clerk	1.49	0.47	10.56
Training hours per capita per Worker	0.01	0.01	0.03

TRAINING HOURS BY GENDER

	2019	2020	2021
Training hours provided to women	224.5	75.5	728
Training hours provided to men	74.5	238	841
Total	299	313.5	1,569

TRAINING HOURS PER CAPITA BY GENDER

	2019	2020	2021
Training hours per capita per woman	0.11	0.03	0.32
Training hours per capita per man	0.03	0.11	0.30

4.2 THE REMUNERATION SYSTEM

Improving a Group's business also means creating and developing a strong *employer brand*, capable of attracting and selecting talent from outside and guaranteeing a fair remuneration package in line with the market and employees' achievements. The definition of the remuneration of the corporate population takes into account specific criteria, including comparison with the external market and internal equity, the features of the role and the responsibilities assigned, as well as the distinctive skills of the people, always with a view to maximum objectivity, in order to avoid any form of discrimination and to respect the Group's principles.

In the U-Power Group, remuneration is based on supplementing the minimum values laid down in the National Collective Bargaining Agreement (CCNL) through the introduction of corporate agreements and benefits that are allocated on the basis of objective criteria, such as responsibility and skills. In addition, there are rewards for the achievement of goals linked to the Group's business strategies.

Gang - Red 360 Range.



In order to promote merit within the company, wage increases for collaborators may be offered at the proposal of managers. These proposals, which are subsequently assessed in special steering committees, take into account the results of annual assessments, the goals achieved and the potential expressed in the performance of their duties, as well as the contribution to the creation of value for the Group, internal equity and competitiveness in relation to the market.

In the Countries in which it operates, the U-Power Group offers, without differences between men and women, entry wage levels equal to or higher than the minimum required by law or by collective bargaining, as evidenced by the analysis carried out in 2020 on the entire corporate population, including the production site in Tunisia, where remuneration was found to be 60% higher than the minimum wage.

In the course of 2021, the Group entered into a trade union agreement on the remuneration adjustment of Tunisian employees.

Specifically, the increase was defined as a fixed amount rather than a percentage, in order to ensure a fairer distribution for workers, and it was combined with a retroactive one-off in order to support staff in this period of crisis, due to the Covid-19 pandemic. On the other hand, fixed-term employees, who account for more than 40% of the workforce in Tunisia, received an increase and a bonus, albeit a smaller one.

Finally, the remuneration of sales force managers is composed of a fixed and a variable portion, which are appropriately balanced according to their contribution to the Group's strategic goals, thus ensuring a balance between the interests of the clerks and the company's short- and long-term goals. The variable remuneration component is short-term (*Management By Objective*) and is linked to mainly quantitative function and role goals.



THE WELL-BEING OF EMPLOYEES

With the aim of supporting its employees, the U-Power Group has introduced, over the years, a number of initiatives to improve the well-being of its team.

In particular, at the Tunisian production site, the Group has increased the number of buses made available free of charge, to meet the needs of employees who do not live in the immediate vicinity of the factories, thus ensuring both certainty in their timetables and, therefore, in their private lives, and considerable savings from an economic point of view.

Also in Tunisia, the company, at the motivated request of the trade unions, has always been willing to advance significant sums to employees to meet their needs. In 2022, some 3,600 employees applied for a loan to celebrate both the end of Ramadan (*aid el fitr*) and the Feast of Sacrifice (*aid el idhaa*). A total of about 700 dinars per person was advanced.

In order to support the female population, since 2020 the Group has subsidised mammographies for all female employees in Tunisia who requested them.

4.3 DIVERSITY AND EQUAL OPPORTUNITIES

The U-Power Group strongly believes in everyone's skills and the enrichment that comes from diversity and inclusion. These two elements constitute a continuous source of growth in technical and social skills. Bringing together people with different backgrounds, experiences and socio-cultural heritages allows the Group to better meet the challenges of a market increasingly characterised by a global dimension that knows no geographical boundaries.

As far as gender differences are concerned, the presence of women in the total workforce is at around 45%, a significant percentage with a homogeneous distribution in all geographical areas and in the various professional catego-

ries. At the contractual level, women represent 48% of the permanent workforce and 39% of the fixed-term workforce.

In 2021, the proportion of women with full-time contracts continues to grow (45%). The percentage of U-Power Group women is especially high in Tunisia, where women make up 44% of employees.

Given this significant female presence in the company, U-Power decided to show its support through a plan of free mammographies for all employees of the Tunisian company. A commitment that started in 2019 and continued in 2021.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Managers	2	13	2	13	3	15
Middle Managers	11	22	11	15	12	17
Clerks	76	35	78	37	83	37
Workers	1,894	2,246	1,909	2,300	2,151	2,729
Total	1,983	2,316	2,000	2,365	2,249	2,798

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

	2019			2020			2021		
	< 30 years	between 30 and 50 years		< 30 years	between 30 and 50 years		< 30 years	between 30 and 50 years	
		> 50 years	> 50 years		> 50 years	> 50 years		> 50 years	> 50 years
Managers	0	6	9	0	5	10	0	4	14
Middle Managers	2	8	23	2	9	15	1	11	18
Clerks	9	68	34	11	66	38	14	68	39
Workers	884	2,993	263	806	3,055	348	1,087	3,355	436
Total	895	3,075	329	819	3,135	411	1,102	3,438	507

The U-Power Group recognises the importance of protecting and promoting human rights and respect for workers' rights, and is therefore committed to communicating transparently

the developments and the ways of resolving any cases of alleged discrimination that have arisen. No cases of discrimination were established during the three-year period 2019-2021.

4.4 OUR SAFETY

Health and safety in the protective equipment sector is a value "squared", as it is of paramount importance to our team, as well as to the U-Power Group's business. Ensuring a safe workplace for all employees and for all players within the Group's sphere of influence is a goal that the U-Power Group has been pursuing for years, in order to ensure the prevention and control of risks associated with its activities and its products and processes.

The Group carries out its activities in full compliance with the requirements defined by the specific regulations applicable in the Countries where it operates, with an approach aimed at continuous improvement. Although the Group's activities, including tasks strictly related to production, are not subject to high health and safety risks for employees, the protec-

tion of people is considered an indispensable condition for all corporate activities. Therefore, the U-Power Group constantly promotes a culture of prevention and is committed to ensuring the occupational safety of all employees.

As far as organisation is concerned, there are specialised figures at headquarters (*Health and Safety Staff*) who are responsible for ensuring a safe working environment that complies with current regulations, defining health and safety guidelines, coordinating monitoring activities and, where necessary, improving safety conditions, supervising the activities of designers and architects, and maintaining relations with workers' safety representatives. In addition, existing offices and plants are periodically checked for compliance, through document analysis and on-site inspections

(verification of work environments and equipment), in order to define an improvement plan, if necessary.

With this in mind, inspections continued in 2020 to verify the health and safety of employees at the production site in Tunisia. These inspections, carried out by both internal staff and external bodies, were preparatory to obtaining ISO 45001 certification, an organisational and management model for occupational safety aspects, which is based on a solid risk analysis, periodically updated and reported in the "Risk Assessment Document" (DVR). This certification was subsequently renewed during 2021.

The Group carries out the risk analysis not only for the production plant in Tunisia, but also for the French and Italian sites. Generally, during the analysis, the health and safety risks to which employees are subjected for each type of task are mapped and the most effective prevention measures are identified. Thus, the actual probability or frequency of occurrence of an accident event or damage to workers' health and safety is assessed, in relation to the magnitude of the risk and

the severity of the consequences. In this process, particular importance is given to defining how risks are controlled and managed, as well as the improvement measures adopted or to be adopted in order to mitigate the identified risks.

U-Power Group's commitment to monitoring employee accident rates continued in 2021. There were 111 accidents during the year, mostly involving superficial wounds and bruises, recording a rate of 10.81. Furthermore, there were no fatal accidents or accidents with serious consequences.

During 2021, there was only one occupational accident related to collaborators, for which the total number of hours worked was estimated at 254,400 for 2019, 249,600 for 2020 and 286,867 in 2021, and a related accident rate of 0 in 2021.

The U-Power Group makes internal corporate communication an indispensable element, as it is not only an important information tool, but also an approach to improve collaboration and a sense of belonging within a team.

EMPLOYEE ACCIDENT INDICES

	2019	2020	2021
Hours worked	8,932,867	8,534,572	10,267,801
Total number of accidents	103	94	111
<i>of which commuting⁹</i>	19	17	4
Total number of occupational accidents with serious consequences ¹⁰	0	0	0
Occupational accident rate ¹¹	11.53	11.01	10.81

In the most delicate moments of a health emergency, the use of proper internal communication proved to be vital for maintaining safety and business continuity.

⁹ A commuting accident is an accident that occurs on the way between the workplace and a place belonging to the private sphere.

¹⁰ An occupational accident with serious consequences is defined as an occupational accident that leads to death or injury from which the worker cannot recover, does not recover, or it is unrealistic to expect that he or she will fully recover to the state of health prior to the accident within 6 months.

¹¹ The occupational accident rate is calculated as the number of occupational accidents/hours worked*1,000,000.



IMPACTS AND MANAGEMENT OF COVID-19

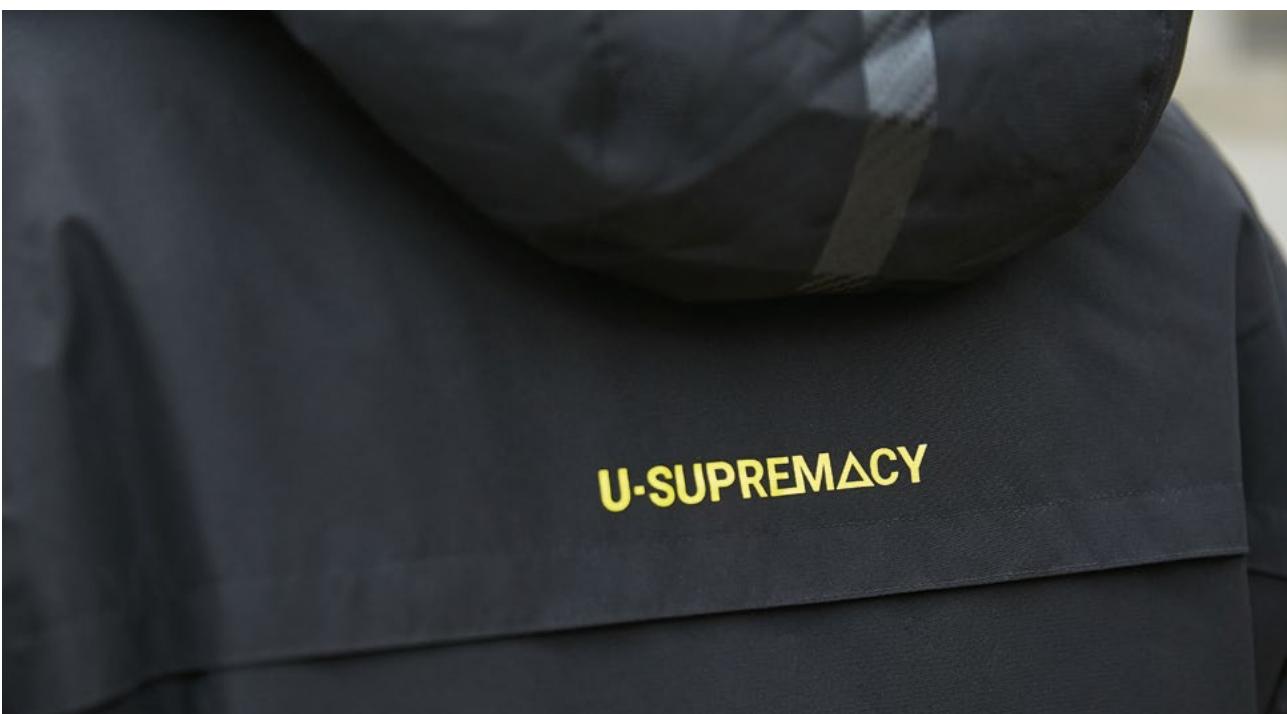
The Covid-19 pandemic had serious effects on global economic capital (drastic reduction in production capacity, decrease in investment, collapse of current and prospective wealth, etc.) and on human capital (unemployment, reduction in interactions, safety distances), which led to the need to reorganise the corporate management model. From the outset, the U-Power Group has put in place a series of measures to guarantee the occupational health and safety of all employees, as well as to ensure business continuity, by promptly adopting a series of internal procedures aimed at preserving the activities of all production sites and, at the same time, protecting the health and safety of workers.

A dedicated pandemic management team was set up within the Group, consisting of a Management representative and of the RLS, supported by the Medical Officer and the RSPP. The Committee was in charge of the coordination and centralised management of the emergency, defining a regulatory protocol on measures for the containment and spread of the virus in workplaces, which was promptly updated following regulatory changes. Among the preventive actions included in the protocol there was the introduction of the possibility of smart-working for all professional categories who could also do their work remotely.

Between July and September 2021, the Group launched a vaccination campaign against Covid-19 at the Tunisian plant, which 525 employees joined on a voluntary basis, thus avoiding crowds, bureaucratic difficulties and logistical problems in reaching public vaccination centres. Thanks to this initiative, the percentage of Tunisian employees vaccinated with both doses reached 95% at the end of December.

In addition, the Group decided, at the request of the trade unions, to exclude sick days due to Covid-19 from the calculation of thirteenth month pay, and to reopen café areas, following the restrictions imposed to contain the spread of the pandemic.

Winky (DB) Detail - Future Range.



4.5 INDUSTRIAL RELATIONS

The U-Power Group recognises and respects the right of workers to be represented by trade union organisations and maintains relations with such representatives based on mutual recognition, dialogue and cooperation. Aware of its influence on the economic and social fabric, the Group manages its relations and negotiations with trade unions according to the highest principles of transparency and fairness, in compliance with the laws in force.

The U-Power Group bases its industrial relations policy on constructive dialogue, which aims at involving employee representatives and maintaining a good corporate climate. Relations with employees are inspired by mutual respect and a mature, structured and harmonious system of relations that has guaranteed, also for 2021, the absence of corporate strikes or union protests by workers directly employed by the companies.

All Italian employees are covered by the National Collective Labour Agreement for the footwear sector. The CCNL deals with all the aspects related to working conditions, including holidays and leave, overtime remuneration, flexible working arrangements and variable participation bonuses. Furthermore, according to this contract, organisational changes, such as mergers, transfers of business units, are promptly communicated to employees in writing.

During 2021, no cases were found in which the freedoms of association and collective bargaining were not respected or challenged, and, furthermore, no activities and suppliers were identified in which workers' rights to exercise freedom of association or collective bargaining were not respected or otherwise subject to high risk.

4.6 U-POWER GROUP COMMUNITIES

U-Power Group's commitment to the community is inspired by the 2030 Agenda, which places significant emphasis on the relationship between companies and the realities in which they operate, committed to pursuing common goals of sustainable development. Throughout 2021, the Group concretely supported the communities and territories in which it is present, as it is convinced that a virtuous company must be able to think not only about economic results, but also about the context in which they live and the communities they serve.

The U-Power Group has opted for a systemic commitment to supporting initiatives and organisations capable of generating positive impacts for the development and enhancement of the communities in which it operates:

	In 2021, safety shoes were donated to the Red Cross, in order to support the field work of the many operators in this time of great emergency.
	The Group supports a number of sports clubs both in Italy and Tunisia with annual donations, helping to spread healthy habits, promoting physical activity and team play.
	In Tunisia, the Group contributes to social progress and to the promotion of education through donations to charitable associations committed to supporting people in need.
	The U-Power Group supported the "Cagliari No Limits" initiative, a tournament dedicated to children with Down Syndrome, intellectual, cognitive and relational disabilities, held in Sardinia in June 2021, in which Ads Arona Futsal also participated. Together with the help of many local clubs and private individuals, the necessary funds were raised to enable youth to participate in the tournament without incurring any expenses.





5

ENVIRONMENT FIRST

5. ENVIRONMENT FIRST

Sustainability challenges are now high on international agendas. In order to best respond to these challenges, the Group has decided to integrate the concept of sustainability into its business model by committing to implementing concrete actions that include both social and environmental aspects. Through this strategy, the U-Power Group has been able to work within the law and continue to improve its performance.

5.1 ENVIRONMENTAL PROTECTION IN OUR VALUE CREATION

In environmental terms, the most significant impacts are concentrated in the Group's two production plants in France and Tunisia. The Group is committed to the responsible and efficient management of resources throughout all production phases: from raw materials to waste, focusing on re-

ducing energy consumption during production and the impact of its products in terms of greenhouse gas emissions.

An environmental policy valid for all Group companies was adopted in May 2021, defining a number of goals including: meeting regulatory requirements, monitoring and improving environmental performance, reducing impacts and raising staff awareness.

The production plant in Tunisia has also adopted an Environmental Management System (EMS) in accordance with UNI EN ISO 14001. The technical standard not only sets out the requirements of the environmental management system, but also places them in the perspective of continuous improvement. The EMS enables the Group to take a preventive approach to managing risks related to environmental aspects by analysing the risks associated with the production site. Also as a result of these good management practices in the three-year period 2019-2021, there have been no instances of violations of current environmental regulations in the countries where the U-Power Group operates.

Lake - Red Industry Range.



5.2 MANAGING ENVIRONMENTAL IMPACTS

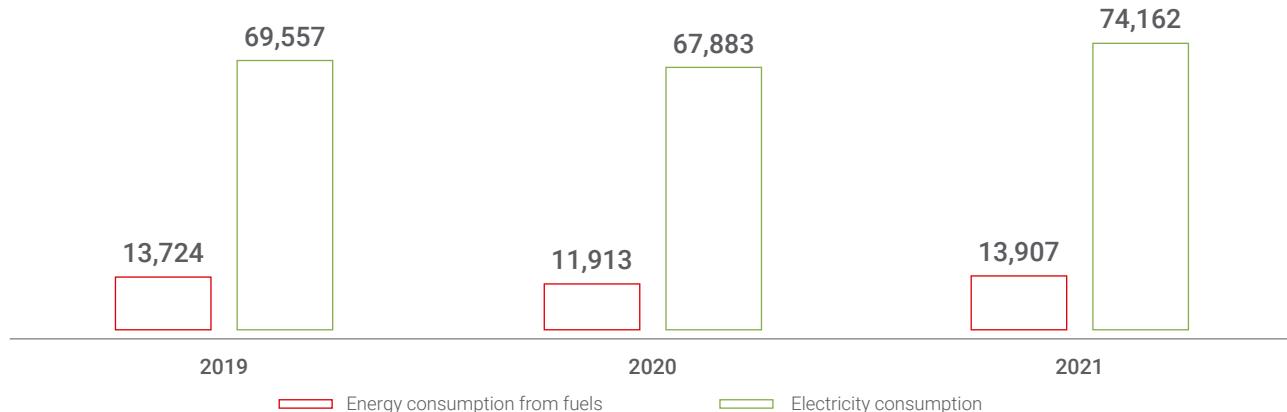
In 2021, the total energy consumption in the two group's two production companies is 88,068 GJ, up by 10% compared to 2020, as a result of significant growth in production volumes. In detail, energy consumption includes

electricity supplied from the national grid, fuel consumption for the corporate fleet, for space heating and for production processes, and methane gas, used only at the French plant.

ENERGY CONSUMPTION WITHIN THE ORGANISATION

	2019	2020	2021
Fuel consumption from non-renewable sources (GJ)			
Diesel	4,428	4,515	5,417
Petrol	786	690	549
Natural gas	8,510	6,708	7,941
Indirect energy consumption (GJ)			
Electricity consumption purchased from the grid (mixed sources)	69,557	67,883	74,162

Energy consumption (GJ)



Electricity consumption generates 79% of the climate-changing emissions released into the atmosphere. For this reason, the U-Power Group carried out, with the involvement of a specialised external company, an energy diagnosis of the buildings in Tunisia, in order to identify efficiency initiatives capable of reducing emissions resulting from energy consumption. Among them, the U-Power Group has initiated a project to install a photovoltaic system on the grounds surrounding the Tunisian plant, in order to cover approximately 50% of the current energy needs.

The focus on the use of alternative energy sources is also evidenced by the fact that the electricity consumed at Italian offices and warehouses comes from renewable sources. In

addition, the Group has set itself the goal of LEED certification for its new building in Paruzzaro, which is currently under construction. The certification promotes not only the reduction of CO₂ emissions, but it also recognises the performance of buildings in terms of energy and water savings and the improved ecological quality of interiors, materials and resources used. A photovoltaic system, with a power output of 450 kW, will also be installed on the new building, serving both the logistics facility and the new offices under renovation.

The U-Power Group calculates its direct (Scope 1) and indirect (Scope 2) **greenhouse gas (GHG) emissions** related to energy consumption, in accordance with the GHG Protocol

guidelines. Scope 2 emissions, resulting from the purchase of electricity used in corporate operations, are calculated according to two different approaches: *Location-based*, a method that uses an average emission factor referring to the national energy mix, and *Market-based*, which takes into

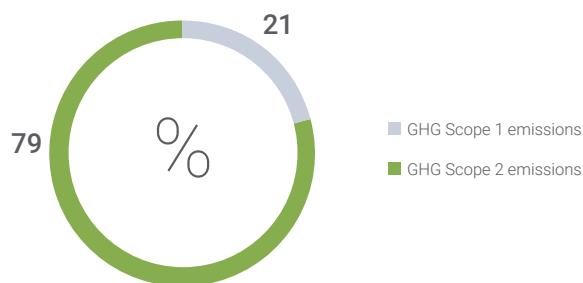
account any contractual agreements made with the electricity distributor.

In 2021, the Group's GHG emissions amounted to 9,295 tons CO₂, a decrease of 4% compared to 2019¹².

GHG EMISSIONS

	2019	2020	2021
Direct GHG emissions - Scope 1 (tCO_{2eq})			
Fuel consumption	798	706	828
Refrigerant gas refills	0	1	1,573
Total	798	707	2,401
Indirect GHG emissions - Scope 2 (tCO_{2eq})			
Electricity (<i>Market-based</i>)	8,897	8,571	9,192
Electricity (<i>Location-based</i>)	8,924	8,587	9,188

2021 GHG emissions



The U-Power Group creates, innovates and designs highly technical and high-performance products, starting with a particularly careful choice of raw materials.

The **selection of materials** includes both semi-finished and finished products, including polyurethane components and different types of packaging (mainly plastic, wood and cardboard).

In order to meet the demands of its plants, the U-Power Group has developed a global supply network through the consolidation of long-term relationships with suppliers (national and international), characterised by high quality standards and timely service.

Over the past few years, particularly within the U-Green and J-Respect projects, the U-Power Group has dedicated itself to the constant search for alternative, environmentally sustainable materials, such as polyester and fabrics generated from recycled materials and polyurethane produced from renewable raw materials. The constant search for the best performing materials in terms of both quality and environmental performance is one of the hallmarks of the Group's products today.

The U-Power Group is also committed to the management and reduction of **waste** mainly from production plants. The Group keeps abreast of waste management and disposal regulations in the countries where it operates and works with accredited suppliers to comply with laws and regulations and to promote best practices.

In 2021, the Group generated a total of 371.04 tons of waste at its plants. All waste is disposed of externally at least once a year, by specialised third parties who contribute to the proper management of the materials. Of the total waste, 37% is classified as hazardous; this includes mainly spent metal canisters and chemical compounds.

¹² Data considering Location Based GHG Scope 1 emissions and GHG Scope 2 emissions.

WASTE PRODUCED

Type (ton)	2021		
	Hazardous	Non-hazardous	Total
Paper and cardboard	0.00	60.38	60.38
Chemical waste	10.46	76.00	86.46
Electrical and electronic waste	0.35	0.00	0.35
Industrial waste	0.02	61.54	61.56
Metal waste	127.30	10.00	137.30
Organic waste	0.00	7.00	7.00
Textile waste	0.00	18.00	18.00
Total	138.12	232.92	371.04

Universe (RL) Gilet - Atom (RL) Trousers - Yoda - Red Lion Range.







METHODOLOGICAL NOTE

METHODOLOGICAL NOTE

This document constitutes the second Sustainability Report and includes all fully consolidated companies of the U-Power Group in its reporting scope. The wording "U-Power Group" in the document refers to all the companies in the group, while the name of the company has been used for the features referring only to one or the other company. It is reported that, in 2021, the articles of association were amended on the basis of the Benefit Corporation model. In addition, the merger of the subsidiary Altek Europe S.r.l. into U Group S.r.l. was finalised, while the brokerage companies Granbis S.a.r.l. and Belbis S.a.r.l. were merged into Martek S.a.r.l. with retroactive effect from 1 January 2021. With regard to the subsidiary Lupos GmbH, a resolution was passed to dissolve it on 23 December 2020. Lastly, in 2021, the U-Group subsidiary established branches in France, Spain, Germany and England.

The figures and information in this document refer to the activities carried out by the U-power Group during the financial year 2021 (January to December 2021), unless otherwise specified. The indicators presented in the Report, for comparative purposes, are also reported for the three-year period 2019-2021, where available, and they are accompanied by a commentary on their performance so as to allow comparison and comparability of the Group's performance over time. In order to give a fair representation of performance, the use of estimates has been limited as much as possible; where they have been used, they are based on the best available methodologies and appropriately reported.

The document was prepared in accordance with the *Global Reporting Initiative's* (GRI) fifth generation of sustainability

reporting guidelines, the GRI *Sustainability Reporting Standards* 2016 and subsequent versions, under the "Core" option and in accordance with the required content and quality principles. It should also be noted that, with regard to GRI 403 (Occupational Health and Safety) and GRI 306 (Waste), the U-Power Group adopted the most updated versions, published in 2018 and 2020, respectively. At the end of the document there is a table with an index of contents related to GRI requirements, both general and related to specific material topics.

This document has been audited by an independent third party company.

As of the date of publication of this Report, there are no known significant events that occurred in 2021 that are relevant for sustainability reporting purposes, with the exception of what has already been described in this document regarding the development of the Covid-19 pandemic.

THE PRINCIPLES OF REPORTING

In order to ensure the quality of the information reported, the *Reporting Principles*, as defined by GRI Standard 101, were followed in preparing the Report: *Foundation* (completeness, sustainability context, inclusiveness and materiality for defining report content and accuracy, reliability, clarity, comparability, balance, timeliness for quality assurance).

U-POWER GROUP STAKEHOLDERS

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

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

MATERIAL TOPICS

In view of the Group's value chain, for each material topic, the scope of impacts and the GRI Disclosure used for reporting purposes are identified below.

The topic	Players generating impacts	Scope of impacts	GRI Topic reconciliation
Energy management and climate change	U-Power Group	U-Power Group	302 - Energy 305 - Emissions
Materials used	U-Power Group	U-Power Group	301 - Materials used
Consumer health and safety	U-Power Group	U-Power Group Consumers	416 - Consumer health and safety
Product innovation and quality	U-Power Group	U-Power Group	-
Social-environmental assessment of suppliers	U-Power Group	U-Power Group Suppliers	414 - Social assessment of suppliers 308 - Environmental assessment of suppliers
Waste management	U-Power Group	U-Power Group	306 - Waste
Employment	U-Power Group	U-Power Group	401 - Employment
Worker health and safety	U-Power Group	U-Power Group External workers	403 - Worker health and safety
Worker development and training	U-Power Group	U-Power Group	404 - Training and education
Protection of human rights	U-Power Group	U-Power Group	406 - Non-discrimination
Diversity and equal opportunities	U-Power Group	U-Power Group	405 - Diversity and equal opportunities
Freedom of association and collective bargaining	U-Power Group	U-Power Group	407 - Freedom of association and collective bargaining
Local communities	U-Power Group	U-Power Group	413 - Local communities

For each material topic, the management and organisational model was reported and discussed along with the main risks, generated or suffered, related to the topics and arising from the Group's activities, products, services or business relationships. Finally, it should be noted that, for both U-Power and its stakeholders, the topics of compliance with laws and regulations and business ethics are considered essential to the Group's activities and they are therefore reported through the following GRI aspects: 201 Economic performance, 205 Anti-corruption, 307 Environmental compliance, 419 Socio-economic compliance.

CALCULATION METHODOLOGY

The contents of this Sustainability Report were defined by a working group, established for the purpose of sustainability reporting, based on the materiality analysis. Qualitative and quantitative social, environmental and economic-financial data were collected, on an annual basis, through special data collection forms and interviews with the active involvement of the Group's main corporate functions.

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

STAFF DATA

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

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

The accident indices were calculated as follows:

- Occupational accident rate: number of accidents/hours worked*1,000,000
- Accident rate with serious consequences: number of accidents with serious consequences, i.e. with a total number of days of absence exceeding 6 months/hours worked*1,000,000

The calculation of frequency rates does not include commuting accidents.

ENVIRONMENTAL DATA

For environmental data, where not available, conservative estimation methodologies were used, resulting in the selection of assumptions associated with the least positive environmental performance for the Group. The reporting of environmental data is only extended to the Group's production plants located in Tunisia and France.

ENERGY CONSUMPTION

The conversion factors used to standardise energy consumption come from the DEFRA "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" table, for the years 2019, 2020 and 2021.

GREENHOUSE GAS EMISSIONS

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

- Direct emissions (Scope 1): emissions related to fuel consumption were determined using the emission factors reported in the DEFRA "UK Government GHG Conversion Factors for Company Reporting", 2019, 2020 and 2021 editions.
- Indirect emissions (Scope 2): indirect emissions correspond to electricity consumption. The factors in Figure 4 of the document "European Residual Mixes" (2019 editions, for the years 2019 and 2020, and 2020 for 2021), published by the Association of Issuing Bodies, for France, were taken into account for the calculation of electricity emissions according to the market-based method. For Tunisia, for which the residual mix emission factor is not available, in accordance with the reporting standards, the same factor as for the "location-based" method was used. For the calculation of the latter, the factors present in "Table 49 - Main socio-economic and energy indicators", published by Terna in the International Comparisons section, and available in their most recent version at the time of publication of the document (2018 data, for the years 2019 and 2020, and 2019 for 2021), were taken into consideration.

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

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

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

Saber - Red 360 Range.







GRI CONTENT INDEX

GRI Standards	Disclosure	Page, references, notes and possible omissions
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of organisation	U-Power Group S.p.A.
102-2	Activities, brands, products and services	§ 1. U-Power Group: a company, a safety partner
		§ 3. Italian innovation and design at the service of the customer
102-3	Location of head office	Via Borgomanero, 50 Paruzzaro (NO) 28040 Italy
102-4	Location of activities	§ 1. U-Power Group: a company, a safety partner
102-5	Ownership and legal form	§ 1. U-Power Group: a company, a safety partner
		§ 2.1 The governance model
102-6	Markets served	§ 1.2 The business model
102-7	Size of the organisation	§ 1. U-Power Group: a company, a safety partner
		§ 4.1 A company of people
102-8	Information on employees and other workers	§ 4.1 A company of people
102-9	Supply chain	§ 1.2 The business model
		§ 3 Innovation at the service of safety
102-10	Significant changes to the organisation and its supply chain	§ Methodological note
102-11	Precautionary principle	The U-Power Group applies the principle of prudence in all its actions by carefully monitoring its activities.
102-12	External initiatives	§ 2.1 The U-Power Sustainability strategy
		§ 2.3 Our commitment to sustainability
		§ 4.6 U-Power Group communities
102-13	Memberships of associations	U-Power Group S.p.A. is not a member of any association or organisation.
Strategy and analysis		
102-14	Statement by a senior manager	§ Letter to Stakeholders
Ethics and Integrity		
102-16	Values, principles, standards and rules of conduct	§ Values and purpose
		§ 2. Governance and Sustainability strategy

GRI Standards	Disclosure	Page, references, notes and possible omissions
Corporate governance		
102-18	Governance structure	§ 2. Governance and Sustainability strategy
Stakeholder involvement		
102-40	List of stakeholder groups	§ 2.3 Our com to sustainability § Methodological note mitment
102-41	Collective bargaining agreements	§ 3.5 Industrial relations
102-42	Stakeholder identification and selection	§ 2.3 Our commitment to sustainability
102-43	Stakeholder involvement methods	§ Methodological note
102-44	Key topics and criticalities raised	§ 2.3 Our commitment to sustainability § Methodological note
Material aspects identified and scope of the Report		
102-45	Parties included in the consolidated financial statements	§ Methodological note
102-46	Definition of the content of the report and the scopes of the topics	§ 2.3 Our commitment to sustainability § Methodological note
102-47	List of material topics	§ 2.3 Our commitment to sustainability § Methodological note
102-48	Revision of information	§ Methodological note
102-49	Changes in reporting	§ Methodological note
102-50	Reporting period	§ Methodological note
102-51	Date of latest report	§ Methodological note
102-52	Frequency of reporting	Annual
102-53	Contacts to request information about the report	§ Methodological note
102-54	Statement on reporting in accordance with GRI Standards	§ Methodological note
102-55	GRI Content Index	§ GRI Content Index
102-56	External assurance	§ Methodological note

GRI Standards	Disclosure	Page, references, notes and possible omissions
ECONOMIC PERFORMANCE INDICATORS		
Economic performance		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 1. U-Power Group: a company, a safety partner § 2.2 Risk management
GRI 103-3	Assessment of the management approach	§ 1. U-Power Group: a company, a safety partner
GRI 201-1	Directly generated and distributed economic value	§ 1. U-Power Group: a company, a safety partner
Anti-corruption		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.1 The governance model § 2.2 Risk management
GRI 103-3	Assessment of the management approach	§ 2.1 The governance model
GRI 205-3	Established incidents of corruption and actions taken	§ 2.1 The governance model
ENVIRONMENTAL PERFORMANCE INDICATORS		
Materials		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 5. Environment first § 2.2 Risk management
GRI 103-3	Assessment of the management approach	§ 5.2 The management of environmental impacts
GRI 301-1	Materials used by weight and volume	The weight and volume of the materials used are not reported, as the data is not available. The Group is taking steps to implement a data collection to report on this disclosure as of next year.

GRI Standards Disclosure **Page, references, notes and possible omissions**
Energy

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 5. Environment first
GRI 103-3	Assessment of the management approach	§ 5. Environment first
GRI 302-1	Energy consumption within the organisation	§ 5.2 The management of environmental impacts § Methodological Note

Emissions

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 5. Environment first
GRI 103-3	Assessment of the management approach	§ 5. Environment first
GRI 305-1	Total direct GHG emissions (Scope 1)	§ Methodological Note § 5.2 The management of environmental impacts
GRI 305-2	Indirect GHG emissions from energy consumption (Scope 2)	§ 5.2 The management of environmental impacts § Methodological Note

Waste

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 5. Environment first
GRI 103-3	Assessment of the management approach	§ 5. Environment first
GRI 306-1 (2020)	Waste generation and significant waste-related impacts	§ 5.2 The management of environmental impacts
GRI 306-2 (2020)	Management of significant waste-related impacts	§ 5.2 The management of environmental impacts
GRI 306-3 (2020)	Waste produced	§ 5.2 The management of environmental impacts

GRI Standards	Disclosure	Page, references, notes and possible omissions
Environmental compliance		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 5. Environment first
GRI 103-3	Assessment of the management approach	§ 5. Environment first
GRI 307-1	Non-compliance with environmental laws and regulations	§ 5.2 The management of environmental impacts
Environmental assessment of suppliers		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 3.1 Innovation at the service of safety
GRI 103-3	Assessment of the management approach	§ 2.2 Risk management § 3.1 Innovation at the service of safety
GRI 308-1	New suppliers that have been assessed using environmental criteria	§ 3.1 Innovation at the service of safety It should be noted that the Group did not assess suppliers on the basis of environmental criteria.
SOCIAL PERFORMANCE INDICATORS		
Employment		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 4. Our team § Methodological Note
GRI 103-3	Assessment of the management approach	§ 4. Our team
GRI 401-1	New hires and turnover	§ 4.1 A company of people § Methodological Note

GRI Standards Disclosure

Page, references, notes and possible omissions

Worker health and safety

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 4.4 Our safety
GRI 103-3	Assessment of the management approach	§ 2.2 Risk management § 4.4 Our safety
GRI 403-1 (2018)	Occupational health and safety management system	§ 4.4 Our safety
GRI 403-2 (2018)	Hazard identification, risk assessment and accident investigation	§ 4.4 Our safety
GRI 403-3 (2018)	Occupational health services	§ 4.4 Our safety
GRI 403-4 (2018)	Worker participation and consultation and health and safety communication	§ 4.4 Our safety
GRI 403-5 (2018)	Training for workers on occupational health and safety	§ 4.4 Our safety
GRI 403-6 (2018)	Worker health promotion	§ 4.4 Our safety
GRI 403-7 (2018)	Prevention and mitigation of occupational health and safety impacts within the business relationship	§ 4.4 Our safety
GRI 403-8 (2018)	Workers covered by a health and safety management system	§ 4.4 Our safety
GRI 403-9 (2018)	Occupational accidents	§ 4.4 Our safety § Methodological note

Training and education

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 4.2 Risk management § 4.1 A company of people
GRI 103-3	Assessment of the management approach	§ 4.1 A company of people
GRI 404-1	Average hours of annual training per employee	§ 4.1 A company of people

GRI Standards	Disclosure	Page, references, notes and possible omissions
Diversity and equal opportunities		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 4.3 Diversity and equal opportunities
GRI 103-3	Assessment of the management approach	§ 4.3 Diversity and equal opportunities
GRI 405-1	Diversity in governance bodies and among employees	§ 4.3 Diversity and equal opportunities
Non-discrimination		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.1 The governance model, present and future § 2.2 Risk management
GRI 103-3	Assessment of the management approach	§ 2.1 The governance model, present and future
GRI 406-1	Incidents of discrimination and corrective measures adopted	§ 2.1 The governance model, present and future
Freedom of association and collective bargaining		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 4.5 Industrial relations
GRI 103-3	Assessment of the management approach	§ 4.5 Industrial relations
GRI 407-1	Activities and suppliers where the right to freedom of association and collective bargaining may be at risk	§ 4.5 Industrial relations
Local communities		
GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 4.5 Industrial relations
GRI 103-3	Assessment of the management approach	§ 4.5 Industrial relations
GRI 413-1	Activities involving local community, impact assessments and development programmes	§ 4.6 U-Power Group communities

GRI Standards Disclosure **Page, references, notes and possible omissions**
Social assessment of suppliers

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 3.1 Innovation at the service of safety
GRI 103-3	Assessment of the management approach	§ 3.2 Risk management § 3.1 Innovation at the service of safety
GRI 414-1	New suppliers assessed using social criteria	§ 3.1 Innovation at the service of safety It should be noted that the Group did not assess suppliers on the basis of social criteria.

Consumer health and safety

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 3.2 Your safety
GRI 103-3	Assessment of the management approach	§ 3.2 Your safety
GRI 416-2	Incidents of non-compliance concerning impacts on product health and safety	§ 3.2 Your safety

Socio-economic compliance

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 2. Governance and Sustainability strategy
GRI 103-3	Assessment of the management approach	§ 2. Governance and Sustainability strategy
GRI 419-1	Non-compliance with social and economic laws and regulations	§ 2. Governance and Sustainability strategy

Product innovation and quality (non-GRI topic)

GRI 103-1	Explanation of the material topic and its scope	§ 2.3 Our commitment to sustainability § Methodological note
GRI 103-2	The management approach and its components	§ 2.2 Risk management § 3. Italian innovation and design at the service of the customer
GRI 103-3	Assessment of the management approach	§ 3. Italian innovation and design at the service of the customer





**REPORT OF THE
INDEPENDENT
AUDITORS**



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Independent auditors' report on the 2021 Sustainability Report

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

We have been appointed to perform a limited assurance engagement on the Sustainability Report of U-Power Group S.p.A. and its subsidiaries (hereinafter also "the Group") for the year ended on December 31, 2021 (hereinafter also "Sustainability Report").

Responsibilities of the Directors for Sustainability Report

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

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of U-Power Group S.p.A. regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

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

Our audit firm applies the *International Standard on Quality Control 1 (ISQC Italia 1)* and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

EY S.p.A.
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Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with the Group's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the GRI Disclosure of the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholders' categories and to the internal validation of the process outcomes;
2. comparison of economic and financial data and information included in the paragraph "U-Power: a company, a safety partner" of the Sustainability Report with those included in the Group's consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have conducted interviews and discussions with the management of U-Power Group S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Martek S.a.r.l., which we have selected based on its activity, relevance to the performance indicators and its location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence, on a sample basis, regarding the appropriate application of the procedures and calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that Sustainability Report of U-Power Group S.p.A. for the year ended on December 31, 2021 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological Note" of the Sustainability Report.

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Other Information

The comparative information presented in the Sustainability Report for the year ended on December 31st, 2020 and on December 31st, 2019 have not been examined.

Milan, June 24, 2022

EY S.p.A.
Signed by: Gabriele Grignaffini
(Auditor)

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Creative concept,
design and layout



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