CONSOLIDATED
SUSTAINABILITY REPORT
2024

GIORDANO RIELLO INTERNATIONAL GROUP


GIORDANO RIELLO
INTERNATIONAL
GROUP

CONTENTS

INTRODUCTION

In this section

LETTER TO STAKEHOLDERS

Gentili Stakeholder,

With the Sustainability Report 2024, **Giordano Riello International Group S.p.A.** started its own reporting process inspired by the principles of the **Corporate Sustainability Reporting Directive** (**CSRD**) and structured according to the **European Sustainability Reporting Standards** (**ESRS**). This is the first financial year report prepared in accordance with this new regulatory framework, which marks a major development in the transparency and quality of non-financial information shared with our stakeholders.

This fundamental step is part of a European and global context that requires companies to take increasing responsibility for managing their environmental, social and economic impacts.

In this scenario, we intend to strengthen our role as an innovative and conscious industrial player.

This document is based on a double materiality analysis and brings together, in a structured manner, data, metrics and policies that reflect the Group's commitment to an increasingly robust integration of environmental, social and governance issues into business processes.

In this first phase, particular attention was paid to the involvement of major stakeholders, through structured listening and dialogue/consultation initiatives. Dialogue with stakeholders helped define the report key thematic priorities and remains, for us, fundamental to ensure the materiality and substantiation of the reported information.

The goal is not only to fulfil a regulatory obligation, but to build a reporting system that supports decision-making, including strategic decisions, strengthens dialogue with external stakeholders, and fosters better monitoring of ESG risks and opportunities.

As this is our inaugural report, we recognize that the underlying information system is currently in a phase of consolidation. The path taken will require progressive strengthening of skills, data collection and management tools, as well as collaboration between corporate functions and stable dialogue with stakeholders.
With this in mind, we are committed to improving the quality and coverage of information over time, also in line with the Group's medium- to long-term objectives.

We wish to thank all people in the Group, industry partners, customers, institutions and communities who share the vision of a responsible, robust and future-oriented industry with us. This document is designed for them - for those who work with us, choose us, and look to us with keen interest and trust.

We look to the future with determination, aware that sustainability is not only a duty, but also an opportunity to innovate, generate shared value and build a positive legacy for future generations.

The Board of Directors
Giordano Riello International Group S.p.A.

Alessandro Riello

Raffaella Riello

Lorenzo Lorenzini

Stefano Zanoletti

2024 HIGHLIGHTS

GOVERNANCE

572,389,000 € Group turnover

14,4% EBITDA on production value

17.7% ROI - Return on investment

13,9% ROE - Return on equity

SOCIAL ENVIRONMENT

27,562.4 MWh Energy demand

130.225 m³ Water taken from Italian factories

4% Of hazardous waste as a proportion of total waste managed

95% Of waste sent for recycling or recovery

1,395 Employees

38,211.5 Training hours

96% Open-ended contracts

107.07% Turnover replacement rate

Financial data, with the exception of turnover, do not incorporate the figures for Airlan S.A., Airlan Industrial S.A., and Airlan Perù S.A.C., as these entities were acquired during the final quarter of 2024.


AERMEC
TESTING ROOM C7
EUROVENT CERTIFIED PERFORMANCE
AHRI CERTIFIED
www.ahridirectory.org
AERMEC

THE STORY OF GIORDANO RIELLO INTERNATIONAL GROUP

Giordano Riello International Group S.p.A. (hereinafter also referred to as 'Giordano Riello International Group' or 'The Group') is an Italian family-owned industrial group, a set of companies that combines technical expertise, market knowledge and design, production and distribution capabilities, establishing itself as a major player in the European and global HVAC (heating, ventilation and air conditioning) industry.

Driven by the spirit of **Italian family entrepreneurship**, the Group effectively meets an increasingly complex and diversified global demand for well-being, consistently in harmony with environmental stewardship.

Through separate brands, the Group globally distributes a wide **range of solutions**, including products for air conditioning, air handling, heat exchangers, electric motors, inverters, ventilation equipment and electronic instruments for precise measurements.

Each Group Company retains its own identity, but they all work together strategically, sharing a wealth of knowledge and expertise.

The objectives for shared well-being are based on principles such as respect for the **environment**, **energy efficiency**, **reduction of pollution**, protection of **health and support for research**.

"Wealth as an end in itself serves no purpose; it becomes a positive force only when it serves as a means to support the community, a principle that distinguishes an enlightened entrepreneur"

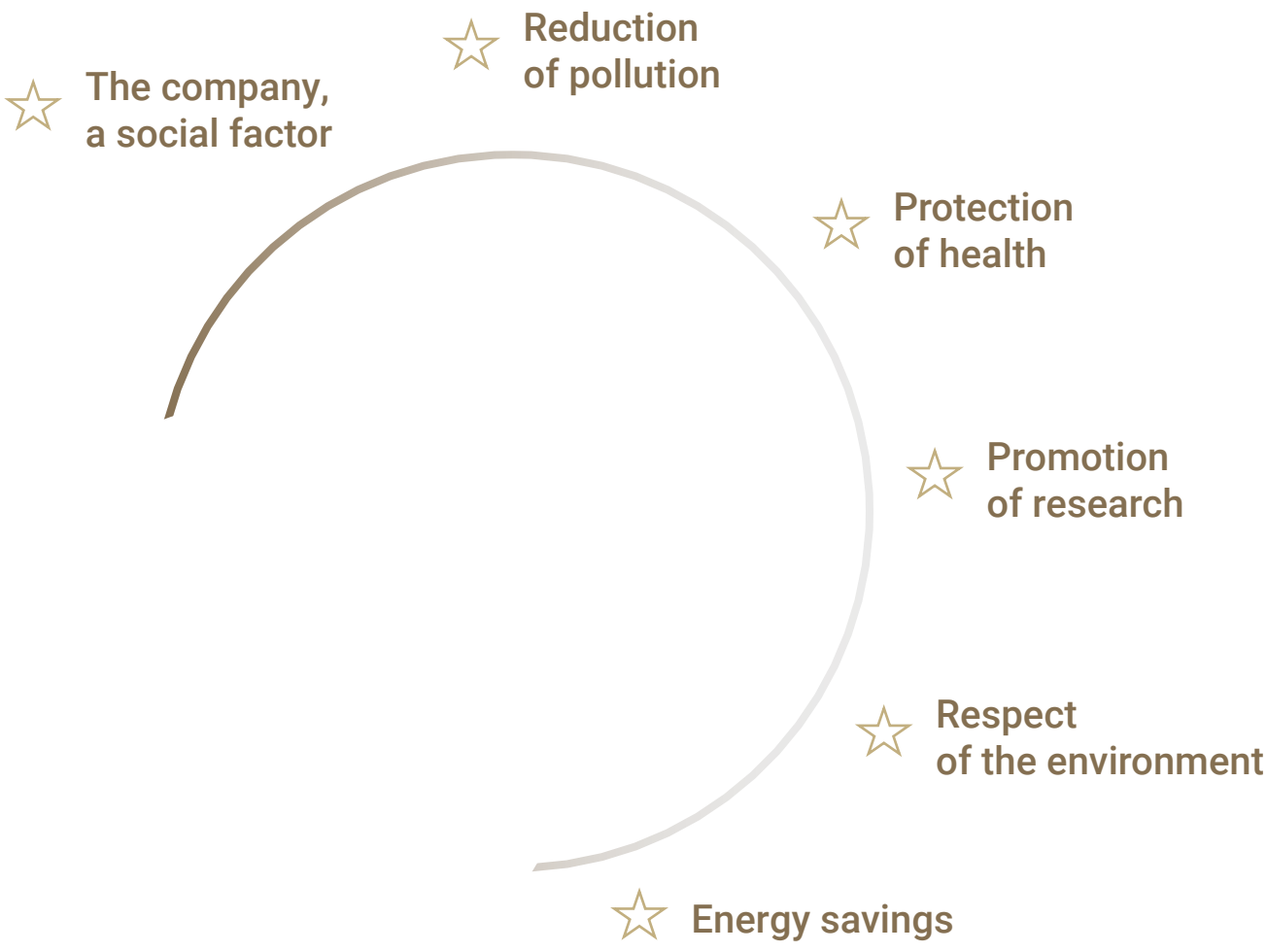
Giordano Riello

THE VALUES OF GIORDANO RIELLO INTERNATIONAL GROUP

"We believe in the inherent value of people and in the potential to foster collective well-being. Our motivation is to improve the quality of life through solutions and products that respect both the environment and workers' rights.

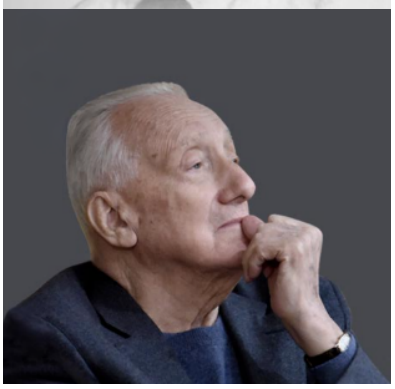
This spirit is the beating heart of our companies."

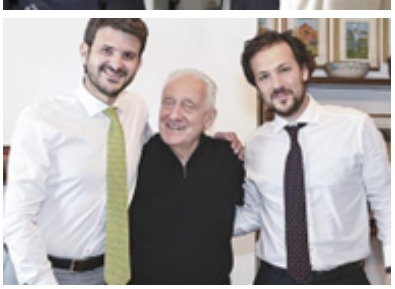
Giordano Riello



THE RIELLO FAMILY

100 YEARS OF HISTORY





5 GENERATIONS

First generation

Ettore Riello founded Officine Fratelli Riello, a company that became internationally renowned for its success in the production of burners, in 1922.

Second generation

Raffaello Riello, Ettore's second son, contributed to the inception of OFR (Officine Fratelli Riello).

Third generation

Giordano Riello, supported by his father Raffaello and his uncle Pilade, “manufactured” the first air conditioner in 1961, marking the inception of Aermec. Subsequently, he founded Giordano Riello International Group.

Fourth generation

Alessandro and Raffaella Riello, in the fourth generation, are committed to handing down the family values and projects.

Fifth generation

Giordano and Lorenzo, as members of the fifth generation, embrace the family legacy while looking to the future and continuing the company’s long-standing tradition.

GROWTH AND DEVELOPMENT OF GIORDANO RIELLO INTERNATIONAL GROUP

1922
Officine Fratelli Riello

1961
Riello Air Conditioners

1963
AERMEC was established

1971
SIERRA was established

1978
RPM Italia was established

1986
Elettrotest was established

1990
FAST was established

1991
AERMEC France was established

2000
RPM Hungary was established

2002
AERMEC UK was established

2012
AERMEC Polska was established

2015
AERMEC Russia and NPLUS were established

2017
AERMEC Deutschland was established

2019
AERMEC South America was established

2024
AERMEC Middle East (2022),
Airlan,
Airlan Industrial,
Airlan Peru,
Quadrika,
AERMEC North America Group

GROUP BRANDS

Aermec S.p.A. is the Group's main company and the Group's most internationally recognised brand. Headquartered in Bevilacqua (VR), Italy, it is a benchmark in the HVAC (Heating, Ventilation and Air Conditioning) sector and ranks among the world's leading air-conditioning players. In addition to its coverage of the Italian market, Aermec operates globally through nine foreign distribution subsidiaries, guaranteeing widespread presence and qualified technical support.

Aermec ranks among the world's leading players in air conditioning and fan coils for plant engineering.

Sierra S.p.A. is a historic company founded by Giordano Riello specialising in the design and production of heat exchangers for civil and industrial applications. With a large production capacity, it stands out for a high level of product customisation and internationally recognised quality standards.

Sierra is the European benchmark in the production of finned pack heat exchangers for civil and industrial applications.

FAST S.p.A., specialising in the design and manufacture of customised air handling units, is able to respond to the most complex needs of the plant engineering world.

FAST creates efficient solutions for a wide variety of system requirements in air handling.

RPM S.p.A., a pioneer in the integration of electronics and motors, develops customised control and power supply systems through continuous research and innovation.

RPM designs and manufactures customised electric motors with a focus on the integration of electronics for motor control and power supply.

Airlan S.A. is a Spanish company that joined the Group in 2024. With extensive experience in the Iberian market, it designs and implements air conditioning solutions for residential, business and industrial settings. Its catalogue includes chillers, heat pumps, VRF systems, rooftop units and fan coils, designed to combine energy efficiency and comfort.

Airlan, headquartered in Bilbao, occupies a prominent position in the Spanish air conditioning and air handling market

COMMUNICATION AND DIGITAL PRESENCE

Today, the sustainability trend is forcing companies to be increasingly transparent. One of the tools Giordano Riello International Group uses to meet this need, in addition to the preparation of this Sustainability Report, is the communication of its activities and constant updates through social channels.

The channel mainly used by the Group is **LinkedIn**, where institutional news - such as the acquisition of Airlan, ESG strategies, job opportunities and participation in trade fairs and events - is shared.

AERMEC S.p.A. AT A GLANCE

A **steadfast identity**, driven by **quality and innovation**, positions Aermec S.p.A. as an international benchmark and a responsible steward of the Group's sustainability values.

Aermec S.p.A. is a **historic** company of Giordano Riello International Group, established in 1961 to offer innovative solutions in the field of air conditioning, with deep roots in the region and a strong family heritage. Since its foundation, it has developed an approach that combines technical expertise, flexibility and attention to environmental well-being, merging energy saving and room comfort.

The products of Aermec S.p.A.

The wide range of products includes integrated heating and air conditioning systems, fan coils, chillers, heat pumps, air handling units and customised solutions.

Aermec's philosophy is based on **rational use of resources**,**use of renewable energies** and **technologies that reduce consumption**, **noise emissions** and **environmental impact**.

Innovation is an essential part of the corporate culture, with **constant investment in research and development**. Advanced laboratories, such as the semi-anechoic chamber and test facilities up to 2 MW, allow for rigorous testing and customised designs.

Collaboration with universities and industry professionals ensures continuous updating and state-of-the-art solutions. The production process is characterised by the **adoption of modern systems, flexible automation and attention to material quality**. Aermec S.p.A. is also committed to specialised training through the 'Raffaello Riello Centre', thus contributing to the cultural growth of the HVAC sector.

SIERRA S.p.A. AT A GLANCE

With a constant focus on **innovation** and **sustainability**, Sierra S.p.A. remains a reliable partner for the HVAC, commercial refrigeration, heat pump and refrigerated transport sectors, with technologically advanced and customised solutions.

Sierra S.p.A. is a company of the Giordano Riello International Group, founded in 1971 and **specialised in the production of finned pack heat exchangers** for civil and industrial applications. It positions itself as a technical partner, able to follow the customer from the first meeting to the 'tailor-made' implementation of the product, with an approach that harmonizes competence, experience and service.

The products of Sierra S.p.A.

Its products are the result of **constant research**, supported by a modern laboratory equipped with thermodynamic test tunnels and calorimetric chambers that allow for testing under real conditions. Sierra S.p.A. offers **advanced support** to **design** thanks to 3D modelling tools and SierraStudio selection software, which allows the exchanger to be embedded into the customer's project and optimize time and performance in the process.

The adoption of an advanced ERP ensures transparency and traceability in planning and delivery.

The **manufacturing ethos** is geared towards efficiency and customisation, with state-of-the-art facilities ensuring accurate automatic washing and degreasing processes and leak tests in specific chambers. Quality is certified by recognised standards such as ISO 9001, PED, Reach and RoHS.

THE GROUP (ESRS 2)

In this section

PREPARATION BASES

BP-1 - General criteria for drafting sustainability statements and BP-2 - Disclosure in relation to specific circumstances

This Sustainability Report is designed to clearly and transparently communicate the path taken by **Giordano Riello International Group S.p.A.** to strengthen its **commitment to sustainability**. This is the first document prepared with reference to the European Sustainability Reporting Standards (ESRS), as required by Directive (EU) 2022/2464 - Corporate Sustainability Reporting Directive (CSRD) - implemented in Italy by Legislative Decree No. 125 of 6 September 2024.

The reporting boundary coincides with that of the Group's consolidated financial statements as of December 31, 2024, and encompasses all entities subject to full consolidation. Aermec Russia O.o.o., currently inactive due to the Russia-Ukraine conflict, Airlan Perù, and Aermec Middle East Trading LLC (a subsidiary of Aermec Deutschland GmbH) are excluded, as they are not consolidated and have been omitted from this Report for reasons of consistency and clarity. The data and information contained herein relate to the financial year from **1 January to 31 December 2024**.

During the assessment of sustainability-related impacts, risks and opportunities (IROs), the Group considered not only its own direct operations, but also the entire **value chain**, including suppliers, partners, customers and other players with whom it has significant relationships.

The process of collecting and validating information was coordinated centrally, with the direct involvement of key corporate functions. The Report was drafted under the supervision of the ESG Committee, while final approval was entrusted to the Board of Directors. In compliance with the qualitative principles defined by ESRS 1 - materiality, faithful representation, comparability, verifiability and comprehensibility - the Group adopted transparent methodological criteria, clearly disclosing any assumptions and estimates applied in the preparation of the report.

The reference time horizons follow the classification set forth by European standards: short term (within 12 months), medium term (1 to 5 years), long term (over 5 years).
Since this is the first year of ESRS implementation, no comparative information with respect to previous years is provided. Similarly, some disclosures required by the standards were omitted in accordance with the transitional framework provided by **ESRS 1**. These are:

- The financial effects of risks and opportunities related to material issues;
- Alignment with Art. 8 of Regulation (EU) 2020/852 on Taxonomy;
- The reporting of greenhouse gas emissions, with the exception of Scope 1 and Scope 2 categories for the main production site.

Any regulatory developments, including those expected with the entry into force of the Omnibus Directive, will be reflected in future editions of the Report.

For further information on sustainability in the Group, you can write to:
esg@riellointernational.com

GOVERNANCE

GOV-1 - Role of administrative, management and control bodies

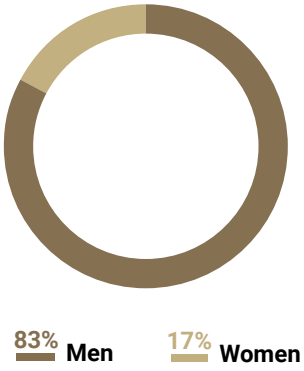
This section describes the **composition and responsibilities of the Group's management and supervisory bodies**, including their involvement in sustainability issues. The governance system is structured in such a way as to guarantee the definition of strategic guidelines and the supervision of the main management functions, fostering a progressive integration of ESG factors into business processes. Sustainability-related activities are regularly presented to the **Board of Directors** (**BoD**), which is the central body of the Group's governance system and holds the broadest powers in matters of ordinary and extraordinary management. Its responsibilities include defining the strategic, organisational and control guidelines of both the Parent Company and the entire Group.
As of 31 December 2024, the Parent Company's BoD consisted of five members, all of whom are executive and non-independent:

POSITION	DIRECTOR	SENIORITY ON THE BoD AS OF 31/12/2024	GENDER	AGE AS OF 31/12/2024
Chairman	Alessandro Ettore Riello	22	Male	70
Executive Vice Chairman	Raffaella Riello	22	Female	59
Vice Chairman	Giordano Riello	2	Male	35
Managing Director	Lorenzo Gasparini	2	Male	33
Managing Director	Stefano Sandri	4	Male	56

Alessandro Ettore Riello and Raffaella Riello, Chairman and Executive Vice Chairman respectively, also make up the Shareholders' Meeting.

The Board of Statutory Auditors of Giordano Riello International Group S.p.a. is composed of three male members, a Chairman and two standing auditors, all aged over 50.

Gender distribution in the BoD



POSITION	AUDITOR	COMPANY SENIORITY AS OF 31/12/2024	GENDER	AGE AS OF 31/12/2024
Chairman	Gianluca Cristofori	10	Male	59
Standing auditor	Claudio Ubini	21	Male	60
Standing auditor	Giovanni Aspes	10	Male	75

Sustainability committee

In the area of sustainability, the Group set up a special **ESG Committee** in 2024, which, in cooperation with external consultants, deals with both the reporting process and the integration of ESG issues in the organisation.

The Committee meets periodically and reports to the BoD and the Board of Auditors on the progress and main developments in the sustainability process. The members belong to Holding Giordano Riello International Group S.p.A., Aermec S.p.A. and Sierra S.p.A.

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

Giordano Riello International Group ensures the Board of Directors' involvement in environmental, social and governance (ESG) issues through a sustainability governance system, in line with the provisions set forth under ESRS 2 GOV-1.
The assessment of material impacts is addressed in ESRS 2 SBM-3 - Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model.
At an operational level, the main corporate functions contributed in a manner consistent with their respective areas of responsibility, supporting data collection, content review and participation in the functional activities of the Report.

GOV-3 - Integrating sustainability performance into incentive schemes

As of 2024, Giordano Riello International Group has not yet adopted incentive systems or remuneration policies aimed at members of the administration, management and control bodies, specifically linked to the sustainability issues identified.

GOV-4 - Duty of care statement

Strengthening the capacity to identify, assess and manage the negative impacts - actual or potential - generated by business activities on the environment, people and human rights is an area of increasing focus for the Group.
Against this backdrop, Giordano Riello International Group is progressively structuring its approach to **due diligence** in the area of sustainability, with a view to embedding its principles into existing business processes. Activities currently underway include **mapping ESG impacts and risks**, identifying **priority areas for action**, strengthening **internal responsibilities** and **involving operational functions**, as well as **adopting tools** geared towards managing sustainability issues more consistently.
Although a number of established practices are already in place, particularly in the areas of health and safety, environmental compliance and strategic supplier management, the Group recognises the need to foster a **more holistic and cross-functional approach**. With this in mind, the due diligence principle also extends - where relevant - to the value chain, including upstream and downstream entities with which the Group has significant relationships.
In addition to impacts, **associated risks** are also analysed, in accordance with the requirements set forth by the European Sustainability Reporting Standards. The activities are currently being developed, and further strengthening of policies, procedures and supporting tools is expected in the coming years.
The following table shows the link between **due diligence** reporting requirements under ESRS 2, and the sections of this Report detailing the processes, policies and instruments used.

DUE DILIGENCE ELEMENTS	REFERENCE ESRS
Integrating due diligence into governance, strategy and business model	GOV-1 Role of administrative, management and control bodies; GOV-2 Information provided to the company's administrative, management and supervisory bodies, and sustainability issues addressed by them; SBM-3 Significant impacts, risks and opportunities, and their interaction with the strategy and business model.
Involving stakeholders at all due diligence key stages	GOV-2 Information provided to the company's administrative, management and supervisory bodies, and sustainability issues addressed by them; SBM-2 Stakeholders' interests and opinions IRO-1 Description of the process to identify and assess material impacts, risks and opportunities General policy framework (MDR-P) S1-2 Processes for engaging own workforce and employee representatives on impacts; S3-2 - Processes for engaging affected communities on impacts; S4-2 Processes for engaging consumers and end-users on impacts.
Identifying and assessing negative impacts	IRO-1 Description of the process to identify and assess material impacts, risks and opportunities related to environmental, social and governance issues.
Taking action to address negative impacts	E1-3 Climate change; E2-2 Pollution; E3-2 Marine waters and resources; E5-2 Resource use and circular economy; S1-4 Own work force S1-3 Processes to remedy negative impacts, and channels for workers to raise concerns; S3-4 Communities concerned; S3-3 Processes to remedy negative impacts, and channels for affected communities to voice concerns.
Monitor the effectiveness of actions and communicate	Governance, environmental and social metrics.

GOV-5 - Risk management and in-house audits on sustainability reporting

The Group is aware that sustainability reporting may present **risks of errors or incompleteness**, mainly due to the still partly manual nature of data collection processes, the inconsistency of information sources, the difficulty of retrieving data from all Group companies and the lack, at present, of a digitised and integrated system for ESG reporting.
To mitigate these risks, the Group has implemented a **system of internal audit** designed to ensure the accuracy, completeness and transparency of reported information. The data collection process envisages the involvement of the relevant corporate functions, overseen by internal specialists who provide strategic support to Management in validating reporting content.

The final approval of the Sustainability Report and the reference documents is formally carried out by the Board of Directors, as the guardian of the governance system and responsible for the control of non-financial risks.
During 2024, a **first ESG risk assessment process** was initiated, carried out along with the same time as the dual materiality analysis required by the Corporate Sustainability Reporting Directive (CSRD). Among the material risks was the possibility of partial or poorly structured sustainability information, which could adversely affect compliance with regulatory obligations and access to financing opportunities.
In response, the Group has embarked on a path to gradually strengthen its ESG governance, with a view to fully implementing the requirements introduced by the Corporate Sustainability Reporting Directive (CSRD).

More details on material impacts, risks and opportunities can be found in the thematic chapters of this document.

STRATEGY

SBM-1 - Strategy, business model and value chain

Giordano Riello International Group S.p.A. is a **family-owned Italian industrial group**, active globally in the production and marketing of advanced solutions for air conditioning, heating and energy efficiency. Through its operating companies, the Group develops technologies that promote indoor well-being in residential, commercial and industrial buildings, combining performance and innovation.

Established as the result of an **entrepreneurial vision** that embeds the Italian manufacturing tradition with a strong drive for innovation, the Group promotes a solid, competitive industrial model geared towards continuous improvement. The corporate structure is multi-faceted: the subsidiaries retain operational autonomy and production specialisation, while sharing common strategic principles centred on product quality and process efficiency.

The Group's operating model is based on an **integrated vertical supply chain** and the direct oversight of strategic activities. The Group's main production companies are:

- **Aermec S.p.A.**, a European leader in the design and production of HVAC (Heating, Ventilation and Air Conditioning) systems, with a comprehensive range of solutions for indoor comfort, energy efficiency and use of climate-friendly refrigerants. Aermec is active in over 140 countries through a structured network of subsidiaries and distributors and represents the industrial heart of the Group.
- **Sierra S.p.A.**, specialising in the production of high-efficiency heat exchangers, mainly for OEM customers and air-conditioning and refrigeration system manufacturers. The company integrates engineering expertise, manufacturing capabilities and process innovation, playing a strategic role in the Group's value chain.
- **Airlan S.A.** and **Airlan Industrial S.A.**, Spanish companies acquired in 2024, mark the Group's recent expansion into the Iberian market

The two Spanish companies are active in the design, production and distribution of air conditioning and air handling systems, with a focus on energy-efficient solutions for the residential and business sectors.

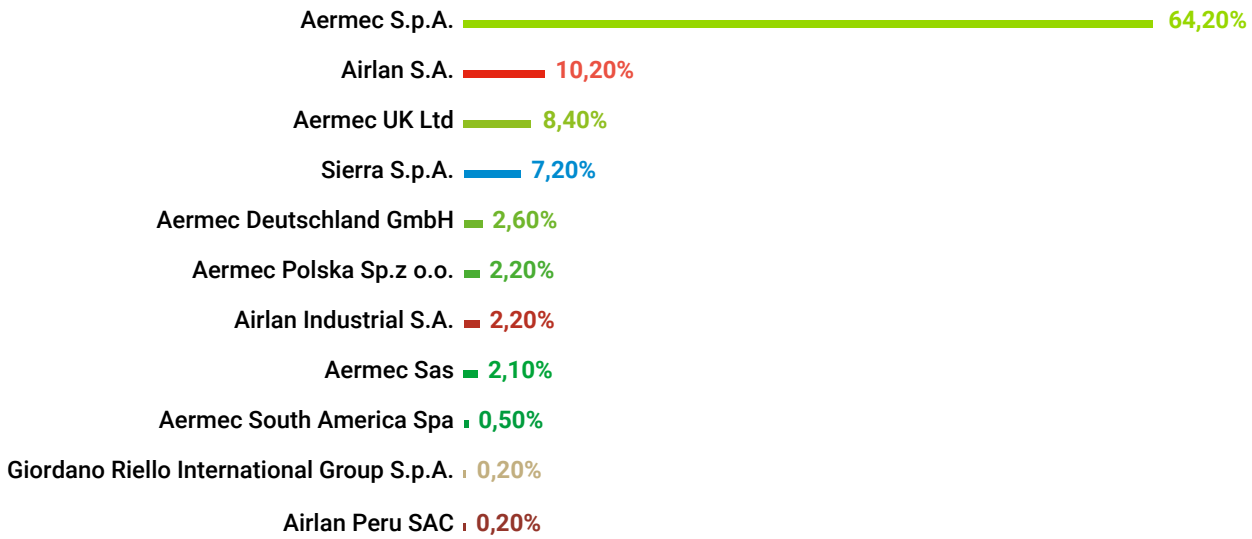
The **acquisition of Airlan** is part of the Group's selective growth strategy aimed at strengthening its European position in the HVAC sector through new technical, industrial and commercial synergies.

Other foreign companies, mainly active in the international distribution of Aermec branded products, complete the Group's scope. These entities operate on an intercompany basis, purchasing from Aermec S.p.A. for sale in the relevant markets.

DIRECTLY HELD COMPANY	.	ACTIVITY	LOCATION
Aermec S.p.A.	99%	Production and trading	Italy
Sierra S.p.A.	99%	Production and trading	Italy
Aermec UK LTd	99%	Trading and services	UK
Aermec Sas	99,99%	Trading and services	France
Aermec Deutschland GmbH	100%	Trading	Germany
Aermec Polska Sp. z o.o.	87.60%	Trading and services	Poland
Aermec South America Spa	70%	Trading and services	Chile
Aermec Middle East*	100%	Services	United Arab Emirates
Airlan S.A.**	95%	Trading	Spain
Airlan Industrial S.A.**	54%	Production	Spain
Airlan Peru S.A.C.**	99% ***	Trading	Peru

* Aermec Middle East Trading LLC is a wholly-owned subsidiary of Aermec Deutschland GmbH, itself a wholly-owned subsidiary of Giordano Riello International Group S.p.A.
** New acquisition at the end of 2024.
*** Airlan Peru S.A.C. is 99% owned by Airlan S.A. and 1% owned by Airlan Industrial S.A.
Aermec Russia O.o.o. is not included in the reporting because its operations were suspended due to the Russian-Ukrainian conflict.

Breakdown of turnover by company



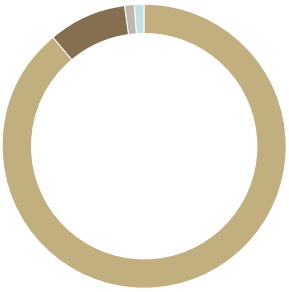
Value chain

The operating model of Giordano Riello International Group is based on an **integrated and structured production chain**, which represents the core of the Group's business. Operations unfold across a well-established value chain, in which each stage - from raw material procurement to distribution - is overseen with strategic, technical and qualitative attention.

Upstream - supply and procurement

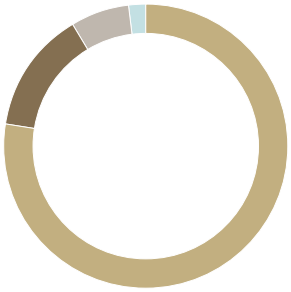
Upstream operations include the **purchase of key raw materials and industrial components** - such as copper, aluminium, steel, brass, brazing alloys, plastics and refrigerants - essential to the manufacture of the Group's products. Suppliers are selected according to quality, continuity and regulatory compliance criteria, with a predominance of partners based in Europe, particularly within the national market.
Certain initial processing steps, such as assembly and moulding, are entrusted to specialised partners, chosen on the basis of their technical expertise and reliability.
This stage also encompasses the production or procurement of packaging, essential for the protection and boxing of finished products.
The 2024 figures confirm a strategy oriented towards proximity, reduced logistical impact and strengthening of long-term relationships with local partners[1]. The first graph shows the **numerical distribution of suppliers**:**89%** of them are **based in Italy**, plus **9%** from the rest of **Europe**, whereas supplies from **Asia**, **America**, **Africa** and **Oceania** account for approximately about **2%** altogether.
The second graph shows the **breakdown of purchasing costs** by geographical area: 77.7% refers to Italian suppliers, 13.8% to European suppliers and the remaining 8.5% to non-European suppliers, mainly from Asia. The latter share, while marginal in numerical terms, is more significant from an economic point of view, indicating a concentration of strategic purchases with a limited number of highly specialised partners.

Breakdown of suppliers by geographical area



89% Italy
9% Europe (excluding Italy)
1% America
1% Asia, Africa and Oceania

Breakdown of purchase costs



77.7% Italy
13,8% Europe (excluding Italy)
6,8% Asia, Africa and Oceania
1.7% America

[1] Data refer to Aermec S.p.A. and Sierra S.p.A. For Aermec S.p.A., suppliers with a purchase turnover exceeding €5,000 were considered

Own operations and business processes

The Group's core activities are centred on **own operations**, managed in-house in the production plants located in Italy, mainly through companies Aermec S.p.A. and Sierra S.p.A., and, in Spain, with Airlan Industrial S.A. This phase constitutes the industrial and technical core of the Group's value chain.
Operations include purchasing management and incoming material control, followed by storage and internal handling of semi-finished products and components. The **Research & Development** (**R&D**) department, established within each company, plays a key role in the development of innovative, energy-efficient and eco-design-aligned solutions.
The **manufacturing processes** comprise a multitude of complex machining and mechanical transformations: these include sheet and tube machining, blanking, bending, welding, brazing, component assembly, painting and final testing. Quality control accompanies each stage of the process and focuses on verifying the compliance of finished products with company, regulatory and performance standards.
Warehouse management, product preparation and packaging, as well as outbound logistics planning complete this phase.
Specialized technical training for **after-sales service** is also provided to installers and designers, ensuring operational continuity and the correct installation of our systems.

For further details on own operations, see the Environmental, Social and Governance Information sections of this document.

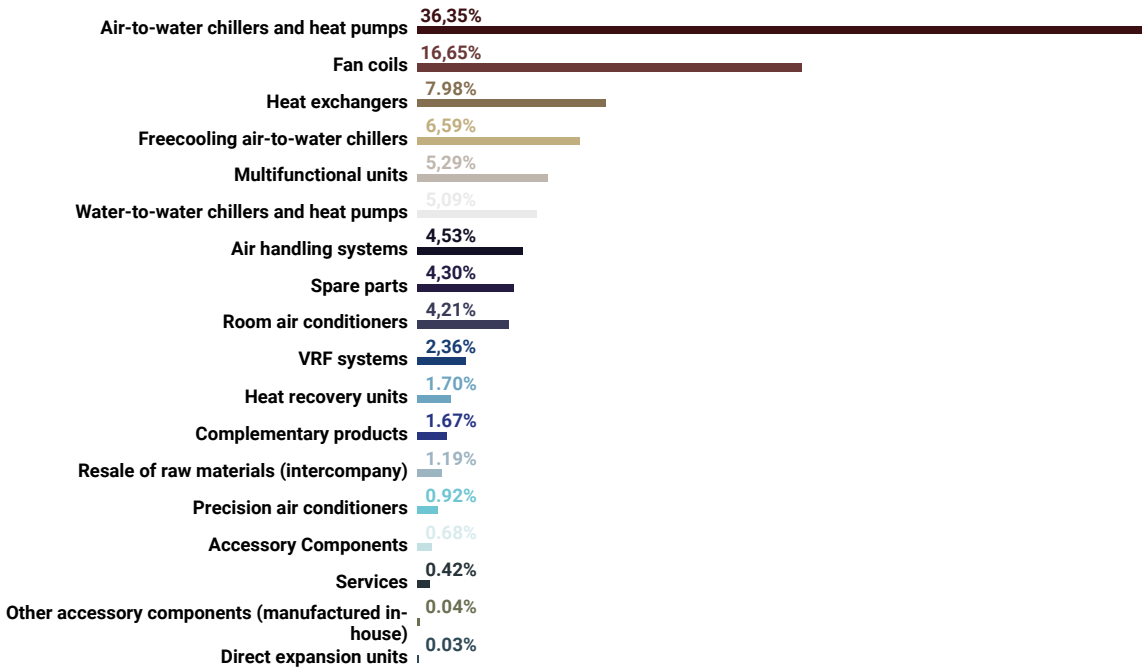
The "Revenues per product sold" graph [2] shows the distribution of revenues generated by the sales of Giordano Riello International Group's products during 2024, with reference to the main categories marketed by the Italian production companies.
The portfolio breakdown reflects a high concentration in key strategic product families. In particular, **heat pumps** and **air-to-water chillers** constitute the Group's primary source of revenue, accounting for **36.35% of the total**. This is followed by **fan coils**, which generate **16.65%** of revenues, and **heat exchangers,** accounting for **7.98%**.
Other categories showing significant shares include:

- Freecooling air-to-water chillers: 6.59%;
- Multifunctional units and water-to-water chillers: 5.29% and 5.09% respectively;
- Air handling systems: 4,53%;
- Air conditioners and spare parts: 4.21% and 4.30% respectively.

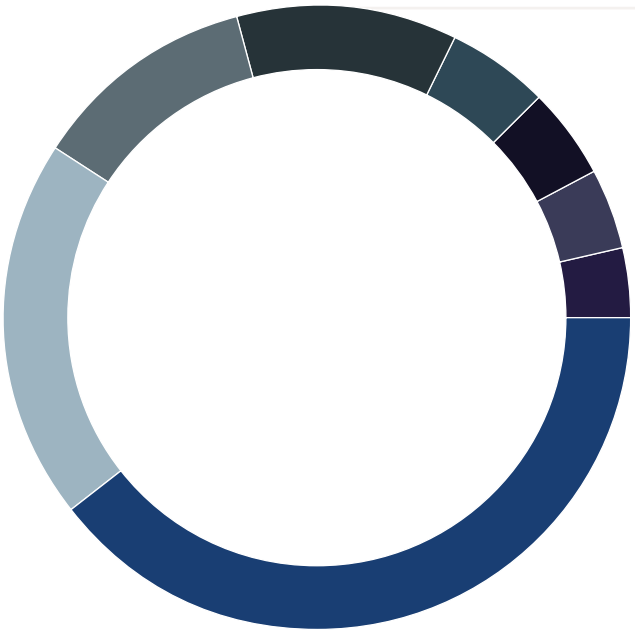
The remaining product categories, including VRF systems, heat recovery units, precision air conditioners, accessory components and complementary products, account for between 1% and 2%, while services, direct expansion units and raw material resale cover residual portions of turnover.
The second graph shows the breakdown of revenues by product in the Ibero-American region, related to the Group's most recent acquisition.
The largest contribution comes from **FMA air conditioners**, which account for approximately **40%** of total revenues, followed by **chillers** (**19.9%**) and **fan coils** (**1%**). Together, these three categories account for over 70% of the area turnover.

[2] Data are aggregated at Group level, with the exception of Aermec Íbero América and Aermec Deutschland GmbH, for which no data are available for 2024.

Revenues by product sold



Revenues by product sold - Ibero-America region



OTHER

MPK
Thermostat/accessory kit
Heat recovery units
Ceiling cassette indoor units
VRF/Split systems
Other components
Precision air conditioners
Rooftop

39,60% FMA air conditioners
19,90% Chillers
11.60% Fan coils
5,30% Services
4,50% Components
4,10% High-power fan coils
3,60% Air conditioners

Downstream - sales and distribution

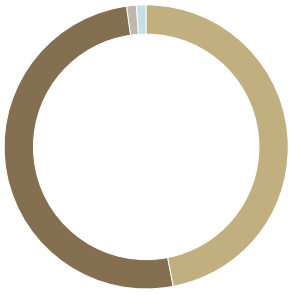
The downstream stage of the value chain includes **distribution**, **installation** and **after-sales service**. The Group's products are marketed mainly through **B2B channels**: direct sales, agencies, distributors and foreign subsidiaries. The channels are diversified by geographic area and market segment, ensuring widespread sales coverage in Europe and abroad.

Logistics is structured to adapt to the type of product and the needs of the target markets, with customised solutions for delivery to the end customer, wholesaler or installer. Once installed, the systems can be managed and monitored through digital technologies and advanced technical services. After-sales service is provided by a network of technical assistance centres (SAT) throughout Italy and by distribution partners in the main international markets. This network ensures technical services, maintenance, upgrades and replacements, while helping guarantee continuous performance, safety and customer satisfaction.

The Group also deals with the management and disposal of waste generated during production processes, thus promoting recycling, recovery and waste reduction according to a circular economy approach.

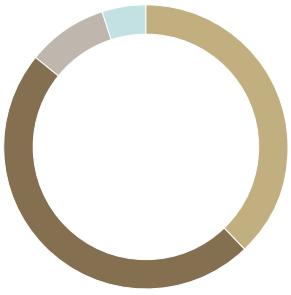
The graphs below provide an overview of the **geographic distribution of the Group's customers**, both in terms of numbers and as a percentage of consolidated turnover. **47%** of customers are based in **Italy**, whereas **51%** are distributed across the rest of **Europe**. The remaining share (**2%**) is concentrated in **Asia** (**1%**), **America** (**1%**), **Africa** (**0.4%**) and **Oceania** (**0.04%**). In economic terms, the non-domestic European share accounts for 48% of turnover, followed by Italy with 38%. The other areas exert a greater impact than their numerical representation would suggest: America 9%, Asia 3%, Africa 2% and Oceania 0.1%. The comparative analysis shows the Group's strong international vocation, with a diversified customer base and a significant share of turnover generated outside national borders.

Breakdown of customers by geographical area



47% **Italy**
51% **Europe (excluding Italy)**
1% **America**
1% **Asia, Africa and Oceania**

Breakdown of customers by turnover



38% **Italy**
48% **Europe (excluding Italy)**
9% **Asia, Africa and Oceania**
5% **America**

SBM-2 Stakeholders' interests and opinions

Stakeholder engagement is a core element of the sustainability approach adopted by Giordano Riello International Group. Understanding the expectations of major stakeholders enables the organisation to gear strategic decisions more consciously, responsibly and consistently with its long-term goals.

In 2024, the Group started a structured process of **stakeholder identification and analysis**, aimed at:

- **mapping major stakeholders** according to the nature of relations;
- assessing their **level of influence** on the organization;
- understanding the **degree of attention** towards environmental, social and governance (ESG) issues.

The activity involved internal and external stakeholders along the entire value chain. A summary of the mapped entities, ways of involvement and main dialogue tools is given in the table below.

STAKEHOLDERS	DESCRIPTION	TOOLS AND WAYS OF INVOLVEMENT	INVOLVED IN STAKEHOLDER ENGAGEMENT
Ownership and Board of Directors	Ownership retains family management through three generations. It pursues long-term sustainable growth, combining tradition and innovation, and aims to preserve Italian identity, Made in Italy and corporate independence. The strategic approach enhances the local area, employees and gradual international growth, recognising the need for an integrated strategic plan that also includes ESG objectives.	• Regular Shareholders' sessions. • Shared financial and operational reports. • Active and operational involvement of Ownership members in corporate functions. • Direct and constant relationship between Ownership and Management.	✓
Management	Management ensures operational efficiency and the implementation of corporate strategies, gearing the Group towards sustainable growth, innovation and competitiveness. It promotes multi-year investments in sustainability, occupational safety and infrastructure, while maintaining a predominantly Italian production. It is responsible for managing human resources, supporting employment continuity and developing a robust, transparent and quality-oriented corporate culture.	• Meetings and one-to-one consultations with ownership, unfiltered. • Participation in strategic and operational meetings. • Annual target and budget meetings with cross-functional teams. • Access to incentive rewards linked to performance and results.	✓
Employees	The company is committed to providing a safe, inclusive and stimulating working environment, promoting continuous training, contractual stability and merit enhancement. Employee welfare is supported by widespread company services, forms of welfare and the opportunity to balance professional and personal life through flexible scheduling or remote work arrangements in specific instances. Internal growth is favoured over external recruitment, with a focus on long-term retention of resources.	• "Premio Idea" (Idea Award) for direct dialogue with managers and Ownership. • Information meetings, right to company meetings. • Supplemental corporate labour agreement featuring enhanced benefits. • Regular meetings with Unitary Trade Union Representation (RSU) and provincial trade unions. • Internal promotion policies before new hires. • Presence of in-house canteens. • Presence of a health centre with in-house nurses.	✓

STAKEHOLDERS	DESCRIPTION	TOOLS AND WAYS OF INVOLVEMENT	INVOLVED IN STAKEHOLDER ENGAGEMENT
Service providers	Co-operation with service providers is based on transparent and lasting relationships governed by clear conditions and effective communication. Priority is given to financially and operationally reliable suppliers, in compliance with shared ethical and regulatory principles throughout the supply chain.	• Constant communication even in case of critical issues. • Code of conduct signed by all suppliers.	
Suppliers of materials and raw materials	Procurement favours reference primary suppliers and, where possible, logistical proximity. Relationships are managed continuously, through regular technical and quality assessments, targeted audits and direct involvement in development projects, promoting innovation and reliability along the supply chain.	• In-person audits and confrontation on non-conformities. • Continuous communication in case of critical issues. • Involvement in the design phases. • Supplier code of conduct signed. • Direct meetings with strategic suppliers in case of critical issues or development.	
Distribution channels	Distribution channels are built upon long-standing partnerships and continuous supply of reliable products.	• Technical product training. • Regular meetings for updates and targets. • Shared technical and marketing support. • Availability of a designated technical and sales specialist.	✓
Dealers*	Sales agents operate on the national market only with exclusive contracts, ensuring no direct competition. They are supported through technical and commercial training, up-to-date promotional tools and a trusting relationship geared towards shared growth. The company provides competitive commissions and fosters the growth of younger agencies by ensuring advances and punctual payment terms.	• Training and updating on products and strategies. • Annual meetings with Management for objectives and results. • Continuous support and digital sales tools.	
Technical after-sales services*	Technical service centres play a pivotal role in ensuring superior after-sales quality and upholding the Group's brand identity. They are supported with structured technical training, up-to-date information tools and direct relations with the corporate team.	• Initial technical training courses (7-8 months). • Ongoing support and local engagement sessions. • Access to up-to-date documentation and technical support.	✓

STAKEHOLDERS	DESCRIPTION	TOOLS AND WAYS OF INVOLVEMENT	INVOLVED IN STAKEHOLDER ENGAGEMENT
Customers	Customers, whether installers, distributors or B2B companies, expect reliable, efficient and sustainable products with good value for money. The company offers constant technical and commercial support, on-time delivery and willingness to collaborate in the development of customised solutions. The relationship is based on transparency, continuity and shared objectives, with structural investments aimed at strengthening partnerships in the long term.	• Pre- and after-sales technical support. • Product development support. • On-site visits, trade fair events and digital media. • Transparent communication and technical selection tools.	✓
Principals*	Principals play a strategic role in the selection and prescription of Aermec products within technical tender specifications. The company supports these stakeholders through specialised technical consultancy, targeted training and digital tools for product selection, thus strengthening its presence in complex plant projects.	• Specialised technical training. • Software for product selection. • Technical meetings and targeted project support.	✓
End consumer	Although they are not direct stakeholders, end consumers influence product choices due to the increasing focus on comfort, energy savings and environmental sustainability. The company responds with durable, certified, high-efficiency solutions, also enhancing after-sales service and brand reliability through an extensive service network.	• Communication through agents/installers. • After-sales technical support and service. • Trade fair events and publications in technical journals. • Use of apps and digital tools for remote control.	
Financial institutions	Relations with financial institutions are based on transparency, financial sturdiness and punctuality in payments. Economic management is prudent and geared towards reinvesting profits, with audited financial statements and an active financial position that allows high standards of reliability to be maintained.	• Financial statements audited and published annually. • Regular meetings with partner institutions. • Transparency and updates on company performance.	

* Significant stakeholders for Aermec S.p.A. only

STAKEHOLDERS	DESCRIPTION	TOOLS AND WAYS OF INVOLVEMENT	INVOLVED IN STAKEHOLDER ENGAGEMENT
Local community	The company contributes to the economic and social development of the local area through stable employment, collaboration with local educational institutions and support for civic and environmental initiatives. It is also committed to keeping production in the area of origin, promoting lasting relationships with local stakeholders.	• Public events and company visits (e.g. end-of-year party). • Participation in Career Days and activities with schools. • Meetings with local authorities and Civil Defence. • Social and environmental initiatives at local level.	
Media and public opinion	Communication with the media focuses mainly on technical trade magazines, while traditional channels are activated for specific projects. The company maintains a transparent approach which is geared towards the dissemination of innovative solutions, with a focus on environmental issues and product customisation, consistent with emerging market trends and expectations.	• Communication on LinkedIn, website and technical magazines. • Participation in trade fairs and advertising campaigns. • Publication of code of ethics and social responsibility activities.	
Governments and regulatory authorities	The company operates in compliance with current fiscal, environmental, labour and safety regulations. It is committed to maintaining high standards of compliance, developing projects in line with new regulatory obligations.	• Periodic safety and compliance audits. • Group-wide projects on ESG, privacy, cybersecurity and whistleblowing. • Inclusion of experts (e.g. Health and Safety Manager) to strengthen governance. • Support from external consultants for complex regulations.	
Workers' representatives	The dialogue with workers' representatives is constant and cooperation-oriented, with a view to intercepting needs and protecting people's well-being. The company promotes fair and safe working conditions, enhances internal talent and fosters a professional and respectful atmosphere, recognising the central role of people in sustainable growth.	• Regular meetings between management and Unitary Trade Union Representation (RSU) (approximately twice a month). • Annual meetings with provincial trade union secretariats. • Involvement in significant organisational decisions, especially prior to the recruitment of new professional profiles. • Drafting and sharing the equal opportunities report.	

Building on the initial mapping, the Group launched a **stakeholder engagement survey** by means of a structured questionnaire, aimed at gathering opinions, insights and priorities on ESG issues. The questionnaire consisted of:

- a **compulsory section**, common to all categories, aimed at surveying familiarity with sustainability, perceptions of the Group's commitment and priority issues;
- an **optional section**, customised by interlocutor type, with follow-up questions.

For strategic stakeholders (e.g. customers and suppliers), the questionnaire also included due diligence questions. The insights gained were embedded into the thematic sections of this Report:

- **ESRS G1 - Business conduct;**
- **ESRS S1 - Own workforce;**
- **ESRS S4 - Consumers and end users;**
- **ESRS E1 - Climate change.**

The results contributed to the definition of the double materiality analysis and establish a framework for deepening communication with stakeholders, integrating their expectations into decision-making processes and identifying strategic areas on which to focus future efforts.

Results

Awareness and insights

58% of the stakeholders involved indicated strong awareness of sustainability issues, whereas 37% showed partial knowledge. Only a minimal share, equal to 5%, reported being uninformed.
The Group's commitment to sustainability was perceived positively, reaching an average score of **4.75 out of 6** and indicating a generally positive assessment.

Assessing Sustainable Development Goals (SDGs)

Among the 17 Sustainable Development Goals (SDGs), those considered most significant by stakeholders are:

SDG 13 - Climate action: 5.50/6

SDG 8 - Decent work and economic growth: 5.40/6

SDG 7 - Clean and affordable energy: 5.30/6

SDG 9 - Industry, innovation and infrastructure: 5.19/6

SDG 12 - Responsible consumption and production: 5.17/6

SDG 11 - Sustainable cities and communities: 4.97/6

In addition, some stakeholders pointed out additional SDGs to be considered in the sustainability path:

SDG 1 - Overcoming poverty

SDG 4 - Quality education

SDG 5 - Gender equality

SDG 10 - Reducing inequalities

SDG 15 - Life on earth

Perceived high-impact topics (impact materiality)

The following topics reached a score equal to or higher than **4.5 out of 6** and are therefore considered priorities in terms of external impact:

- **Health and safety at work - 5.7**
- **Training and skills development - 5.3**
- **Business ethics - 5.3**
- **Protection of human rights (e.g. child labour, forced labour) - 5.2**
- **Energy - 5.0**
- **Working stability - 5.0**
- **Measures against violence and harassment in the workplace - 5.0**
- **Management of relations with suppliers, including payment practices - 4.9**
- **Working conditions of value chain workers - 4.7**
- **Remuneration and minimum wage - 4.7**
- **Gender equality and equal pay for work of equal value - 4.7**
- **Impact on affected communities - 4.7**
- **Air, water and soil pollution - 4.7**
- **Work-life balance - 4.6**
- **Social dialogue, freedom of association, collective bargaining - 4.6**
- **Employment and inclusion of people with disabilities - 4.6**
- **Impacts related to consumers and/or end users - 4.5**

Financially significant topics

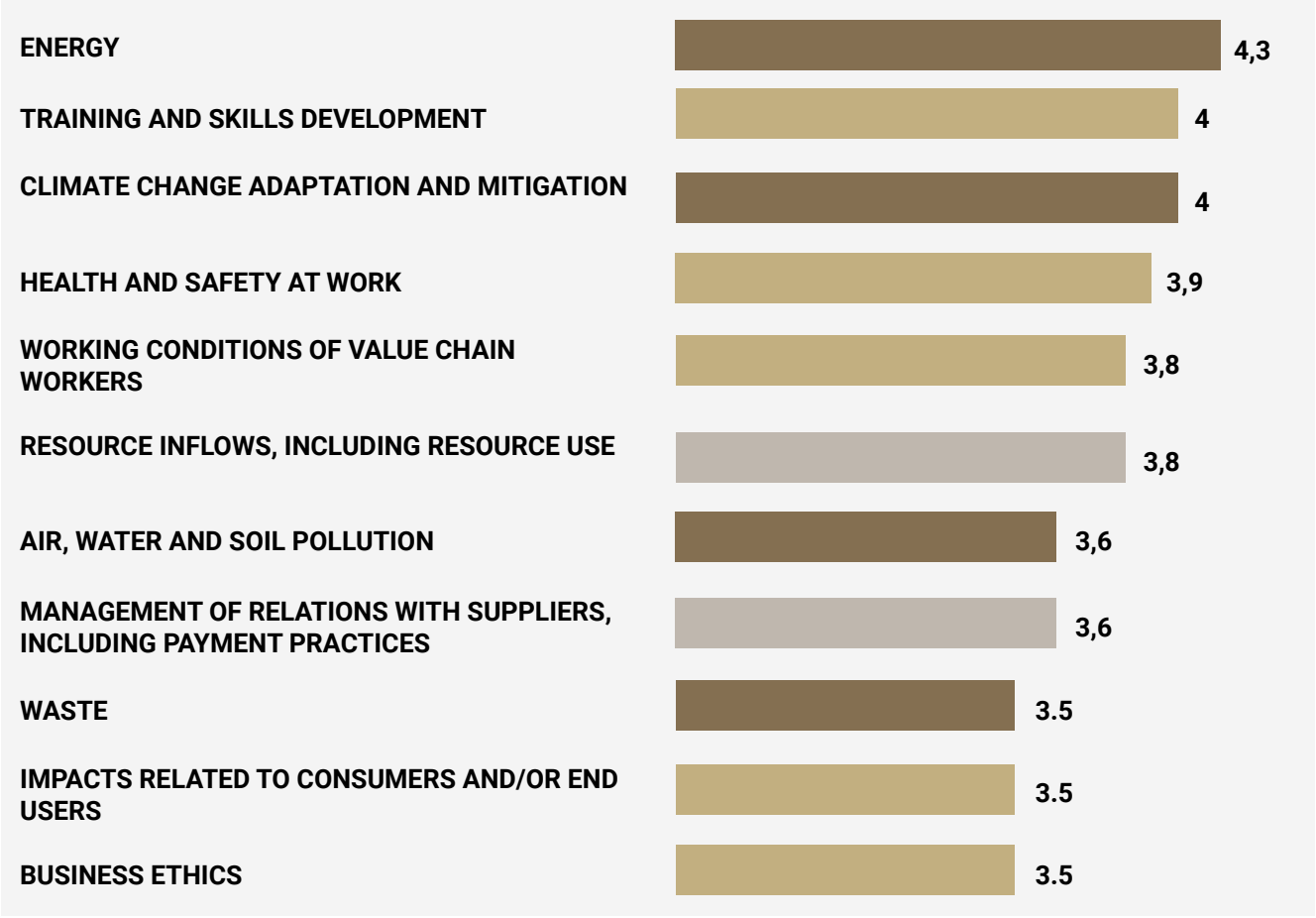
Even from a financial point of view, with the materiality threshold set at **4.5 out of 6**, several priority issues emerged, reflecting potential risks and opportunities for the Company:

- **Health and safety at work**
- **Training and skills development**
- **Energy**
- **Business ethics**
- **Management of relations with suppliers, including payment practices**
- **Climate change adaptation and mitigation**
- **Working stability**
- **Remuneration and minimum wage**
- **Working conditions of value chain workers**
- **Protection of human rights (e.g. child labour, forced labour)**

The double materiality approach – as mandated by the CSRD – incorporates two complementary dimensions:

- **Impact of the company on the environment and society**
- **Impact of ESG factors on company performance.**

The topics that exceed the threshold of 3.5 out of 6 in both profiles (external financial and impact materiality) are prioritised according to this integrated logic:



Based on the materiality that emerged, ESRS standards were selected to be discussed in this paper. Details of significant ESRS are given in the following section: ESRS 2 SBM-3 - Significant impacts, risks and opportunities, and their interaction with the strategy and business model.

SBM-3 Significant impacts, risks and opportunities, and their interaction with the strategy and business model.

In 2024, Giordano Riello International Group carried out, for the first time, a **structured double materiality analysis** (**Double Materiality Assessment - DMA**), with the aim of systematically identifying environmental, social and governance (ESG) issues significant to the organisation and its stakeholders.
This process was a key preparatory step for drafting the first Sustainability Report, enabling to map the most significant impacts, risks and opportunities (IROs), consistent with the requirements of the European ESRS standards.
The assessment highlighted the materiality of **eight out of the ten topical standards mandated by the ESRS**. Some sub-themes and sub-sub-themes, defined in Application Requirements 16 (RA 16), were excluded from the evaluation because they were considered irrelevant to the company profile or due to the unavailability of reliable and up-to-date data.
The impacts considered concern both the activities directly managed by the Group and those that are developed along the value chain. In certain instances, the organization exercises direct control; in others, influence is exerted through relationships with external entities, such as suppliers or customers.
The selection of ESRS thematic standards to be covered in this Report is based on the results of this analysis, and is reflected in detail in section IRO-1. In a nutshell, the following standards and sub-themes were considered material:

REFERENCE ESRS	SUB-THEMES
E1 - Climate change	Adaptation to climate change Climate change mitigation Energy
E2 - Pollution	Water pollution Air pollution Soil pollution Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics
E3 - Water and marine resources	Water consumption Water withdrawals Water discharges
E5 - Circular economy	Resource inflows, including resource use Resource outflows related to products and services Waste

REFERENCE ESRS	SUB-THEMES
S1 - Own workforce	Job security for own workforce Working hours of own workforce Adequate remuneration of own workforce Social dialogue of own workforce Freedom of association, existence of works councils and workers' rights to information, consultation and participation Collective bargaining, including the percentage of workers covered by collective agreements Work-life balance Health and safety Gender equality and equal pay for work of equal value Training and skills development Employment and inclusion of people with disabilities Measures against violence and harassment in the workplace Diversity of own workforce Confidentiality
S3 - Communities concerned;	Impacts on the local area Impacts on community safety Cultural rights of communities
S4 - Consumers and end users	Consumer confidentiality Freedom of expression Access to (quality) information Consumer health and safety Personal safety Child protection Responsible business practices
G1 – Conduct of businesses	Enterprise culture Protection of whistleblowers Management of relations with suppliers, including payment practices Prevention and identification, encompassing specialized training Incidents of corruption

Management of impacts, risks and opportunities

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

The double materiality analysis activity was developed with the **direct contribution of the representatives of the parent company**, Aermec S.p.A. and Sierra S.p.A., who actively participated in the identification and assessment phases of the material issues. Other Group companies, operating internationally, were involved in the collection of data for the preparation of this report.

The analysis was aimed at identifying, on the one hand, the **significant impacts generated by the Group** on the environment, people and society as a whole (inside-out perspective), and, on the other hand, the **risks and** the **opportunities** that external factors could generate on the organisation's ability to create value in the medium-long term (outside-in perspective).

The analysis was conducted following these steps:

1 Context analysis

At an early stage, a careful analysis of the relevant operational and regulatory context was carried out in order to ensure methodological consistency and robustness of the evaluation process. The activity included:

- An examination of the main Italian and European legislative sources on sustainability reporting, including the Corporate Sustainability Reporting Directive (CSRD) and It. Legislative Decree 125/2024;
- The comparative analysis of sustainability reports and non-financial statements published by leading national and international competitors and operators;
- The review of the Group's internal documentation, including the Code of Ethics and significant corporate environmental, social and governance policies;
- The integration of insights arising from the ESG Committee's proceedings and stakeholder engagement activities.

2 Identification of impacts

Starting from the mapping of more than 90 themes, sub-themes and sub-sub-themes defined in ESRS 1 Application Requirements 16, potentially significant impacts related to the Group's activities and value chain were identified, including upstream and downstream stages.

3 Qualitative and quantitative evaluation

Following the identification of potentially significant impacts, it was necessary to assess and prioritise them. Each impact was assigned a magnitude, in line with the ESRS Application Requirements. The rating scale is defined through a scoring system on a scale of 1 to 6, and takes into account three main dimensions: severity, probability and time horizon.
The **severity of the impact** was determined considering:

- the **scale** of the effect (magnitude of the positive or negative impact);
- the **scope** of the impact (number and type of entities or resources involved, including people or environment);
- the **irremediable nature**, i.e., the difficulty in mitigating, reversing or compensating for the impact once generated.

The **probability** measures the likelihood of each impact occurring in relation to the current operating environment and sector trends. The **time horizon** was assessed consistently with the short-, medium- and long-term definitions provided by the ESRS, to estimate the expected timing of the impact occurrence.
In parallel, an analysis of **financial significance** was conducted to identify the main risks and opportunities related to ESG factors.
The analysis considered the potential effect of environmental, social or geopolitical events on the Group's soundness and viability. Each theme was given a weighted score based on its possible impact on turnover, supplemented by a quantitative estimate of the probability of occurrence and the reference time horizon.

4 Analysis and validation of results

The results were validated internally by the ESG Committee and Management. The direct involvement of stakeholders was a key step in ensuring the robustness of the analysis. Since this was the first structured approach to the topic, the Group considered it a priority to initiate a selective yet representative stakeholder involvement, including: Ownership, employees at Group level, technical support services and agents (with reference to Aermec S.p.A.), as well as suppliers and B2B customers of Aermec S.p.A. and Sierra S.p.A. The double materiality assessment will be updated on an annual basis, taking regulatory developments and organizational dynamics into account.

IRO-2 - Disclosure requirements of ESRS covered by the corporate sustainability statement

A content index and table illustrating the disclosure requirements derived from other EU regulations as listed in Annex B of ESRS 2, and the application requirements of the ESRS significant to the Group can be found at this **link**. It outlines where the different data points can be found throughout the Report, while identifying which disclosures have been deemed “Not Material”.

General policy framework (MDR-P)

Over the years, the Group has progressively adopted **policies, procedures and management systems** inspired by the principles of quality, safety and environmental performance, supported by internationally recognised certifications. The results of the materiality analysis complement this picture, providing a structured basis for strengthening the organisation's ability to prevent, mitigate and manage the most material impacts.
Responsibility for the monitoring of ESG issues is entrusted to dedicated internal figures, who are in charge of monitoring the implementation of the planned measures and the progress of the commitments made.

The table below provides an overview of the main policies and tools adopted by the Group, associated with the corresponding ESRS standards, the business areas covered, international regulatory references and their availability. This framework represents the regulatory and operational foundation upon which the Group's current ESG **governance system** is based.

DOCUMENT	THEMATIC ESRS	INTERNATIONALLY RECOGNISED INSTRUMENTS	SCOPE	AVAILABILITY
Single Environmental Authorisation (AUA)	E1, E2, E3, E5	• IT. PRESIDENTIAL DECREE 13 March 2013, No. 59 • Directive 2010/75/EU • ISO 14001 • EMAS (EC Regulation No. 1221/2009)	Aermec Sierra	Corporate intranet
Code of Ethics	G1	• It. Legislative Decree 231/2001 • OECD Guidelines • UN Global Compact	Grig Aermec Sierra Aermec Deutschland	Code of Ethics
Supplier code of conduct	G1	• Directive (EU) 2014/95 • UN Global Compact • UN guiding principles on business and human rights • ISO 20400	Aermec Sierra	Supplier code of conduct - Aermec Supplier code of conduct - Sierra
Quality, environment and safety policy	E1, E2, E3, E5, S1	• It. Legislative Decree 81/2008 • It. Legislative Decree 152/2006 • ISO 9001 • ISO 14001 • ISO 45001	Aermec Sierra	Corporate intranet
Environment operational plan	E1, E2, E5	• It. Legislative Decree 152/2006 • Single Environmental Authorisation (AUA) • Regulation (EC) No 1221/2009 (EMAS) • ISO 14001	Aermec	Corporate intranet
Supplementary company agreement	S1	• Reference CCNL • Workers' Statute (It. L. 300/1970) • It. Legislative Decree 81/2015	Aermec Sierra	Corporate intranet
Risk Assessment Document (DVR)	S1	• It. Legislative Decree 81/2008	Aermec Sierra	Corporate intranet
Quality manual	G1	• ISO 9001	Aermec Sierra	Corporate intranet

DOCUMENT	THEMATIC ESRS	INTERNATIONALLY RECOGNISED INSTRUMENTS	SCOPE	AVAILABILITY
Quality policy	G1	• ISO 9001	Airlan	Corporate intranet
EPD	E1, E5	• ISO 14025 • EN 15804	Aermec	Corporate intranet
F-GAS	E1, E2, E5	• Regulation (EU) No 517/2014	Aermec	Corporate intranet
Single Environmental Authorisation	E2, E3, E5	• IT. PRESIDENTIAL DECREE 59/2013 • It. Legislative Decree 152/2006	Aermec Sierra	Corporate intranet
Legality rating	G1	• AGCM Resolution No. 24075/2012 • Anti-Mafia Code (It. Legislative Decree 159/2011)	Aermec	Corporate intranet
Privacy policy	G1	• Regulation (EU) 2016/679 (GDPR) • It. Legislative Decree 196/2003 (Privacy Code)	Grig Aermec Sierra	Privacy policy
Whistleblowing procedure and related channel	S1, G1	• It. Legislative Decree 24/2023 • Directive (EU) 2019/1937	Grig Aermec Sierra	Whistleblowing
Human resources policy	S1	• It. Legislative Decree 81/2015 • OECD guidelines on labour practices	Aermec Deutschland Airlan	Corporate intranet
Health and safety policy	S1	• It. Legislative Decree 81/2008 • ISO 45001	Aermec Deutschland Airlan	Corporate intranet
Training and development policy	S1	• State-Regions Agreement 2011 • ISO 10015	Aermec Deutschland Airlan	Corporate intranet
Labour flexibility policy	S1	• It. Legislative Decree 81/2015 (Jobs Act) • It. L. 81/2017 (agile work)	Aermec Sas (France) Airlan (schedules and work-life balance)	Corporate intranet
Policy against harassment in the workplace	S1	• Directive 2006/54/EC • ILO Convention No. 190	Aermec Sas (France) Airlan	Corporate intranet
Involvement and well-being at work	S1	• ISO 10018 Guidelines	Aermec Sas (France)	Corporate intranet
Social responsibility in the workplace	S1	• SA8000 • UN Global Compact • ISO 26000	Aermec Sas (France)	Corporate intranet
Diversity, Equity and Inclusion Policy	S1	• Directive (EU) 2000/78 • EU Equality Strategy 2020-2025 • ISO 30415	Airlan	Corporate intranet

DOCUMENT	THEMATIC ESRS	INTERNATIONALLY RECOGNISED INSTRUMENTS	SCOPE	AVAILABILITY
Policy against Child and Forced Labour	S1	• ILO Conventions No. 138 and 182 • UN Guiding Principles on Business and Human Rights	Airlan	Corporate intranet
ISO 9001	G1	• Standard UNI EN ISO 9001	Aermec Sierra Airlan	Corporate website - Aermec Corporate website - Sierra Corporate website - Airlan
ISO 14001	E1, E2, E3, E5	• Standard UNI EN ISO 14001	Aermec	Corporate website - Aermec
CERTIFICATION	E1	• Directive 2009/125/EC • Regulation (EU) 2016/2281 • Regulation F-GAS (EU) 517/2014	Aermec Airlan	Corporate website - Aermec
PED (Pressure Equipment Directive)	G1	• Directive 2014/68/EU	Aermec Sierra	Corporate website - Aermec Corporate website - Sierra
AHRI	E1	• ISO 65/17065	Aermec Airlan	Corporate website - Aermec
General purchase terms and conditions	G1	• Standard UNI EN ISO 9001 • CER Codes (EU) - Decision 2000/532/EC • Italian Civil Code (Art. 1341-1342)	Aermec Sierra	Corporate intranet
General sales terms and conditions	G1, S4	• Standard UNI EN ISO 9001 • Civil Code • Consumer Rights Directive 2011/83/EU • Market Surveillance Regulation (EU) No 2019/1020	Aermec Sierra	Corporate intranet

GOVERNANCE

In this section

Business conduct

Against a backdrop of increasing geopolitical instability, regulatory evolution and changing social expectations, ethical business behaviour is a central factor for reputational strength, competitiveness and the ability to attract and retain human and financial capital.
Business conduct can no longer be understood as a mere exercise in regulatory compliance, but must be integrated into long-term strategies and organisational culture.

According to the World Economic Forum's Global Risks Report 2024, Section [3], stakeholder trust is strengthened in the presence of ethical leadership and transparent governance. Consistently, the Business Integrity Portal of UNODC[4] highlights the role of business integrity in organisational resilience and corruption prevention, through tools such as codes of conduct, whistleblowing systems and continuous training.
In line with this approach, Giordano Riello International Group has strengthened its framework of organizational and documentary controls aimed at fostering business conduct aligned with ethical values, risk oversight, and day-to-day operational activities. The instruments adopted include the Code of Ethics, the Supplier Code of Conduct and internal whistleblowing channels, guided by the understanding that integrity extends beyond mere adherence to the law, acting as a strategic driver for competitive advantage and ongoing excellence.

GOVERNANCE

GOV-1 - Role of administrative, management and control bodies

The composition and responsibilities assigned to the administrative, management and supervisory bodies are detailed in ESRS 2 GOV-1 - Role of the governing bodies.

[3] World Economic Forum (2024), The Global Risks Report 2024 19th Edition INSIGHT REPORT. - Available at: http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf
[4] United Nations Office for Drugs and Crime. - Available at: https://businessintegrity.unodc.org/

Policies, management of impacts, risks and opportunities and future objectives

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

The processes adopted to identify and assess material impacts, risks and opportunities are fully described in ESRS 2 IRO-1, which outlines the methodology, analysis criteria and responsibilities involved.

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Enterprise culture	A corporate culture that promotes ethics, transparency and compliance with regulations is essential to ensure not only a company's good reputation, but also to prevent misconduct. The adoption of a Code of Ethics reinforces the company's commitment to promoting legal and transparent conduct, reducing the risk of fraudulent and illegal behaviour. This approach is crucial in an industry where compliance with rules, safety and regulations is essential for the continuity of operations and for maintaining the trust of all stakeholders, including employees, customers and suppliers.	Positive and negative	=	
Protection of whistleblowers	Informing stakeholders of the presence of the whistleblowing channel and the code of ethics promotes a culture of transparency and protection for those who report wrongdoing.	Positive and negative	–	

Actual Potential Upstream Own operations Downstream Short term Medium term Long term

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Management of relations with suppliers, including payment practices	The effective management of supplier relations is crucial to ensure the quality of raw materials and to guarantee the continuity of operations. Adopting timely payment practices and establishing fair contractual conditions fosters sound collaboration throughout the supply chain. Making a code of conduct official and integrating environmental and social aspects into supplier evaluation can help improve sustainability along the entire value chain.	Positive and negative	—	
Prevention and identification, encompassing specialized training	Lack of training on corruption and prevention and identification procedures can worsen the perception of the company both by employees and along the value chain. Regular training is essential to maintain a high corporate reputation.	Positive and negative	=	
Incidents of corruption	Failure to deal with corruption incidents not only has legal and economic consequences, but also damages corporate culture, undermining trust and corporate transparency.	Positive and negative	=	

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	IMPACT LOCATION
Enterprise culture	The company is exposed to risks related to the security of sensitive data, the protection of industrial information and business continuity in the event of cyber attacks. The increasing digitisation of production and logistics processes increases the risk of security breaches, with potential economic damage, operational disruptions and penalties resulting from non-compliance with GDPR regulations. The use of outdated or inadequately protected systems could compromise the protection of corporate and personal data, with negative impacts on the trust of customers and partners.		—	 

 Potential
 Upstream
 Own operations
 Downstream
— Short term
= Medium term
≡ Long term

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	IMPACT LOCATION
	The acquisition of new companies and their integration into the corporate group can be hindered by differences in corporate values, organisational models and decision-making processes, creating operational inefficiencies, internal resistance and difficulties in change management. This risk may affect the speed of integration of synergies from mergers and acquisitions, undermining the expected benefits in terms of growth, innovation and competitiveness.			
Enterprise culture	Failure to disseminate a culture of sustainability within the corporate group can lead to misaligned management of environmental and social priorities between the various locations and business units. Poor staff training and awareness of sustainability best practices can lead to operational inefficiencies, non-compliance with local regulations and reputational risks.			
	The absence of an effective and standardised reporting system on ESG (environmental, social and governance) issues may expose the company to risks of non-compliance with new European and international directives on transparency and sustainability reporting. The lack of reliable and structured data could lead to difficulties in accessing financial markets and participating in public or private tenders that require specific ESG requirements.			
Prevention and identification, encompassing specialized training	The Group operates in global markets characterised by different transparency and compliance regulations. Insufficient adoption of internal controls, specific training for employees and whistleblowing mechanisms could expose the company to financial penalties, restricted access to public tenders and reputational damage.			

G1-1 - Corporate Culture and Conduct Policies

As part of its sustainability strategy, the Group has defined a **structured set of policies and procedures on governance** with the aim of ensuring compliance with the principles of **legality**, **transparency** and **accountability** throughout the value chain. These tools provide an essential operational reference to ensure corporate management aligned with regulatory and international standards, in particular with regard to regulatory compliance, rights protection, data protection, general purchasing conditions, quality and security.
The Group is committed to promoting **ethical and responsible behaviour** in every area of its business: from the internal control system to the protection of personal data, from **whistleblowing** practices to the management of **purchases**, thus contributing to strengthening trust and **transparency** towards all stakeholders.

For more details on the individual policies adopted, please refer to the General Policy Framework (MDR-P) section.

G1-2 - Supplier Relationship Management

Today, the strength of the supply chain is a key determinant of operational resilience, product quality and overall business reliability. For Giordano Riello International Group, responsible management of **supply relationships** is a strategic lever for integrating sustainability and competitiveness along the entire production cycle.

The relationship with suppliers is not limited to a purely contractual logic, but is based on long-term relationships founded on trust, transparency and shared innovation.

Selection, monitoring and risk management processes

The selection of suppliers within the Giordano Riello International Group takes place according to a structured approach, which combines technical-economic criteria, attention to environmental impacts and control of operational risks. From the preliminary stages, the process involves:

- **preliminary assessments** on quality, robustness and technical support capacity;
- **in-person audits** by the purchasing and quality teams, with possible involvement of the technical department;
- drafting and sharing **post-audit reports**, containing any non-conformities and corrective actions.

This approach integrates with the provisions of the **General Purchase Conditions** adopted by the companies of the Group, in particular Aermec S.p.A. and Sierra S.p.A., which punctually regulate the responsibilities of suppliers in relation to the quality, safety and regulatory compliance of the products supplied. These conditions stipulate, among other things, the obligation to comply with agreed delivery dates, documentary traceability, correct labelling of packaging, and provide for a conformity guarantee of up to three years from the date of delivery, depending on the type of delivery. Suppliers are also obliged to handle returns according to set deadlines and to ensure that each product complies with technical specifications and legal requirements, including environmental ones.

At Aermec S.p.A., suppliers are also the subject of **periodic quality assessments** on the degree of innovation, with a rating shared annually and used as a basis for strengthening the partnership. Risk management along the supply chain is a further central control. In line with this vision, the Group promotes - where technically possible - the **presence of at least two suppliers for significant components**, in order to avoid situations of dependence that could jeopardise business continuity. In the event of a critical situation, the Group companies activate **collaborative management** paths with the supplier, aimed at identifying timely and sustainable solutions - such as the rescheduling of payment terms - in order to ensure the continuity of supplies.

At Group level, preference is given - where possible - to **local sourcing**, especially for high turnover materials. This is the case, for example, with supplies managed by Aermec S.p.A., which resorts to 'stop-start' transport in the areas surrounding the Bevilacqua (VR) site or the so-called 'milk run' for more decentralised stops, with the aim of reducing CO_2 emissions and increasing logistical efficiency. In a complementary way, Sierra S.p.A. also optimises its logistics flows through the use of company vehicles (a lorry and a van), combining in the same trip - when possible - deliveries to neighbouring customers and loading/unloading activities at local contract manufacturers and suppliers. For international shipments, transports are planned in such a way as to maximise external carrier loads, grouping - where compatible - deliveries to customers located in the same geographical area and within the same time window. This approach is part of a broader strategy to reduce the environmental impact of logistics, while at the same time enabling greater operational responsiveness in order management.

Ethical safeguards and behavioural requirements in the supply chain

In addition to the technical-operational aspects, Giordano Riello International Group recognises the ethical dimension as central to responsible supply chain management. Consistency between the Group's values and the behaviour adopted along the supply chain is in fact a necessary condition for consolidating relationships marked by trust, transparency and long-term sustainability.

To this end, all suppliers are required to sign the respective **Code of Conduct for Suppliers**, a document that sets out the fundamental principles with which business partners must comply. The Code, drafted with reference to internationally recognised documents on human rights, decent work and integrity, covers topics such as:

- prohibition of **child and forced labour**;
- protection of **occupational** health **and** safety;
- **non-discrimination and equal opportunities**;
- **freedom of association** and right to **collective bargaining**;
- protection of **environment** and responsible management of **resources**;
- **prevention of corruption** and fairness in business.

Collaboration and supply chain innovation

The relationship with suppliers is not limited to the operational management of supplies, but extends to **structured forms of technical involvement**, especially in the development and validation phases of new products.

In particular, suppliers of technological or customised components are involved in the initial design phases, with the aim of ensuring consistency between technical specifications, production capacities and performance requirements. This working method allows not only for improving the overall efficiency of the industrialization process, but also for addressing potential critical issues along the supply chain.

Continuous comparison also encourages the sharing of best practices and innovative solutions, contributing to the spread of a culture of improvement that transversally involves the technical, logistics and commercial functions.

The **Supplier Code of Conduct** can be accessed by scanning the QR code

Focus - Involving suppliers on social and governance issues

In 2024, Giordano Riello International Group conducted a stakeholder engagement campaign aimed at a qualified panel of strategic suppliers of Italian manufacturing companies Aermec S.p.A. and Sierra S.p.A., with a view to understanding the **level of maturity in relation to ESG aspects along the value chain**.

In relation to **traceability ESG**, the results collected show a **still uneven spread of structured practices**. Only 19% of respondents claim to assess the entire supply chain, while 27% limit themselves to first-tier suppliers. Overall, 51% stated that they were able to identify **second or third tier suppliers**, particularly for critical raw materials and components.

Regarding **voluntary certifications**, ISO 14001 was adopted by 62% of respondents and ISO 45001 by 43%. More specific standards, such as SA8000 or the EMAS scheme, are significantly less widespread.

The **adoption of a Code of Ethics or Conduct** was confirmed by more than 80% of the responding suppliers, but only 65% of them **extend its application to their subcontractors**. In addition, the publication of **non-financial documentation** -such as sustainability budgets or ESG reports-is not yet an established practice: only a minority of suppliers claim to have adopted such tools.

Respondents however largely confirmed the **adoption of policies for the prevention of corruption and the promotion of transparency**, while a large proportion reported the **presence of trade union representation or collective agreements**, indicating minimum oversight over dialogue and labour protection issues.

G1-3 - Prevention and detection of active and passive corruption

For Giordano Riello International Group, the prevention of corruption represents a fundamental pillar of the corporate integrity system. Consistent with the growing regulatory and reputational attention on an international scale, the Group has structured a coherent set of organisational and procedural safeguards aimed at minimising the risk of unlawful conduct, with particular reference to the areas and transactions most exposed to corrupt phenomena.

Code of ethics and whistleblowing channel

During 2024, all major Group companies adopted a **code of ethics** that clearly defines the principles and expected conduct regarding legality, integrity and anti-corruption. The document, which is publicly available on company websites, has been shared with staff and is the main reference for guiding conduct in internal and external relations.

To further strengthen this supervision, a **whistleblowing** channel has been set up in compliance with current regulations. The procedure allows employees and stakeholders to report, also anonymously, possible violations of anti-corruption rules through an online platform accessible from the Group's institutional websites. Reports are managed confidentially by individuals who are independent of the involved parties, thus ensuring the impartiality of the investigation and preventing conflicts of interest. Each report is examined within a defined time frame: the channel operator is obliged to provide a reasoned reply to the reporter within three months, indicating the outcome of the investigation. Depending on the assessment, the proceedings may end with:

1. **Archiving**, in the event of unsubstantiated or generic claims;
2. **Activation of disciplinary sanctions**, if responsibility for the reported personnel emerges;
3. **Involvement of competent public authorities**, if violations carry criminal significance.

The entire process is tracked, confidential and compliant with Italian whistleblowing legislation (It. Legislative Decree no. 24/2023) and the European Data Protection Regulations (GDPR).

Segregation of roles and risk management

In the most exposed business processes - particularly in the purchasing (passive bribery) and sales (active bribery) cycles - internal controls have been implemented that provide for a clear separation of roles, with specific authorisation levels and multi-level approval paths. This approach significantly reduces the risk of a single figure exercising complete control over sensitive transactions.

Internal communication, training and awareness-raising

The Group's Code of Ethics and Code of Conduct are accessible via the company websites and are shared with all employees.
In some foreign subsidiaries, specific training courses have already been implemented, focusing on the identification of risk behaviour, the use of whistleblowing channels and the sanctioning measures envisaged.

Future governance-related objectives

In the three-year period 2026-2028, the Group plans to further strengthen its governance frameworks through a number of key initiatives. The companies Aermec S.p.A. and Sierra S.p.A. will initiate the definition of a sustainable procurement policy that integrates environmental, social and governance criteria in their purchasing processes. Once the policy has been validated, suppliers will be required to sign both it and the Supplier code of conduct as a prerequisite for continuing business relations. The contracts will then be progressively updated with specific references to both documents. It is also planned to start the process of adopting the Organisational and Management Model pursuant to It. Legislative Decree. 231/2001, provided for the holding company and the companies Aermec S.p.A. and Sierra S.p.A.

Governance-related metrics

G1-4 - Established cases of active or passive corruption

During 2024, no reports of alleged acts of corruption were received, nor were there any incidents of corruption within the organisation. Furthermore, there are no convictions or administrative or financial penalties related to the violation of active or passive bribery laws.

PROVEN INCIDENTS OF CORRUPTION	UoM	2024
Total number and nature of proven corruption incidents	no.	0
Total number of proven incidents of corruption in which employees were dismissed or subjected to corruption measures		0
Total number of proven incidents of corruption where contracts with business partners were terminated or not renewed due to corruption-related violations		0
Legal cases in the public domain concerning corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.		0

G1-6 - Payment Practices

Respect for **terms of payment** agreed upon with suppliers is for Giordano Riello International Group a pillar of responsible supply chain management and a determining factor in consolidating business relationships marked by trust and continuity. The Group regularly monitors payment schedules, promoting practices consistent with the principles of contractual fairness, financial balance and management reliability.

The development of an ESG-sensitive **supply chain** is an integral part of the Group's strategic vision, geared towards the creation of shared value throughout the supply chain. Although a uniform and formalised policy on late payment has not yet been adopted, the companies apply structured and transparent procedures for the management of deadlines, with a view to risk prevention and continuity of supply flows.

INFORMATION ENVIRONMENTAL

In this section

Climate change - ESRS E1

Governance

Strategy

Management of impacts, risks and opportunities

Metrics and Targets

Pollution - ESRS E2

Management of impacts, risks and opportunities and future objectives

Pollution metrics

Water and Marine Resources - ESRS E3

Management of impacts, risks and opportunities and future objectives

Water and water consumption metrics

Circular Economy - ESRS E5

Management of impacts, risks and opportunities and future objectives

Circular Economy Metrics

Climate Change - ESRS E1

Climate change is one of the environmental and economic challenges of global significance, with tangible effects now visible on production activities, logistics and market dynamics. According to the **Intergovernmental Panel on Climate Change** (**IPCC**), global greenhouse gas emissions must peak **no later than 2025** and decline by **approximately 43% by 2030** to keep global warming within a threshold of **1.5 °C**[5] At the same time, the **European Environment Agency** (**EEA**) estimates that the economic costs of extreme weather phenomena in Europe amount to several hundred billion euros between 1980 and 2020[6].

Within the HVAC-R sector, in which **Giordano Riello International Group** operates, the production and use of high GWP refrigerant gases as well as energy consumption are major impact factors. At the same time, the growing global demand for efficient and sustainable solutions represents an opportunity for innovation. According to the **International Energy Agency** (**IEA**), global demand for air conditioning is set to triple by 2050[7], while heat pumps and heating systems will play a central role in the de-carbonisation of the building sector[8-9]. The most recent data from ISPRA (National Inventory of Greenhouse Gas Emissions, March 2025)[10] show that residential buildings are responsible for 18% of the total greenhouse gas emissions in Italy.

In this scenario, air-conditioning systems assume a strategic function to replace gas boilers in residential and production buildings. Unlike boilers, which use fossil fuels subject to geopolitical and price dynamics, air-conditioning systems run on electricity, potentially from renewable sources. The European Union strengthened this orientation with the **Regulation** (**EU**) **2024/573**, aimed at promoting the replacement of gas boilers, and with the **Directive 2024/1275** (**Energy Performance Building Directive - EPBD**), which recognises air conditioning systems as a priority lever for energy efficiency in buildings. In parallel, the EU directs development towards equipment using climate-friendly f-gases[11].

In this context, while in some developed countries the HVAC market is now mature, in many emerging economies - such as Brazil, Mexico, India, South Africa and South-East Asia - HVAC penetration still remains below 20%. Increasing disposable income, coupled with the intensifying effects of climate change, will fuel a growing demand for HVAC systems, opening up new expansion prospects for companies able to adapt their offerings to local needs.

The Group is therefore faced with a dual climate dynamic: on the one hand, **physical risks**, related to extreme events and the impact on infrastructure and supply chains, and on the other hand, **transition risks**, related to emerging regulations, energy efficiency requirements and the progressive reduction in the use of high-GWP refrigerant gases.

These challenges, at the same time, also translate into **opportunities for innovation and competitiveness**, in a sector playing an increasingly strategic role in the energy transition and de-carbonisation of buildings.
The following paragraphs describe the main implications for Giordano Riello International Group, together with the policies adopted, the objectives defined and the metrics used to monitor progress.

[5] IPCC (2022), The evidence is clear: the time for action is now. We can halve emissions by 2030. Available at: https://www.ipcc.ch/2022/04/04/ipcc-ar6-wgiii-pressrelease/
[6] EEA (2022), Economic losses from weather and climate-related extremes in Europe reached around half a trillion euros over the past 40 years. Available at: https://www.eea.europa.eu/highlights/economic-losses-from-weather-and
[7] IEA (2023), Space cooling. Available at: https://www.iea.org/energy-system/buildings/space-cooling
[8] IEA (2024), Heat pumps. Available at: https://www.iea.org/energy-system/buildings/heat-pumps
[9] IEA (2023), Heating. Available at: https://www.iea.org/energy-system/buildings/heating
[10] ISPRA (2025), National Greenhouse Gas Emissions Inventory. Available at: https://emissioni.sina.isprambiente.it/inventario-nazionale/
[11] By 2032, high-impact f-gases, such as hydro-fluorocarbons or per-fluorocarbons, will be de facto excluded from the market except for special exceptions.

GOVERNANCE

GOV-3 - Integrating sustainability performance into incentive schemes

For information on this disclosure obligation, please refer to the chapter The Group (ESRS 2).

Strategy

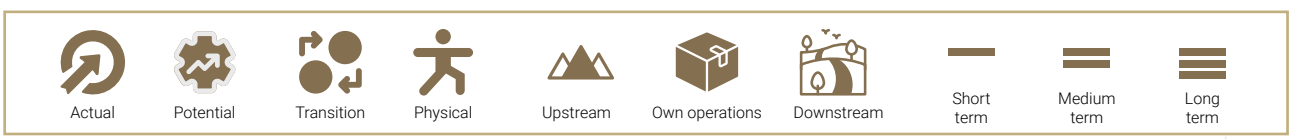
SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model and IRO-1 - Description of processes to identify and assess material climate-related impacts, risks and opportunities

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Adaptation to climate change	Climate change, with extreme phenomena and changes in resources, is a challenge for the production of air conditioners and ventilation systems. The Group must adopt adaptation strategies to ensure infrastructure resilience and operational efficiency, optimising the use of resources and adapting processes to new climatic conditions.	Positive and negative		
Climate change mitigation	The Group does not have energy-intensive production and therefore does not contribute to GHG emissions on this side, but the production of air conditioning systems involves the use of refrigerant gases with high GWP. Climate change mitigation for the sector implies investments in R&D for the transition to F-Gas with less environmental impact.	Positive and negative		
Energy	Production is not classifiable as energy intensive, but still requires the significant use of electricity, natural gas and technical gases for welding. Optimisation of energy carriers and the transition, even partial, to renewable energy responds to the need to reduce GHG emissions.	Positive and negative		

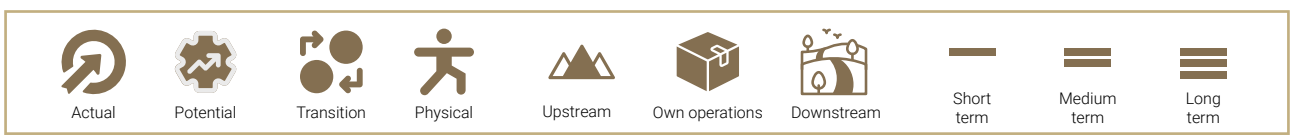
Actual Potential Upstream Own operations Downstream Short term Medium term Long term

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	IMPACT LOCATION
Adaptation to climate change	Extreme weather events, such as floods, heat waves and storms, are becoming increasingly frequent and unpredictable, with direct impacts on production and logistics infrastructures. Failure to adapt to the new climatic conditions could lead to damage to facilities, disruptions in the supply chain and increased operating costs.			
Climate change mitigation	More stringent regulations on industrial emissions and energy efficiency are accelerating the phase-out of obsolete HVAC technologies and imposing stricter limits on the use of refrigerant gases with high GWP (Global Warming Potential). Failure to adapt production processes and products could limit access to more regulated markets, lead to administrative penalties and increase compliance costs.			
	Businesses and end-consumers are increasingly moving towards energy-efficient HVAC solutions, reducing demand for less efficient products. Companies that do not invest in innovation run the risk of losing market share and being excluded from the purchasing preferences of customers and stakeholders who care about the topic.			
	Some EU states are considering introducing regulatory limits on maximum temperatures in public and business buildings. In the long term, this could reduce the demand for conventional cooling systems and increase the demand for systems/plants with energy-efficient heat recovery technologies, with potential impacts on production costs and R&D.			

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	IMPACT LOCATION
Climate change mitigation	The introduction of new European energy efficiency regulations, such as Regulation (EU) 2024/573 and the EPBD, accelerates the process of replacing gas boilers and promotes the adoption of more sustainable air-conditioning systems. HVAC companies therefore have to adapt their offerings to more stringent technical and environmental requirements, which can lead to increased production and certification costs. At the same time, alignment to these regulations is a strategic lever to access a rapidly changing market where energy efficiency and the use of climate-friendly refrigerants are becoming key competitive factors.			
	The adoption of life cycle analysis (LCA) is increasingly required by environmental regulations and customers to assess the overall environmental impact of products, from the extraction of raw materials to the end of their use. The lack of an LCA, or an insufficient analysis/non-compliance with international standards could compromise the company's credibility and the possibility of obtaining globally recognised environmental certifications (e.g. EPD - Environmental Product Declaration).			



IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	IMPACT LOCATION
Climate change mitigation	The introduction of new sustainability regulations such as the Carbon Border Adjustment Mechanism (CBAM) and the European Deforestation Regulation (EUDR) impose restrictions on imports of raw materials and other products. Companies that depend on non-EU suppliers (or EU distributors of these suppliers) may experience increased procurement costs due to the new taxes. In addition, supply chain traceability becomes a critical element in ensuring compliance with European regulations, with an impact on operational and administrative costs.		—	
Energy	Unstable energy prices, exacerbated by green transition policies and industrial de-carbonisation, make strategic planning and operational cost management in the HVAC sector complex. The unpredictability of energy costs affects company margins, increasing the need to implement energy efficiency solutions to contain the economic impact.		—	



Management of impacts, risks and opportunities and future objectives

E1-2 - Policies related to climate change mitigation and adaptation

Climate change is a significant environmental factor for Giordano Riello International Group and its companies. Company policies integrate the management of this issue in **production and management activities**, with a focus on reducing **greenhouse gas emissions** and increasing **energy efficiency**. The approach adopted is consistent with the European and national regulatory framework and is implemented through environmental management tools, monitoring systems and internal procedures that regulate the use of energy resources and emissions impact.
At Aermec S.p.A., these principles are formalised in the **ISO 14001-certified Environmental Management System** and in the **Quality, Environment and Safety Policy**, which establishes specific objectives and responsibilities for the containment of climate and energy impacts. Sierra S.p.A. applies internal procedures and requirements of the **environmental authorisations**, integrated with technological efficiency and energy consumption monitoring initiatives. Airlan Industrial S.A. also adopts **environmental policies** that include measures to reduce direct and indirect emissions, consistent with the standards applicable in their respective national contexts.
The **principles of climate change mitigation and adaptation** are also referred to in the **Codes of Ethics** of Group companies, which promote the responsible use of resources and the dissemination of sustainability-oriented practices.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

E1-3 - Climate Change Policy Actions and Resources

Energy efficiency and emissions analysis

In recent years, the Group has implemented several energy efficiency measures with the aim of **reducing consumption of electricity and natural gas**. Among the measures already completed is the replacement of traditional lighting systems with **LED systems**, which are now widespread in most production plants and foreign offices, and the **modernisation of compressors and compressed air handling units** in Sierra S.p.A., with an estimated reduction of over 160 MWh/year. In addition, **heating systems were upgraded** and **more efficient** new distribution lines introduced.
In addition to energy efficiency and consumption reduction actions, Aermec S.p.A. has developed a **monitoring system for its climate-altering emissions**, with reference to Scope 1 and Scope 2. The data is calculated annually using the updated ISPRA conversion coefficients, allowing emission trends to be measured and reduction targets to be set.
In addition, a **PEP analysis** was carried out, which in fact involves an in-depth evaluation of emissions using a product approach.

More details on this analysis can be found in the dedicated Focus within the Circular Economy section - ESRS E5.

Renewable energy

In parallel, the Group is strengthening the use of energy from renewable sources. In 2024, new **photovoltaic installations in Italy and the UK** went into operation, while further installations are planned at other sites. Added to this is the **supply of electricity from renewable sources at the Polish site**, already in place since 2017, which directly reduces emissions associated with electricity consumption.

Company fleet and logistics

Corporate mobility is also the subject of progressive interventions: the Group is **renewing its fleet with low-emission vehicles and hybrid models**, together with the introduction of digital tools for **route planning and optimisation** assistance and distribution. These measures, which have already been initiated in several Group companies, help to reduce the overall number of kilometres travelled, fuel consumption and the associated CO_2 emissions, with benefits also in terms of operational efficiency.

Focus - Involving suppliers on environmental aspects

In 2024, Giordano Riello International Group also explored with its strategic suppliers practices related to **environmental management**, with the aim of understanding their level of maturity with respect to emissions, energy and resource use.

An analysis of the questionnaires shows that 51% of the respondents declare that they **monitor their supply chain** also in relation to environmental impacts, although the systematic measurement of greenhouse gas emissions, particularly along Scope 3, is still not well established. Approximately one third of suppliers have already set **concrete environmental impact reduction targets** concerning energy consumption, emissions and waste management.

As far as energy is concerned, an increasing diffusion of **renewable sources** can be observed, but with very heterogeneous levels: some suppliers declare a utilisation of less than 25%, while others exceed 50% of total consumption. The use of **recycled materials** was also reported, although it remains a practice that is not yet systematic.

Overall, the answers collected show a **growing**"environmental awareness, albeit not yet homogeneous: the more structured realities have started more advanced improvement paths, while the smaller ones are still at an early stage.

E1-4 - Climate change mitigation and adaptation objectives

In the coming years, the Group intends to continue with targeted interventions on energy efficiency, renewable sources, corporate mobility and emission monitoring.

★ Energy efficiency

Group companies will continue replacing obsolete systems with high-efficiency solutions, including condensing boilers and heat pumps, as well as extending the conversion to LED lighting in factories and offices. For example, at Airlan Industrial S.A., the goal is to complete the replacement of all conventional lamps with LED technology by 2026, with an estimated 10% reduction in consumption.

★ Renewable energy

New photovoltaic plants are planned, which at Aermec S.p.A. will be able to cover up to 10% of the needs of the main plant, while Sierra S.p.A. has started a feasibility study for the installation of a photovoltaic plant (not present to date) that would cover about 15% of the plant's needs by 2027. At the same time, existing experiences are being consolidated, such as the 100% supply from certified renewable sources guaranteed by Aermec Polska Sp. z o.o.

★ Mobility and logistics

A gradual renewal of the fleet with low-emission vehicles and hybrid or electric models is planned, accompanied by the adoption of digital tools to optimise routes and reduce distances and consumption. Emissions Monitoring By 2028, Aermec S.p.A. will carry out an inventory of Scope 1 and Scope 2 emissions, in accordance with the GHG Protocol, with the aim of strengthening the monitoring of climate performance and setting progressive reduction targets.

Climate Change Metrics

With 2024 being the first year of reporting, Group companies are working to collect data in a homogeneous and systematic manner, so as to progressively enable more structured, comprehensive and comparable reporting. For the current year, the availability of quantitative data varies between environmental areas and individual companies: some companies have already set up structured monitoring systems (e.g. for energy consumption, emissions and waste), while in other cases the information is still partial or qualitative.

E1-5 - Energy consumption and energy mix[12]

In 2024, the Group's **total energy consumption** was **27,562.4 MWh**[13], more than 99% of which came from fossil fuels and the domestic energy mix. This value includes both electricity and heat consumption and the consumption of the company fleet.
Electrical and thermal energy requirements for production processes and air conditioning and heating systems account for the bulk of consumption.
In detail, the **electricity purchased** from the grid amounts to **13,337.4 MWh**, the **natural gas** contributes **11,724.0 MWh** and **LPG** with **564.2 MWh**

Aermec S.p.A. and Sierra S.p.A.'s **energy diagnoses** show that the **main energy consumption** is related to **HVAC testing cycles, plant air conditioning systems and compressed air production and distribution** For this reason, companies have already started structural efficiency measures and, in parallel, energy monitoring systems have been introduced to keep energy consumption under control and identify further areas for improvement.

The figures below provide a detailed picture of electricity consumption within the company perimeter:

DIRECTLY HELD COMPANY	UoM	ENERGY CONSUMED	% OF CONSUMPTION OF EACH COMPANY OUT OF THE TOTAL
Aermec S.p.A.*	MWh	10.334,00	77.5%
Sierra S.p.A.		2,584.73	19,4%
Aermec SAS (FRA)		72,74	0.5%
Aermec Polska Sp. z o.o.		11.60	0.1%
Airlan Industrial S.A.		285,00	2,1%
Aermec UK Ltd		49,30	0.4%

* The Holding Company's data is included within the data of Aermec S.p.A., since the offices are located at the headquarters in Via Roma 996, Bevilacqua (VR).

[12] Energy consumption data are consolidated at Group level, with the exception of Aermec Deutschland GmbH and Airlan S.A., for which no information is available.
[13] Airlan Industrial S.A.'s energy consumption was estimated on a pro rata basis with respect to an associated company of the Group, using the number of employees as a reference metric.

Energy intensity

In order to assess the Group's energy efficiency in more detail, an energy intensity indicator was developed, which relates overall consumption to the average number of employees and the economic size of the business.
In 2024, the Group's total energy consumption was **27,562.40 MWh**. This value, compared to an average workforce of **1,395 employees**, and a total **value of production of €426,330,932**, resulted in an energy intensity of:

- **19,75 MWh per employee**;
- **0.064 MWh per 1,000 € of production value** (calculated on Total production value).

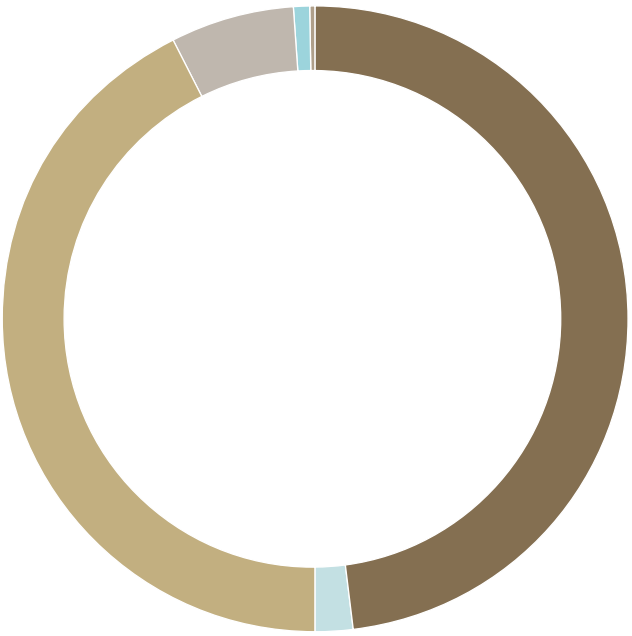
0.064 MWh

Energy intensity per €1,000 of production value

19.75 MWh

Energy intensity per employee

Total energy used per source



48.12% Purchased electricity
2,05% LPG
42,54% Natural gas
6,20% Diesel
0.83% Petrol
0.27% Photovoltaic systems

The corporate fleet

The vehicle fleet of Giordano Riello International Group S.p.A. consists of **145 vehicles**.

The fleet consists of **passenger cars, trucks, and an electric mechanical equipment**.

From the point of view of fuel, **diesel is the predominant type**, with **94 vehicles** corresponding to **78% of the total fleet**. These are followed by **petrol vehicles** with **17 units** (14%), **hybrid models** with **7 units** (6%) and **electric vehicles** with **3 units** (2%).

During 2024, the **total fuel consumption** for the fleet was **1,936.8 MWh**, entirely from fossil sources. In particular:

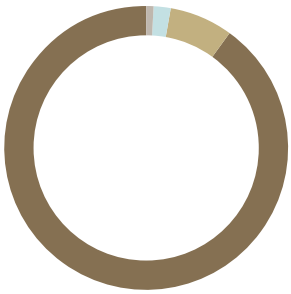
- **Diesel fuel**: **206,937.9 litres**, equal to **1,707.7 MWh** (approx. 88% of total fleet consumption);
- **Petrol**: **36,096.9 litres**, corresponding to **229.1 MWh** (about 12%).

As far as **environmental class** is concerned, most of the vehicles comply with the latest emission standards: **90% of the fleet** (109 units) is classified as **Euro 6**, while only a minority share belongs to the categories **Euro 4** and **Euro 5**, respectively 3 and 8 units and only one vehicle classified as **Euro 3**.

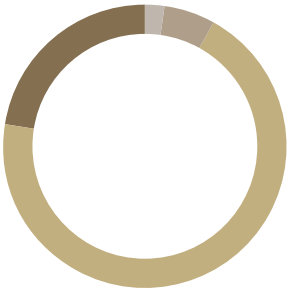
Finally, the management mode shows a combination of different forms of ownership: **74 vehicles are directly owned, 11 leased and 36 rented**. This distribution allows the Group greater flexibility in the management of corporate mobility and encourages the progressive renewal of the vehicle fleet.

As for **Aermec Deutschland GmbH**, the 24 corporate vehicles consist of 20 diesel and 4 petrol units; two of these are under lease, while the remainder are owned by the company.

Environmental class corporate fleet



Company fleet power sources



Maintenance of internal systems and use of refrigerant gases

In 2024, Group companies used a total of **1,133.5 kg of refrigerant gas** for maintenance and recharging of internal systems. The quantities mainly concern fluorinated gases with a high global warming potential (including R134, R410A and R404A), alongside technical service gases such as OFN and nitrogen.

The details by gas type and their **global warming potentials** (**GWP**) are shown in the table below.

TYPE OF REFRIGERANT	UoM	2024	GLOBAL WARMING POTENTIAL (100 YEARS)
R410A	kg	189	2,088
R404A		36	3.992
OFN		160	0 - not considered a greenhouse gas
R134A		468	1,430
R513A		262,5	631

E1-6 - Gross emissions of scope 1 and 2 GHGs

Greenhouse gas (GHG) emissions are currently reported by **Aermec S.p.A.**, the Group's largest manufacturing company, in which the majority of manufacturing activities are concentrated. The company annually calculates its emissions of **Scope 1** (fossil fuels used in the company's plants and vehicles) and **Scope 2** (purchased electricity), using up-to-date ISPRA conversion coefficients and a location-based approach.

In 2024, Aermec S.p.A.'s total emissions amount to **6,380 tonnes of CO_2eq**, an increase of 9.2% compared to 2023 (5,840 tonnes of CO_2eq), of which:

- **2,461 tonnes of CO_2eq from Scope 1**, related to the use of natural gas, LPG and diesel oil;
- **3,919 tonnes of CO_2eq from Scope 2**from purchased electricity consumption.

The monitoring is accompanied by a **intensity indicator**, expressed in **kg CO_2eq per hour worked**, which allows the evolution of climate performance over time to be assessed. The value stood at **5.91 kg CO_2eq/h**, a slight increase (+1.12%) over the previous year.

Pollution - ESRS E2

Industrial pollution is a major global challenge, with significant impacts on human health, the environment and local communities. Recent analyses by the **European Environment Agency** (**EEA**) estimate that the external costs of air pollution from European industrial facilities amount to approximately €268-428 billion per year, equivalent to 2-3 % of EU GDP[14].

However, in the decade from 2010 to 2023, European industry experienced a significant reduction in pollutant emissions - including NO_X, PM_{10}, NMVOCs and CO_2 - while economic productivity increased, improving the environmental efficiency of manufacturing[15]. This improvement was accompanied by European policies oriented towards **pollution prevention, resource efficiency and circularity of processes**, in line with the Green Deal and the IED Directive[16].

In the HVAC production sector, as in other industries, the main critical areas include air emissions from painting, welding and metal treatment; use of solvents and potentially hazardous substances, and proper disposal of water and waste. Managing these aspects requires a combination of effective technologies, certified environmental management systems and an integrated approach to minimising risk.

In response to these challenges, **Giordano Riello International Group** has adopted a coherent and structured approach, based on prevention at source, the implementation of containment and abatement systems, and the deployment of formal environmental governance.

[14] European Environment Agency, EEA (2023), Industrial air pollution in Europe costs society €277 - €433 billion. Available at: https://www.eea.europa.eu/highlights/industrial-air-pollution-in-europe
[15] European Environment Agency, EEA (2025), Industrial pollutant releases to air in Europe. Available at: https://www.eea.europa.eu/en/analysis/indicators/industrial-pollutant-releases-to-air
[16] European Union (2010), Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions. Available at: https://eur-lex.europa.eu/legal-content/IT/ALL/?uri=CELEX:32010L0075

Management of impacts, risks and opportunities and future objectives

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

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Water pollution	Critical steps within the production process include potential air spills and F-Gas leaks. To manage atmospheric emissions, the Group has provided an extractor fan for each location at risk, monitoring is carried out as required by regulations to limit the impact on the surrounding environment and local communities, and safety systems are in place to monitor leaks.	Positive and negative	=	
Air pollution	The use of water in production processes and the subsequent release of waste water can release pollutants into the system. Filtration and purification systems must be used to preserve the quality of water resources and limit the impact on ecosystems.	Positive and negative	–	
Soil pollution	The production process may result in the release of chemicals, such as ethylene glycol and refrigerant gases, which may contaminate the soil in the event of leakage or improper disposal. To limit environmental impact, it is essential to implement collection and treatment systems to prevent soil contamination, through waste management practices and soil remediation in case of accidents.	Negative	–	

Actual Potential Upstream Own operations Downstream Short term Medium term Long term

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Pollution of living organisms and food resources	The production process could result in the emission of chemicals that, if released into the environment, could compromise the health of living organisms and the quality of food resources.	Negative	Medium term	Downstream
Substances of concern	Chemicals used in production processes are monitored and managed in accordance with the REACH regulation. The Group has adopted procedures to manage this issue, with preventive systems.	Positive and negative	Medium term	Own operations, Downstream
Substances of very high concern	Chemicals used in production processes are monitored and managed in accordance with the REACH regulation. The Group has adopted procedures for the management of this issue, with preventive systems, and does not fall within the scope of Reg. 166/2006	Positive and negative	Short term	Own operations, Downstream
Microplastics	In production, plastic material is used in the moulding process (raw material) and plastic component assembly. Failure to manage this material or moulding waste can lead to its accumulation in the environment.	Positive and negative	Medium term	Own operations, Downstream

Actual | Potential | Upstream | Own operations | Downstream | Short term | Medium term | Long term

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	RISK NATURE	TIME HORIZON	**IMPACT LOCATION**
Air pollution, water and soil	Industrial activities, in particular cooling, painting and equipment washing processes, involve the risk of water contamination. Ineffective management of water discharges, particularly in the presence of glycol and other chemical compounds, could generate environmental damage and clean-up costs. Failure to comply with discharge limits set by local and international regulations could lead to sanctions and operational restrictions, impacting production and corporate reputation.		—	
	Emissions of nitrogen oxides (NOx), particulate matter (PM10 and PM2.5) and volatile organic compounds (VOCs) from production processes and painting are subject to increasingly stringent regulations. Failure to comply with the new environmental standards could result in a ban on access to certain industrial areas, financial penalties, and additional costs for installing more advanced filtration systems. The progressive de-carbonisation of the sector also requires the reduction of greenhouse gas emissions through energy efficiency solutions.		—	


Actual


Potential


Upstream


Own operations


Downstream

Short term

Medium term

Long term

E2-1 - Pollution-related policies

The **prevention of pollution and management of emissions** are core areas of Giordano Riello International Group's environmental management. The Group's companies operate in **compliance with applicable regulations**, adopting tools and procedures aimed at reducing potential impacts on air, water and soil, with particular attention to production contexts.
The approach followed is based on **prevention at source**, through technical and organisational measures to limit the release of pollutants and to ensure adequate treatment of discharges. At **Aermec S.p.A.**, these measures are integrated into the **Environmental Management System certified according to ISO 14001** and the related policy, which defines objectives, responsibilities and operating methods for limiting environmental impacts. At **Sierra S.p.A.**, actions are governed by **internal procedures and specific environmental authorisations**, which include requirements on water discharges, channelled emissions and management of hazardous substances. At **Airlan Industrial S.A.**, the focus is on **compliance with local regulations and the adoption of good management practices**.
In all operations, the principles of environmental protection are referred to in the **Codes of Ethics and corporate policies**, which promote the responsible use of chemicals and provide measures for the prevention of environmental accidents, including through periodic staff training and the updating of safety data sheets.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

E2-2 - Pollution-Related Actions and Resources

In compliance with applicable environmental legislation - including the **Industrial Emissions Directive 2010/75/EU** (**IED**), the **REACH Regulation** (**EC no. 1907/2006**) and the **Legislative Decree 152/2006** - Group companies adopt technical and management measures to prevent, monitor and contain pollution generated by production activities, with particular attention to air and water quality, as well as the safe management of potentially hazardous substances. Among the structural initiatives implemented by the Group to reduce potential polluting impacts are a number of infrastructural improvements and plant upgrades, in line with the requirements of national environmental regulations (Legislative Decree 152/2006) and the principles of prevention at source promoted at European level (Directive 2010/75/EU - IED): in 2024, Aermec S.p.A. completed the **upgrading of the sewerage system** on the east side of the plant, replacing the old systems with new solutions with a lower risk of dispersion and contamination. In parallel, the **replacement of the** toilets located in the painting area was carried out, with the renewal of obsolete equipment and the modernisation of staff facilities.
In the same context is the **multi-year programme for securing underground tanks**, launched in 2020, which provided for the decommissioning and replacement of obsolete tanks used for automotive diesel fuel and for activities related to industrial painting. The intervention concerned **two 5 m³ underground tanks for automotive diesel (2020) and a 15 m³ tank in the painting area (2022)**, contributing to the reduction of the risk of soil and groundwater contamination.
In addition, special attention is paid to the control of **atmospheric emissions**, in line with the provisions of the environmental authorisations issued at provincial level. In particular, painting processes are subject to specific monitoring for **emissions of volatile organic compounds** (**VOC**), substances potentially harmful to air quality and health. In order to reduce the risk of dispersion, Aermec S.p.A. and Sierra S.p.A. use suction and filtration systems, supported by regular checks carried out by accredited external laboratories.
The operational framework is completed by the measures implemented at the **plastic moulding** departments, where the company adopts measures for the collection and containment of dust and residues potentially arising from processing. Although no significant critical issues in terms of dispersion have been detected, Aermec S.p.A. monitors possible risks of microplastic release.

E2-3 - Pollution-related targets

Consistent with the infrastructural and management measures already implemented, the Group intends to continue strengthening its environmental monitoring tools, with a focus on the continuous improvement of processes related to pollution prevention.

In the three-year period 2025-2028:

- **Aermec S.p.A.** provides for **maintenance of ISO 14001 certification**, as an operational reference for structured management of significant environmental aspects, including the control of emissions and proper management of potentially hazardous substances;
- **Sierra S.p.A.** has set itself the target of **obtaining ISO 14001 certification by 2028**, thus consolidating its commitment to the environment and formalising an integrated management system for the reduction and monitoring of pollution-related risks.

Pollution metrics

E2-4 - Air, water and soil pollution

The production companies operate in compliance with the emission limits set by the regulations in force and the prescriptions contained in the respective environmental authorisations (Autorizzazione Unica Ambientale - AUA), adopting monitoring and management systems that comply with the applicable technical standards.

For **Aermec S.p.A. and Sierra S.p.A.**, atmospheric emissions are regulated by the respective "**Specific Prescriptive Frameworks" of the provincial AUAs**, which define for each emission point the parameters to be monitored, the authorisation limits and the frequency of controls. The main pollutants to be verified include total dust, volatile organic compounds (VOCs) and, where applicable, metals from specific processes. Measurements are carried out by accredited external laboratories, either annually or every two years depending on the type of emission, and the values recorded are well below the prescribed limits.
Sierra S.p.A.'s **monitoring campaigns 2024** confirm emission levels significantly below the authorisation thresholds. The values measured for total dust range from 0.19 mg/Nm³ to 3.3 mg/Nm³, while total organic compounds (TOCs) show concentrations of 10.1 mg/Nm³ and 15.5 mg/Nm³ at the locations where they are monitored.

Water and soil discharges

At both sites, **industrial waste water** is treated in **on-site water treatment plants** prior to discharge into the sewer system, in accordance with the limit values set by the permits. **No direct discharges to surface water bodies or soil contamination attributable to operational activities**. In addition, chemical and waste storage areas are equipped with impermeable flooring and containment systems, in line with the source prevention requirements of the regulations.

E2-5 - Dangerous substances

In line with the **REACH Regulation** (**EC no. 1907/2006**) and the **CLP Regulation** (**EC no. 1272/2008**), the Group's manufacturing companies monitor and manage the use of substances classified as hazardous, with a focus on those identified as "substances of concern" or "substances of very high concern" (SVHC) by the European Chemicals Agency (ECHA). The aim is to ensure safe use, minimise risks to the environment and human health, and prevent uncontrolled release into the environment.
The categories of substances managed by all production companies include:

- **Adhesives and sealants**
- **Solvents and machining fluids**
- **Stabilisers and chemical additives**
- **Lubricants, technical oils and industrial oils**
- **Deoxidising agents**
- **Paints**

All substances are used in quantities below the notification thresholds set by **Regulation (EC) No. 166/2006** (**E-PRTR**) and are managed according to company procedures that provide for:

- **storage in areas with impermeable flooring and containment systems**;
- presence of **safety data sheets** (**SDS**) updated and available to all affected personnel;
- **periodic training** for personnel involved in handling and disposal;
- adoption of suitable **personal protective equipment** (**PPE**);
- **emergency plans** for the management of accidental spills.

Below are the quantities of hazardous substances used in 2024 by Sierra S.p.A.[17]:

SUBSTANCE OF CONCERN[18]	DERIVATION	SUBSTANCES OF VERY HIGH CONCERN	QUANTITY 2024	HAZARD CLASS
Chlorinated and aliphatic solvents	Use	✓	2,600 kg	H315, H319, H317, H351, H336, H411
Lubricants and machining fluids	Use	✗	8,500 kg	H304
Lubricants and machining fluids	Use	✗	630 kg	H226, H304
Lubricants and machining fluids	Use	✗	3,416 kg	H304
Liquid deoxidiser	Use	✗	250 kg	H225, H312, H371
Additives and surface treatments	Use	✗	300 kg	H304
Additives and surface treatments	Use	✗	Data not available	H225, H304, H373, H319, H315, H336
Stabilisers for industrial processes	Use	✗	72 L	H226, H314, H304, H411. H318
Stabilisers for industrial processes	Use	✗	160 L	H226, H315, H318, H317, H341, H351, H335, H412

[17] As this is the first year of reporting, complete data is not yet available for all companies regarding substances of concern and substances of very high concern. The group plans to work on standardising reporting methods in the coming years.
[18] Data refer only to Sierra S.p.A.

Water and Marine Resources - ESRS E3

Globally, phenomena such as **water stress**, **local scarcity** and **variations in availability** seasonality are changing the operating environment of many industrial supply chains, posing new challenges in terms of environmental resilience and compliance.[19] In particular, the HVAC-R sector employs water in several technical steps, such as testing hydronic systems, cooling equipment and adjusting test conditions.
In the manufacturing sector, the increasing focus on environmental issues translates into the need for a structured understanding of the impacts of water consumption and discharges, even in low-use contexts. According to the **International Energy Agency**, resource efficiency, including water, will be a key determinant for improving the environmental performance of industry in the coming years[20].

In this scenario, Giordano Riello International Group adopts an approach based on proportionality and differentiated analysis for each Group company, integrating the assessment of water impacts within a broader process of identifying environmental risks and opportunities for improvement.

[19] IPCC (2023) Sixth Assessment Report, WGII, Chapter 4. Available at: https://www.ipcc.ch/report/ar6/wg2/chapter/chapter-4/
[20] IEA (2023), Tracking Clean Energy Progress 2023. Available at: https://www.iea.org/reports/tracking-clean-energy-progress-2023

Management of impacts, risks and opportunities and future objectives

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

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Water consumption	Production involves the use of water, albeit in limited quantities, mainly during testing - and only in Sierra S.p.A.'s production process. The implementation of osmosis water recovery and reuse systems help to minimise losses and limit water consumption.	Positive and negative	=	
Water withdrawals	The Po Valley area is at risk of water stress. Water withdrawal from wells and its use in processes must be carefully monitored and mitigated by the use of technologies and systems for rainwater harvesting and recovery/reuse.	Positive and negative	=	
Water discharges	The discharge of process water into the sewers, if not properly treated, can pose the risk of contaminants entering the system. The presence of water purifiers reduces the impact on the water ecosystem and ensures compliance with environmental regulations.	Positive and negative	–	

Actual | Potential | Upstream | Own operations | Downstream | Short term | Medium term | Long term

E3-1 - Policies related to water and marine resources

The management of water resources is regulated at company level through **operational procedures and control tools** aimed at guaranteeing their use in compliance with the regulations in force and proportionate to the technical needs of the different operational realities. Particular attention is paid to production plants, where water may be used in **testing processes** or in **support activities**. The Group's companies adopt measures consistent with the general environmental approach, integrating efficiency and responsibility criteria also in the management of water consumption.

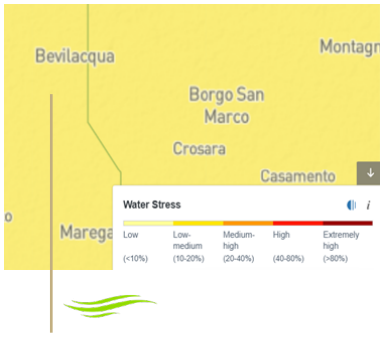
At Aermec S.p.A., this approach is formalised within the ISO 14001-certified Environmental Management System, while in Sierra S.p.A. and Airlan Industrial S.A., the operating methods are defined through internal procedures and specific management controls. In both companies, the principles applicable to natural resources are also referred to in their respective Codes of Ethics and corporate environmental procedures, which define areas of application, responsibilities and operating procedures also with reference to the management of discharges.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

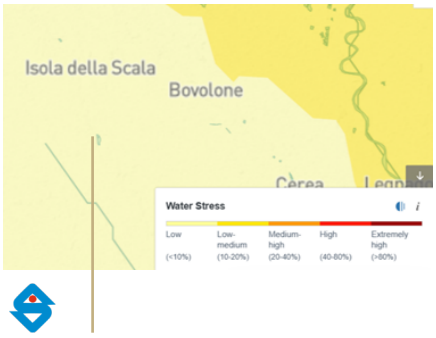
E3-2 - Water and Marine Actions and Resources

To assess the context in which its locations operate and understand the level of exposure to water-related risks, Giordano Riello International Group uses internationally recognised analysis tools, such as the **Water Risk Atlas** developed by **Aqueduct of the World Resources Institute**. This platform enables the mapping of risks related to water scarcity, droughts and local stresses, providing an objective basis for monitoring water availability and calibrating operational strategies accordingly.

Neither of the two main Italian production sites is located in a water stress zone, while **Airlan Industrial S.A.** is based in a **medium-risk** area, as indicated by the following maps:



Aermec S.p.A.
Bevilacqua, Verona (IT)



Sierra S.p.A.
Isola della Scala, Verona (IT)

Airlan Industrial S.A.
Bilbao, Basque Country (ES)

The Water Risk Atlas can be accessed by scanning the QR code

The use of water resources within the Giordano Riello International Group is concentrated in certain operating areas, in particular in the production sites of Aermec S.p.A. and Sierra S.p.A., where the supply is mainly from **sources underground**. Water **is not a critical input in manufacturing cycles** and there are no significant impacts from withdrawals from sensitive sources or direct discharges to surface water bodies. The adopted initiatives are focused on **consumption reduction,** on **streamlining of processes** and on **compliant discharge management**. In the remaining companies of the Group, the resource is used exclusively for **service uses**, with discharges comparable to domestic waste water.

Sierra S.p.A. is the only Group company in which **water is used directly in the production cycle**, in particular in the **testing** Discharges are managed by means of a chemical-physical treatment plant, and subject to daily check, in accordance with the **Single Environmental Authorisation**. In 2024, work was carried out on the filtration system to improve the stability of discharge parameters.

Aermec S.p.A. uses water for auxiliary purposes, e.g. for **testing certain types of machines** and for internal activities. In recent years, recovery systems have been implemented in the testing chambers and improvements have been made to the purification plants. Consumption monitoring and discharge control are integrated into the ISO 14001 certified environmental management system.

There are also **stormwater regulation devices** and specific interventions for **spill prevention**.

Although the Group's foreign companies do not use water in their operational processes, they have introduced efficiency measures to reduce consumption related to service uses. Among the measures taken are:

- the installation of **low-consumption taps and sanitary drains** (e.g. dual-flush, start-stop);
- information **signs** to encourage water conservation by turning off taps;
- the **periodic check** of meter readings to detect any anomalies;
- the use of **efficient devices** in offices and internal restroom facilities.

E3-3 - Objectives related to water and marine resources

As part of their broader commitment to the efficient use of natural resources, the companies of the Giordano Riello International Group have defined a number of operational objectives related to the management of water resources. The planned interventions are proportionate to the relevance of the uses at the different sites and aim to contain consumption, reduce waste and ensure regulatory compliance in waste management.

- **Aermec S.p.A.** has initiated a multi-year programme to extend water recovery systems in test cycles, both on the primary and secondary circuit. All new test benches will be equipped with water efficiency devices, with the aim of keeping specific consumption constant even with increased production.
- **Sierra S.p.A.** envisages the reinforcement of control measures on the quality of discharges, through daily monitoring and the improvement of the filtration of the purification plant. The aim is to maintain high management standards and ensure full compliance with current environmental regulations.
- **Aermec Polska Sp. z o.o.** aims to maintain current water-saving equipment (dual-flush, aerators) and to meet efficiency standards in company sanitary facilities. The installations will be monitored periodically over the three-year period 2024-2026, with possible updates according to maintenance needs.
- Finally, **Aermec UK Ltd** focuses on strengthening consumption control through the annual review of meter readings.

Water and water consumption metrics

E3-4 - Water consumption

In 2024, the **total water withdrawals** of the Group's two main production companies - Aermec S.p.A. and Sierra S.p.A. - amounting to **130,225 m³**, deriving mainly from underground sources. Almost all of the water used comes from fresh water extracted from company wells, while a residual portion is attributable to **third-party water resources**, such as the aqueduct and **geothermal wells** of Aermec S.p.A. (approx. 29,650 m³).

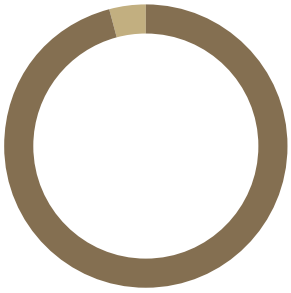
Available analyses do not show any withdrawals from surface, sea, meteoric or produced water, nor any significant forms of internal collection and reuse. All requirements are met through primary supplies, with utilisation proportionate to operational needs.

The **total annual water consumption** is around **119,762 m³**. The **total water discharges** of the two factories, amounting to **10,463 m³**, are managed in accordance with authorisation requirements and conveyed to the sewer after treatment. There are no leaks from open systems or direct discharges into surface water bodies.

Water intensity **was also calculated** in relation to key economic and employment indicators. With a **total draw of 130,225 m³**, a **total value of production of € 426,330,932** and a **total of 1,138 employees** in the two production companies, specific consumption is:

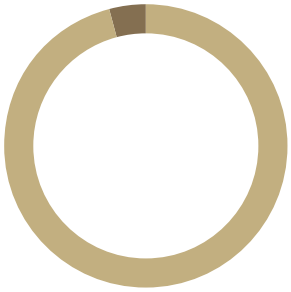
- **114.4 m³ per employee**;
- **0.305 m³ per 1,000 € of production value** (calculated on Total production value).

Breakdown of water withdrawals



96% **Aermec S.p.A.** 4% **Sierra S.p.A.**

Type of water withdrawn



96% **Groundwater** 4% **Aqueduct**

114,4 m³

Water intensity per employee

0.305 m³

Water intensity per €1,000 of production value

Circular Economy - ESRS E5

The **efficient use of resources** and **waste management** are central aspects for the manufacturing industry and, in particular, for the HVAC sector, characterised by a high material intensity of materials such as **steel**, **copper** and **aluminium** and the **use of refrigerant gases** with high climate-changing potential. According to the International Energy Agency, primary production of aluminium and steel is responsible for about 3% and 7-8% of global CO_2[21]emissions, respectively, while recycling enables significant reductions: in the case of aluminium, for example, only 5% of the energy required for primary production is needed[22].

Next to metals, another critical area is represented by **fluorinated gases** (**F-Gas**) used as refrigerants, which, although essential for plant performance, have a high global warming potential. The European Union, with Regulation (EU) 2024/573[23], has embarked on a path of progressive reduction of production and consumption, in line with the Green Deal and the Kigali Agreement[24], which envisages the reduction of HFC use by more than 80 per cent by 2050.

At the same time, waste management represents a growing challenge globally: more than 2 billion tonnes of municipal waste are generated every year[25], with recycling rates still limited, while e-waste reached about 62 billion kg in 2022, of which less than a quarter was properly recovered[26].

Air-conditioning systems are covered by the **EPR scheme** (**Extended Producer Responsibility**), which establishes specific obligations for producers. In 2014, the **WEEE Directive** was published, transposed into Italian law by **Legislative Decree 49/2014**, which provides for the organisation into collective consortia for the collection of waste electrical and electronic equipment. The **Regulation (EU) 2024/573** further strengthened this principle by extending the obligations to recovery, end-of-life management and traceability of F-gases, to be recorded in the **F-gas database established by Presidential Decree 146/2018**. This highlights how the end-of-life management of these plants is regulated by a stringent regulatory framework but, at the same time, supported by structured collection systems that enable circular economy processes that are difficult to replicate in other sectors.

In this context, Giordano Riello International Group is committed to integrating the principles of the circular economy into the management of its activities, focusing on the use of recyclable materials, the recovery of waste and the progressive reduction of hazardous waste, so as to limit dependence on primary resources and minimise environmental impacts throughout the product life cycle.

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[22] International Aluminum Institute (2023), Aluminium recycling saves 95% of the energy needed for primary aluminium production. Available at: https://international-aluminium.org/landing/aluminium-recycling-saves-95-of-the-energy-needed-for-primary-aluminium-production/
[23] European Union (2024), Regulation (EU) 2024/573 of the European Parliament and of the Council of 7 February 2024 on fluorinated greenhouse gases. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02024R0573-20240220
[24] UNTC (2016), Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. Available at: https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=XXVII-2-f&chapter=27&clang=_en
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[26] C. P. Baldé, R. Kuehr, T. Yamamoto, R. McDonald, E. D'Angelo, S. Althaf, G. Bel, O. Deubzer, E. Fernandez-Cubillo, V. Forti, V. Gray, S. Herat, S. Honda, G. Iattoni, D. S. Khetriwal, V. Luda di Cortemiglia, Y. Lobuntsova, I. Nnorom, N. Pralat, M. Wagner (UNITAR), (2024), The Global E-Waste Monitor 2024. Available at: https://ewastemonitor.info/wp-content/uploads/2024/12/GEM_2024_EN_11_NOV-web.pdf

Management of impacts, risks and opportunities and future objectives

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

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Resource inflows, including resource use	The Group uses raw materials with a high environmental and social impact. These materials, which are essential for the production of products, have impacts such as increased greenhouse gas emissions, damage to ecosystems and concerns about working conditions, especially in the extraction and production chains.			
Resource outflows related to products and services	Production processes generate resource flows that may include waste and discarded materials, and some products that do not conform to the sale cannot be recovered.			
Waste	Production generates hazardous and non-hazardous waste, which includes metal derivatives (iron, copper, aluminium), scrap, motors and compressors, electrical cables, etc. By implementing recovery and recycling programmes, also with external partners, such as scrap recovery, landfill disposal can be reduced.			

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	NATURE OF RISK	TIME HORIZON	IMPACT LOCATION
Resource inflows, including resource use	The HVAC sector is heavily dependent on critical materials such as copper, aluminium and semiconductors, which are subject to trade restrictions and geopolitical tensions. Export restrictions and fluctuations in global demand increase uncertainty in the availability of these raw materials, exposing the company to potential supply difficulties and impacting business continuity.			
	The rising cost of copper is driving the market to favour aluminium as a cheaper alternative. As a result, customers show an increasing preference for all-aluminium heat exchangers (aluminium-aluminium) over traditional aluminium-copper solutions.[27]			
Waste	The increasing regulation of industrial waste management and the introduction of the RENTRI (National Electronic Register for Waste Traceability) system require stricter traceability of waste materials and by-products. Failure to comply could result in additional administrative costs and penalties. Furthermore, the need to reduce hazardous waste and improve recycling management requires investments in disposal technologies and circular economy strategies to reduce the environmental impact of operations.			

[27] The aluminium market is under particular pressure and, according to JRC estimates, will experience a 30% increase in demand by 2030. Within this framework, it is strategic to have flexible technologies capable of enhancing the use of different metals according to the market dynamics expected in the medium term.

E5-1 - Policies related to resource use and the circular economy

The circular economy represents a priority area in the environmental policies of Giordano Riello International Group and translates into a commitment to **reduce waste**, **promote the reuse of materials** and foster a **life cycle approach in production processes** and in **product design**. The Group's production companies operate in compliance with **applicable regulations**, adopting **management measures differentiated according to the operating context and the degree of maturity of environmental systems.**

In **Aermec S.p.A.**, the approach is formalised within the **ISO 14001-certified Environmental Management System**, which establishes specific objectives and responsibilities for waste management and efficient use of resources. "The company's **quality, environment and safety policy** explicitly calls for prevention, waste reduction and design for recyclability of components.

Sierra S.p.A., even though it does not have a formalised environmental policy, applies **internal procedures and requirements of environmental authorisations** governing waste management and the responsible use of substances, ensuring a control consistent with the applicable regulatory framework.

Airlan Industrial S.A. has defined an **environmental policy** that includes waste classification (organic, recyclable, non-recyclable and hazardous) and dedicated waste collection procedures.

The principles of circular economy are referred to in the **Codes of Ethics**, which promote resource efficiency, material handling responsibility and staff training, creating a common frame of reference.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

E5-2 - Actions and resources related to resource use and the circular economy

The approach adopted by the Group fits into the European and national regulatory framework - including the **Circular Economy Package and Legislative Decree 152/2006** - and is integrated into the environmental management systems and internal procedures of the various companies.

The initiatives developed respond to **prevention** and **continuous improvement** logics and take the form of both infrastructural and organisational actions: from **reusable packaging design**, to **digitisation of processes**, through to the adoption of **daily practices** of consumption reduction.

Design and use of raw materials

The management of raw materials in Group companies is oriented towards **criteria of efficiency and circularity**. At **Aermec S.p.A.**, the design already incorporates environmental assessments, supported by **LCA** analyses, to identify materials with a smaller footprint and more easily recyclable.

For more detailed information on LCA, please refer to the Focus 'Life Cycle Analysis (LCA) - Aermec S.p.A.'.

In production processes, preference is given to the use of **low-impact** technologies, such as water-based painting and water recovery systems for testing, which limit the need for primary resources. **Sierra S.p.A.** has embarked on a path of **technological renewal** with the progressive replacement of machinery and engines with more efficient solutions, indirectly reducing material consumption and waste production.

Packaging management

Group companies have introduced various measures to reduce the environmental impact of packaging, favouring its reuse and replacement with materials with a smaller footprint. At **Aermec S.p.A.**, **returnable packaging systems** have been developed, whereby wooden pallets can be reused for up to 4-5 cycles, initiatives for the reuse of **cardboard honeycomb** from chiller and fan coil supplies, and the **replacement of plastic filler material** with paper solutions, accompanied by the introduction of dedicated wooden packaging. The extension of the use of returnable packaging also includes the purchase of customised trolleys for new raw material items, resulting in a decrease in the use of single-use pallets.
Foreign branches contribute with complementary practices: **Aermec Polska Sp. z o.o.** and **Aermec Deutschland GmbH** reuse packaging received from suppliers, **Aermec UK Ltd** employs recyclable materials for shipments, while **Aermec SAS** adopts recycled paper, recovered pallets and compostable solutions for consumables and support activities.

Management and traceability of waste streams

Waste management is governed by internal procedures and quantitative targets. **Aermec S.p.A.** monitors **hazardous and non-hazardous waste production** through environmental indicators, in line with the operational plan, and has already achieved results in the average reduction of non-hazardous waste streams. Process optimisation programmes are also in place to reduce waste and increase recovery. **Sierra S.p.A.** applies systems of **traceability of production waste** in compliance with environmental authorisations, with particular attention to special waste. Both companies are preparing for the full **adoption of the RENTRI (National Electronic Register for Waste Traceability)**, which will be officially active from early 2025. The new national digital traceability system will standardise records and reduce the use of paper. In addition, Sierra S.p.A. installed several drinking water fountains in the production departments to reduce plastic consumption.

Extending the useful life of products

The Group **fosters on-site maintenance and repair of heating and cooling systems** over complete equipment replacement. This approach, applied to all service activities, reduces the generation of e-waste, increases the efficiency in the use of resources and reduces the costs of system management. It is a **structural operating model**, which contributes to **extending the life cycle of products** and fits into the principles of the circular economy.

Digitisation and de-materialisation

Digitisation is a further lever to reduce consumption and waste. Aermec S.p.A. has introduced digital document management procedures, which simplify environmental controls and reduce the use of paper, while Sierra S.p.A. is integrating digital solutions for managing environmental data and production processes. The foreign subsidiaries have already adopted paperless processes for electronic invoicing, contracts and correspondence.

Life Cycle Analysis (LCA) - Aermec S.p.A.

Aermec S.p.A. has undertaken a systematic path of **Life Cycle Assessment** (**LCA**) with the aim of quantifying the environmental impacts of its products throughout their entire life cycle and integrating these results into corporate decision-making processes.

The tool adopted is the drafting of the **Product Environmental Profile** (**PEP**), developed in accordance with Ecopassport PEP PCRs. The latter is a French organisation that proposes a product analysis scheme based on a methodology similar to that of the **EPD**, with which there is an international mutual recognition agreement. In this way, a PEP follows a similar methodological approach as an EPD, both of which are recognised within **ISO 14025**.

PEP also includes additional indicators that allow it to be compared with other certification schemes based on the **LCA** approach, including the **EN 15804+A2**standard, which is widely used in the construction industry, and the **Product Environmental Footprint** (**PEF**), introduced by the European Commission with the **Recommendation 2021/2279** (and previously by Recommendation 2013/179/EU). This constitutes a sound methodological framework, allowing for an accurate and transparent environmental assessment of products.
A distinctive element of the path taken by the Group is the **systematic character of the analysis**: not only representative products or families are evaluated, but all (or most) of the solutions developed by the company. This approach makes it possible to define for each product a real "**environmental passport**", fully consistent with the ecodesign guidelines promoted by the European Commission.

The analyses developed so far have covered **selected product families**, including fan coils, reversible heat pumps and hydronic units. An extended 'cradle to grave' perimeter was considered for each group, including:

- **Production and procurement of raw materials (A1-A3);**
- **Transport and installation steps (A4-A5);**
- **Routine use and maintenance (B), where relevant;**
- **End-of-life management (C1-C4) and the benefits beyond the system (D), which take into account material recovery and recycling.**

Preliminary PEPs made it possible to:

- **map the material composition** of products and packaging weight;
- check for **absence of substances of very high concern** (SVHC) above regulatory thresholds;
- calculate **key environmental indicators** (e.g. global warming potential - GWP, natural resource consumption, waste generation) in line with European standards;
- identify the main **environmental hotspots** along the life cycle, useful to guide ecodesign interventions and process optimisation.

The LCA project is conceived as a progressive process: after the first families analysed, the company plans to **extend the assessments to other product groups**. Specifically, the revision and republication of PEPs for NRG heat pumps and chillers are scheduled for 2025, alongside the publication of the updated fan coil PEP, which was previously rescheduled. Also in 2025, the NRK PEP is expected to be published, with preparation commencing in 2024. This will consolidate a comparable and transparent approach that can also be enhanced in environmental product declarations (EPDs) to support the market and stakeholders.

More details on the drafted PEPs are available below.

	Aermec fan coil	Aermec NRG & NRGI reversible heat pump	Aermec NRG & NRGI Chiller only Cooling
Function	Fan coil units for ventilation, filtration and space heating/ cooling using an internal fan	Air-to-water heat pump for heating/cooling buildings without using fuel for heat production	Air-to-water chillers for cooling buildings/facilities
Prevailing material composition	★ 73% metals ★ 14% plastic ★ 13% other (insulators, electrical components)	★ 85.9% metals ★ 4.5% plastic ★ 9.6% other (refrigerant, electrical components and lubricants)	★ 93.20% metals ★ 2.70% plastic ★ 4.10% other (refrigerant, electrical components, compressor, lubricants and paint)
Refrigerant	N/A	Present (1.0% by mass) Type: R-32	Present (1.2% by mass) Type: R-32 (dilfluoromethane) - SVHC
Environmental hotspots	★ Climate impact dominated by use phase (B6); ★ Secondary contributions from raw material production (A1)	★ Climate impact strongly dominated by use phase (B1-B7)	★ Predominant use phase (B6); ★ Significant contribution also from raw materials (A1)
Service life	22 years	22 years	22 years
Waste material disposal (implementation)[28]	★ Material sent for disposal: 1.216 kg ★ Recovered/heat-treated material: 0.783 kg (64%) ★ Non-recovered material: 0.433 kg (36%)	★ Material sent for disposal: 100 kg ★ Recovered/heat-treated material: 65 kg (65%) ★ Non-recovered material: 35 kg (35%)	★ Material sent for disposal: 297 kg ★ Recovered/heat-treated material: 197 kg (66%) ★ Non-recovered material: 100 kg (34%)

The PEP Eco Passport database can be accessed by scanning the QR code

[28] The increase in recovered material indicates above all a refinement of LCA monitoring and the improvement of national recycling rates (source: ISPRA), not necessarily changes in plant disposal processes. Values are LCA estimates integrating site data and ISPRA national factors and may not coincide with actual operational data. The approach complies with LCA practices and has been validated by a third party.

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

The Group has defined a set of operational objectives to reinforce its commitment to the circular economy, with actions ranging from digitising processes to packaging management and extending life cycle studies on products. The objectives involve both Italian companies and foreign subsidiaries, according to specific priorities and areas.

- **Aermec S.p.A. and Sierra S.p.A.**: by 2025 the implementation of the RENTRI (National Electronic Register for Waste Traceability) system, which digitises waste traceability, will be completed. The aim is to standardise registration procedures, reduce the use of paper and increase control over flows, through staff training and the integration of the new methods into management systems.
- **Aermec S.p.A.**: The company intends to extend the LCA analyses to other HVAC product families, expanding the scope beyond the types already analysed. The aim is to have comparable data on the entire life cycle, identify environmental hotspots and guide ecodesign choices, also with a view to future Environmental Product Declarations (EPDs).
- **Aermec Polska Sp. z o.o.**: by 2025, the systematic reuse of incoming packaging for outgoing shipments will be formalised, in order to reduce the purchase of new materials and improve logistical efficiency. In parallel, the electronic technical reporting system, already in use since 2017, will be strengthened, with the aim of permanently eliminating the use of paper in service documentation and increasing the traceability of activities.
- **Aermec UK Ltd**: will continue to promote the use of reusable or recyclable packaging for shipments. Implementation will be monitored annually to ensure constant control over the reduction of plastic waste and compliance with environmental standards.

Circular Economy Metrics

E5-4 - Incoming Resource Flows

As 2024 is our **first reporting year**, companies are progressively working to collect data in a **homogeneous and systematic** manner, so as to ensure more extensive and comparable information coverage in the coming years. For the current year, quantitative data on materials used are only available for Aermec S.p.A. and Sierra S.p.A., and feature units of measurement that cannot be aggregated.

In 2024, **Aermec S.p.A.** employed a wide variety of materials, in line with the complexity of its production processes:

- The main **raw materials** include **steel** (**2,702 t**), **aluminium** (**216 t**), **copper** (**184 t**) and **plastic** (**176 t**), in addition to **insulating, filtering chemical and welding materials** used in smaller volumes.
- The **semi-finished products and components** include a large number of mechanical, hydraulic, electrical and electronic elements, as well as compressors, motors, pumps and exchangers for the assembly of finished products.
- The **packaging materials** comprise different types of plastics, cardboard and technical protective materials, totalling about 2.45 million units.

As regards **Sierra S.p.A.**, on the other hand, the total consumption of materials was 2,873,725 kg, of which 26% came from recycling or recovery.

- **Metal raw materials**: **2,322,600 kg** (recycled share 740,212 kg, or 32%). The composition is predominantly comprised by **copper** (1,017,000 kg total, of which 262,523 kg recycled), **aluminium** (1,072,000 kg total, of which 477,688 kg recycled), **steel** (227,000 kg) and **welding alloys** (6,600 kg).
- **Semi-finished products and components**: **715 kg**, consisting mainly of gaskets (154 kg) and hardware (561 kg).
- **Packaging materials**: **550,410 kg**, with a recycled share of 14,960 kg (≈2.7%). The main stream is wood (390,000 kg), followed by cardboard (142,000 kg total, of which 14,200 kg recycled), plastics (caps, polyethylene and polyester for 14,610 kg) and steel (3,800 kg total, of which 760 kg recycled).

26%

of incoming materials comes from recycling or recovery

The tables below show the details of the materials:

AERMEC S.p.A.		
MATERIALS BY TYPE	UoM	2024 QUANTITIES
Main raw materials		
Steel sheets and tubes	no.	37,917
	kg	2,702,000
Aluminium	kg	216,000
Copper	kg	184,045
Plastic	kg	176,493
Insulating and filtering materials	sheets[29]	600
	m^3	67,417
	m	449,954
	no.	888,619
	rolls	10.397
Chemicals and welding	Cf5[30]	1,642
	Cfa[31]	85
	cylinders	96
	kg	275
	l	72,333
	m^3	9,262
	no.	806,586
Semi-finished products or components		
Mechanical components and fittings	Cfc[32]	1,751
	Cfm[33]	15,266
	m	13,378
	no.	3,270,977
Pneumatic and hydraulic components	Cfc	69
	m	36,550
	n	588,886
Structural metalwork components	n	2,165,594
Electric components	Cfc	12
	Cfd[34]	7,996
	Cfm	775
	rolls	4
	m	548,380
	no.	3,378,531
Electric components	no.	492,842
Compressors	no.	23,879

AERMEC S.p.A.		
MATERIALS BY TYPE	UoM	2024 QUANTITIES
Motors and pumps	no.	362,126
Plastics and components	no.	1,714,168
Copper Components	no.	2,137,877
Heat exchangers	no.	70.477
Finished products	no.	96,107
Accessories	no.	266,947
Spare parts	no.	43,468
Packaging materials	Cfm	2,249
	kg	74
	m^3	192
	m	69,600
	no.	2,453,992
	rolls	19,570

[29] Unit of measurement defined by trade agreement
[30] Packs of 5
[31] Packs
[32] Packs of one hundred
[33] Packs of a thousand
[34] Packs of ten

SIERRA S.p.A.		
MATERIALS BY TYPE	UoM	2024 QUANTITIES
Main raw materials		
Aluminium	kg	594.312
Recycled aluminium		477,688
Copper		754,477
Recycled copper		262,523
Steel		227,000
Soldering alloy		6,600
Total		2,322,600
Total recycling/recovery		740.212
Semi-finished products or components		
Gaskets	kg	154
Screws		561
Total		715
Packaging materials		
Cardboard	kg	127,800
Recycled cardboard		14,200
Wood		390.000
Plastic caps		110
Polyethylene		13,000
Polyester		1,500
Steel		3,040
Recycled steel		760
Total		550.410
Total recycling/recovery		14,960
Total materials		2,873,725

With regard to F-Gas monitoring, data are available on the quantities and corresponding GWP (Global Warming Potential) for each of the gases used in Aermec S.p.A.'s production process:

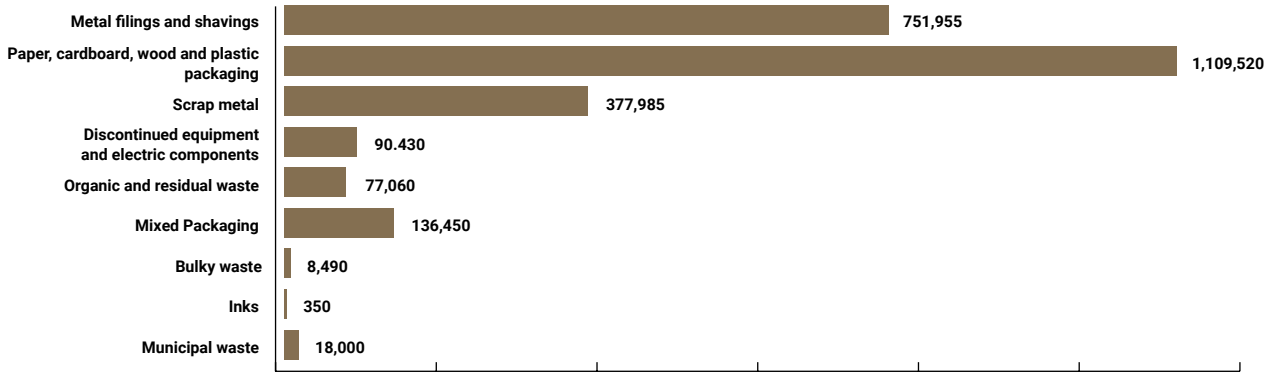
REFRIGERANT CODE	UoM	2024	GWP
R134a		33,132	1,430
R410A		103,751	2,088
R513A		22,695	631
R1234ze		12,680	7
R32	kg	26,060	675
R454B		3,020	466
R515B		560	239
R290		55	3
Total		201,953	/

E5-5 - Resource Outflows[35]

In 2024, the Group generated a total of **2,571,423.9 kg of waste**, managed in accordance with current legislation and through authorised operators. More than **95% of the flows were sent to recovery or recycling operations**: the main share went to recycling (2,195,451.9 kg), followed by recovery (265,774 kg), while residual quantities went to landfill (42,956 kg), disposal (4,744 kg) or incineration (270 kg, or 0.01%). The item 'other' gathers 62,228 kg managed in different ways.
The composition of waste reflects the manufacturing and logistical nature of the activities: **non-hazardous waste** accounts for **96% of the total** (2,470,877.9 kg), while **hazardous waste** accounts for the remainder **4%** (100,546 kg), mainly related to chemical residues and process components.
Below is a breakdown of the two categories:

Non-hazardous **wastes** are **production or consumption wastes** that do not pose a significant risk to human health or the environment and are typical of production cycles and readily recoverable. In particular, the most significant share is represented by **paper, cardboard, wood and plastic packaging,** which accounts for **44.9%** of the total, followed by **ferrous and non-ferrous metal filings and turnings** with **30.4%** and **scrap metal** with **15.3%**. Smaller shares concern **end-of-life equipment and electronic components** (**3.7%**) **organic and residual wood and cardboard wastes** (**3.1%**) and **mixed packaging** (**5.5%**). Marginal percentages are finally associated with **municipal waste (0.7%), bulky waste (0.3%) and inks (0.02%)**.
The detailed breakdown by type and the corresponding quantities are shown in the chart below.

Non-hazardous waste (kg)

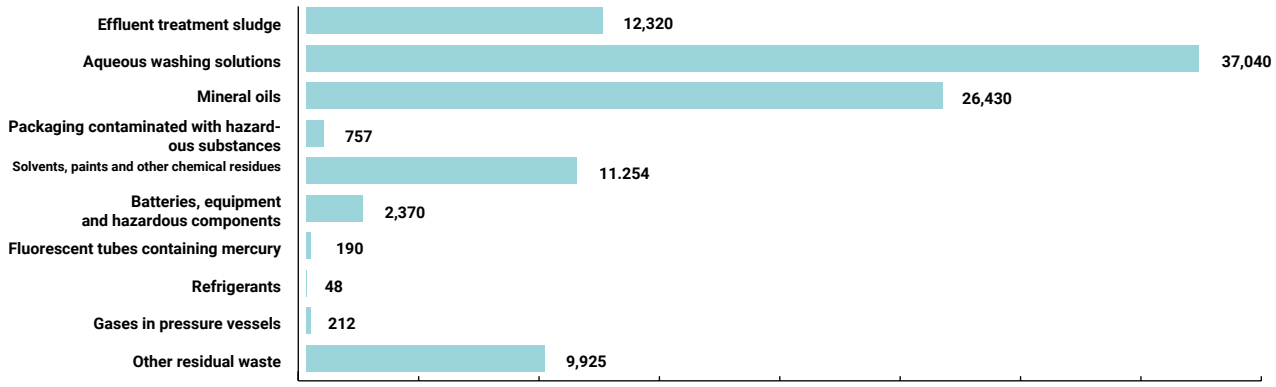


95%

of waste is recycled or recovered

The **hazardous waste** does, however, contain **toxic, infectious or harmful substances to humans or the environment** In the case of the Group, these are mainly residues resulting from chemical treatments and maintenance activities, which require specific handling precautions and transfer to authorised operators. The main flows include: **aqueous washing solutions from degreasing** which account for the largest share (**36.8%**), followed by **chlorinated and non-chlorinated mineral oils** (**26.3%**) and **effluent treatment sludge** (**12.3%**). A further significant portion is represented by **solvents, paints and other chemical residues** (**11.2%**), while smaller shares pertain to **batteries and equipment with hazardous components** (**2.4%**) and **other residual waste** (**9.9%**). Marginal flows such as **contaminated packaging** (**0.8%**), **mercury fluorescent tubes** (**0.2%**), **refrigerants** (**0.05%**) and **gas in pressure vessels** (**0.2%**).

Hazardous waste (kg)



[35] The figures in this section are consolidated at Group level, with the exception of Aermec Deutschland GmbH, Aermec UK Ltd, Aermec South America and Airlan S.A.

The **hazard classes** (**HP**) assigned to hazardous wastes identify the nature and extent of risks to human health and the environment and are an essential tool to ensure their traceability and safe management. The following table shows the main types of hazardous waste generated in 2024, with their HP codes.

HAZARDOUS WASTE BY TYPE	HAZARD CLASS (HP)
Effluent treatment sludge containing hazardous substances	HP4
Mineral engine, gear and lubrication oils (chlorinated and non-chlorinated)	HP14
Oily emulsions and other oil residues	HP5
Aqueous washing solutions from degreasing processes	HP4 - HP14
Waste solvents, paints and varnishes containing hazardous substances	HP3 - HP4 - HP6 - HP14
Packaging contaminated with hazardous substances	HP3 - HP4 - HP5 - HP6 - HP10 - HP13 - HP14
Absorbent and filter materials, rags and protective clothing	HP14
Oil filters	HP5 - HP14
Antifreeze liquids containing hazardous substances	HP5 - HP14
Chlorofluorocarbons (CFCs, HCFCs, HFCs)	HP14
Lead-acid batteries	HP5 - HP8 - HP10 - HP13
Hazardous equipment and components out of use	HP6
Gases in pressure vessels containing hazardous substances	HP14
Insulation materials containing hazardous substances	HP7
Waste from health care	HP9
Fluorescent tubes and other mercury-containing waste	HP5 - HP6
Coolants and oils	HP14
Electronic components with hazardous parts	HP14

INFORMATION SOCIAL

In this section

Own workforce - ESRS S1

In a highly technically specialised manufacturing sector, the workforce is a strategic element to ensure **continuity of production, quality, safety and innovation capacity**. The activities of Giordano Riello International Group S.p.A., which include the design, production, testing, installation and technical assistance of HVAC systems and integrated solutions for energy efficiency, are based on the daily contribution of highly qualified professionals, both in the production sites and in the international sales companies.

Within this framework, **decent work and the enhancement of skills** assume a central role not only in terms of social responsibility, but also in terms of organisational resilience and competitiveness. As emphasised by the International Labour Organisation (ILO)[36], decent work is a fundamental right and an indispensable condition for sustainable economic development. Similarly, the European Agency for Safety and Health at Work (EU-OSHA)[37] points out that occupational risk prevention and the adoption of structured health and safety systems are crucial factors for the competitiveness of European industry, especially in complex production areas.

Workforce management in the Group is based on an integrated approach that combines **continuous listening, preventive risk management, attention to organisational well-being and promotion of professional growth**.

The actions taken in the different operational contexts aim to ensure fair, safe and inclusive working conditions, in line with the principles set out in the ILO Tripartite Declaration[38] on Multinational Enterprises and Social Policy and with the provisions of European and national legislation on labour, health, safety and equal opportunities.

The following paragraphs describe the strategic framework, the policies implemented, the main material impacts identified, the improvement actions and the operational objectives adopted by Giordano Riello International Group S.p.A. in relation to its workforce.

[36] International Labour Organisation, Decent Work. Available at: https://www.ilo.org/topics-and-sectors/decent-work
[37] European Agency for Safety and Health at Work - Available at: https://osha.europa.eu/it
[38] International Labour Organisation (2023), Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration). Available at: https://www.ilo.org/publications/tripartite-declaration-principles-concerning-multinational-enterprises-and-3

Strategy

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

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Job security for own workforce	The difficulty in finding qualified personnel and the desire to maintain long-term partnerships mean that the Group evaluates internally the possibilities of employee growth but also has to activate personnel retention processes, offering stable contracts and training and career plans.	Positive and negative	=	
Working hours of own workforce	Shifts require good time organisation to avoid psychological burnout and workplace accidents due to tiredness and fatigue.	Positive	/[39]	
Adequate remuneration of own workforce	The right remuneration is essential to attract and retain highly qualified professionals in a specialised industry, offering working conditions that are competitive and sustainable.	Positive and negative	—	
Social dialogue of own workforce	A continuous and effective dialogue with employees and taking into account their problems and needs helps to improve the corporate climate, strengthen internal cohesion and enhance the Group's reputation.	Positive	/	
Freedom of association, existence of works councils and workers' rights to information, consultation and participation	The opportunity for employees to assemble and express their opinions is fundamental to ensuring an inclusive and democratic working environment, where employees have freedom of expression, can be involved in decision-making processes and have access to significant information for their well-being and the improvement of working conditions.	Positive	/	

[39] If the impact is positive in nature, no time horizon is indicated. The time horizon is in fact used exclusively to define how soon a negative impact is expected to be resolved or mitigated.

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Collective bargaining, including the percentage of workers covered by collective agreements	The The National Collective Labour Agreement for the Metalworking Industry and the supplementary contract protect workers' rights, set rules for both the company and the worker, and facilitate personnel management.	Positive	/	
Work-life balance	Time flexibility and meeting staff needs positively affects the quality of employees' working and private lives.	Positive and negative	—	
Health and safety	Certain stages of production processes can be risky for the safety of the employee, such as the sheet metal and tube working stages: a lack of adequate supervision can lead to a progressive increase in accidents. Worker safety is ensured through advanced protective measures, continuous training and the adoption of safety technologies to prevent occupational accidents and illnesses.	Positive and negative	=	
Gender equality and equal pay for work of equal value	Ensuring equal opportunities and equal remuneration within the company, both in the office and in production, fosters an inclusive working environment, making the sector more accessible, enhancing skills and expanding the talent pool to draw from.	Positive and negative	—	
Training and skills development	Continuous training is essential for the continuous improvement of skills and, in the case of health and safety, for compliance with evolving legislation. Offering customised training programmes targeted to the person and the job guarantees a skilled workforce, capable of working efficiently and safely.	Positive and negative	—	
Employment and inclusion of people with disabilities	Adapting workspaces and making colleagues aware of specific needs fosters an inclusive environment, where every individual has equal opportunities for employment and development.	Positive	/	
Measures against violence and harassment in the workplace	Lack of training on violence and harassment in the workplace can lead to incidents of discrimination and, consequently, negatively affect turnover and corporate reputation. The whistleblowing channel is an effective tool for reporting irregularities.	Positive and negative	—	
Diversity of own workforce	Fostering diversity and inclusion of staff with different backgrounds and experiences can expand the talent pool to draw from and foster an enrichment of corporate culture.	Positive	/	

IMPACT	IMPACT MATERIALITY			
	DESCRIPTION	IMPACT NATURE	TIME HORIZON	IMPACT LOCATION
Confidentiality of own workforce	In order to comply with the GDPR, the company is required to manage sensitive data in a secure and transparent manner, taking measures to prevent unauthorised access and ensuring that workers' rights, such as access to and rectification of their data, are respected.	Positive	/	

IMPACT	FINANCIAL MATERIALITY			
	RISK DESCRIPTION	NATURE OF RISK	TIME HORIZON	IMPACT LOCATION
Health and safety	The integration of automated processes and new materials requires constant updating of safety procedures and staff training. Failure to comply with ISO standards or safety measures could expose the company to fines, loss of certifications, occupational injuries and reduced operational efficiency, compromising continuity of production.		—	
Training and skills development	The increasing demand for specialised technicians and the geographical location of production sites can make it difficult to attract and retain key talent. A lack of qualified personnel could slow down innovation processes and increase operating costs, compromising the company's ability to respond efficiently to market needs.		—	

Actual | Potential | Upstream | Own operations | Downstream | Short term | Medium term | Long term

Management of impacts, risks and opportunities

S1-1 - Policies related to own labour force

Underpinning the Group's commitment to social issues is the desire to ensure a **safe, inclusive work environment focused on people's well-being**. In this direction, tools and policies **have been adopted** governing health and safety management, competence development and individual responsibility in a structured manner. The approach adopted is inspired by the main international standards and regulations.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

S1-2 - Processes for Involving Own Workers and Workers' Representatives in Impacts

The **dialogue** with the people working in the Group is a structural element in the management of social issues and the prevention of risks related to the working environment. At the three production sites there are **trade union representatives** (**Unitary Trade Union Representation, RSU**) and **Workers' Health and Safety Representatives** (**RLS**), with whom there are regular and cooperative relations.
The **supplementary company agreements** of both companies provide for specific moments of confrontation between management and representatives, including joint committees dedicated to professional training, organisational well-being and monitoring of employment trends. At Sierra S.p.A., for example, a permanent commission is established to discuss aspects related to safety at work and shift organisation, while at Aermec S.p.A. periodic meetings are scheduled to manage flexibility hours, training plans and part-time requests.
Workers' Health and Safety Representatives (RLS) actively participate in the periodic meetings provided for by It. Legislative Decree. 81/2008, by contributing to the collection of **reports**, to the **risk assessment** and to the **definition of improvement actions** In addition, informal meetings are promoted between management and employee representatives to share observations and proposals on organisational and environmental issues.
In 2024, the Group carried out a **stakeholder engagement** activity also targeted at employees, with the aim of understanding perceptions, expectations and priorities related to ESG issues. The results of the survey were used as the basis for updating the sustainability strategy.

More information on the contents and results can be found in the Focus - Employee Involvement at the end of this section.

S1-3 - Processes to Remedy Negative Impacts and Channels for Own Workers to Raise Concerns

In addition to fostering a safe and inclusive environment, the Group has developed control and whistleblowing systems to ensure the prompt and effective handling of situations potentially detrimental to corporate values. A **whistleblowing system** is in place in Italy, in compliance with It. Legislative Decree 24/2023, accessible via a dedicated online platform and managed by an independent party. The channel allows employees, collaborators and external stakeholders to **report violations of the Code of Ethics**, of **applicable regulations or internal procedures**, also in **anonymous**"form, guaranteeing **the utmost confidentiality** in the handling of reports and the protection of the reporter. Each report is analysed by individuals independent of those involved, with the obligation to provide reasoned feedback within three months.

This supervision is in addition to the provisions contained in the **Codes of Ethics** of holding company comprised of Giordano Riello International Group S.p.A., Aermec S.p.A. and Sierra S.p.A., which provide for additional internal whistleblowing channels and encourage workers to refer, in the first instance, to their hierarchical managers in case of problematic situations. The Codes also set out the companies' commitment to preventing all forms of abuse, discrimination or harassment, promoting a culture based on respect, fairness and valuing the individual. In terms of trade unions, the **supplementary agreements** provide that any collective or individual issues can be addressed through joint meetings between representatives and company management, with a view to collaborative resolution and maintenance of a positive organisational climate.

S1-4 - Actions on significant impacts on own workforce and approaches to mitigating major risks and pursuing major opportunities in relation to own workforce, as well as effectiveness of such actions

The Group addresses significant social issues through an approach that integrates risk prevention, attention to organisational well-being and skill development. Areas considered include health and safety, vocational training, working conditions and inclusion policies.

Health and safety at work

The protection of **health and safety at work** represents a consolidated and transversal commitment in all the companies of Giordano Riello International Group S.p.A. Consistent with the principles promoted by the **International Labour Organisation** (**ILO**), and in particular with the **ILO-OSH 2001 guidelines**, the Group adopts a systemic approach to prevention, based on risk assessment, continuous improvement and active worker participation.

All operations adopt **formalised processes for identifying and assessing the risks associated with their activities**, with a focus on tasks that expose them to physical, chemical, mechanical or organisational hazards. Analyses are carried out through **regular inspections, internal audits, direct observations**, and also include the **examination of near misses** and potentially critical situations. The persons in charge of prevention - including the Prevention and Protection Service, Workers' Safety Representatives, Safety Officers and Competent Doctors - are continuously involved in risk management and the implementation of corrective measures. The right of every worker to report unsafe conditions is guaranteed in all Group companies through direct channels, informal ways and, where applicable, digital or tracked systems.

Alongside the management systems, the Group also provides forms of **insurance protection**: employees of the Holding, Aermec S.p.A. and Sierra S.p.A. benefit from both professional and non-professional accident coverage, while several foreign companies have professional coverage.

In the Group's production-oriented companies, which operate in highly technically and manually intensive contexts, the commitment to health and safety takes on a particularly central role. In these settings, the **main identified risks** pertain to, in particular, **manual handling of loads**, **prolonged exposure to noise**, **use of chemical substances** and **activities on live equipment or systems under testing**. In response to these critical issues, differentiated technical and organisational measures were introduced: these include mechanisation of internal transport, rotation in tasks with high biomechanical load, introduction of hearing protection devices, improvement of workstation ergonomics and digital traceability of PPE distribution.
All Italian production sites also have adequately trained **fire and first aid teams**, and regular emergency tests and simulations are carried out.

In trading and distribution companies, the exposure to high risks is lower. After-sales technical assistance, materials handling or operational trips are subject to specific internal protocols, with mandatory annual training, provision of PPE, operational instructions and recurring short training sessions. In these contexts, local regulations are applied in compliance with national requirements, supplemented by common Group-wide guidelines.
The **monitoring of accidents, work-related absenteeism and training coverage rates is carried out systematically** through established company-level survey tools. The data collected drive periodic analysis of the results, which are useful not only to verify the effectiveness of the measures taken, but also to plan targeted improvement measures.

Please refer to the Future Objectives and Own Workforce Metrics section for health and safety metrics.

Training and skills development

All Group companies provide training courses that combine **regulatory requirements, operational needs and individual development**. Courses are designed on an annual basis, depending on company roles and the needs identified by individual functions, with a specific focus on maintaining core competencies in production, technical and commercial areas. In addition to courses on **occupational health and safety**, common to all realities, there are **technical, linguistic, digital and managerial** modules, accessible during working hours. Group-wide training activities were also carried out on **privacy and data protection**, with the aim of ensuring compliance with privacy regulations and protecting employee information, strengthening individual awareness of privacy-related risks and correct data management practices.

In the Group's production companies, such as Aermec S.p.A. and Sierra S.p.A., training takes place mainly in presence, with theoretical moments supplemented by practical exercises in the department or workshop. New entrants are supported by experienced figures through structured induction paths, which combine short introductory modules with days of direct observation and operational accompaniment. In **Aermec S.p.A.**, there are **annual training plans for technicians, testers and department heads**, which also include updates on quality and process improvement. At **Sierra S.p.A.**, targeted **in-depth sessions** are planned for line managers and maintenance personnel, as well as refresher activities pertaining to specific risks or new equipment.

Even in **distribution and sales companies**, training is an integral part of resource management and is adapted to the operational specificities of each location. At **Aermec Polska Sp. z o.o.**, for example, technicians take part in periodic courses provided in cooperation with the parent company, focusing on product installation, service and maintenance. **Aermec Deutschland GmbH** has structured its own basic training course for new installers, while at **Aermec SAS** there is a strengthening of language and sales skills, depending on the role played in customer and project relations. In all cases, technical documentation and training materials are shared with the Italian headquarters, promoting methodological consistency and coordinated updating.

For consultation of the training data, please refer to the section on own workforce metrics.

Focus - The Aermec S.p.A. Training Centre: Skills at the Centre

Technical training has always been a cornerstone of the Aermec S.p.A. identity. Since its origins in the 1960s, the company has flanked the production of air-conditioning systems with a constant investment in skill building, with the aim of **developing a qualified chain of know-how in the HVAC sector**.

What started initially as an internal requirement - to train the first refrigeration technicians, testers and sales network employees - has progressively evolved into a **structured project**, aimed at the entire value chain: salespeople, installers, refrigeration technicians, welders, system designers, architects and technical school students.

For over thirty years, the historic **Aermec Training Centre** has hosted thousands of courses, meetings and educational events, making a tangible contribution to the dissemination of thermal engineering culture and the continuous updating of comfort professionals.

In 2015, in response to the growing demand for specialised training and the evolution of teaching tools, Aermec S.p.A. inaugurated the new **Training Centre**: a modern, well-equipped facility designed to offer advanced training experiences. The centre has three multimedia classrooms for a total of one hundred seats, an area dedicated to technical training on real installations and, currently being completed, a 160-seat amphitheatre hall, designed to accommodate large-scale participation events.

Working conditions, welfare and inclusion

All Group companies have **industry-referenced collective agreements, supplemented by company agreements** where applicable, which govern working hours, leave, welfare, incentives and labour relations. The distribution of working hours is defined in a differentiated manner by operational areas and functions, with the possibility of using part-time formulas or hourly flexibility for compatible tasks. In particular, in the production sites of Aermec S.p.A. and Sierra S.p.A., work organisation is based on **daily or cyclic shifts**, with structured breaks and rotation mechanisms for the most repetitive tasks.

Corrective measures are also provided for **in the event of prolonged overloading**, including through direct discussion with supervisors and departmental managers. In addition, companies provide their employees with **canteen service** directly on site. In Aermec S.p.A. and Sierra S.p.A. there are also canteen delegates, with the task of representing workers vis-à-vis the company canteen service provider, concerning any problems and/or suggestions for improvement.

Even in the context of commercial companies, working arrangements are adopted that take into account the reconciliation of personal needs and operational responsibilities, through flexibility in returns, management of travel and autonomy in planning activities.

From the point of view of inclusion, the Group promotes work environments characterised by **respect and cooperation**, combating all forms of **discrimination** related to gender, age, origin, religion or personal status. The **presence of women** is currently more pronounced in clerical and commercial functions, but progress is also being made in technical and management areas. Individualised pathways for the re-employment of people with disabilities or in temporary fragile conditions have been implemented in several companies**, through** job role adjustments, training support, and consultation with HR representatives.

The culture of inclusion is reinforced, where available, by the **Code of Ethics** and by specific awareness-raising actions, integrated in some cases into the cross-training programmes. In all contexts, respect for the person and the protection of individual dignity are founding principles, supported by internal procedures, whistleblowing channels and behaviour also promoted at management level.

The Code of Ethics can be accessed by scanning the QR code

Focus - Employee Involvement

Stakeholder engagement activities were also targeted at employees, with the aim of gathering perceptions, expectations and priorities with respect to the main dimensions of environmental, social and governance sustainability.

The initiative involved employees of all Group companies, both in Italy and abroad. The proposed topics ranged from the quality of the working environment to training and professional development, from organisational well-being to corporate culture, including aspects of equality, inclusion, safety and transparent decision-making processes.

Some of the priorities that emerged include:

- **Health and safety at work;**
- **Energy;**
- **Training and skills development;**
- **Business ethics;**
- **Pollution;**
- **Measures against violence and harassment in the workplace;**
- **Working stability;**
- **Protection of human rights.**

The results of the survey contributed to the definition of the Group's social objectives, with the aim of strengthening participatory practices and progressively improving the quality of the work experience. The activity will be repeated periodically as an internal listening and evaluation tool to support continuous improvement.

S1-5 - Objectives related to the management of material negative impacts, the enhancement of positive impacts and the management of material risks and opportunities

Reflecting the outcomes of the different employee engagement exercises, Giordano Riello International Group S.p.A. has defined a number of operational objectives for the management of material social impacts, in order to mitigate risks, enhance positive impacts and progressively improve working conditions within various corporate settings.
In the area of training, the Group has defined a transversal objective aimed at strengthening **awareness of cybersecurity issues**. Starting in 2025, training **sessions** will be launched for all personnel using IT tools, with the aim of increasing awareness of key digital risks and promoting responsible behaviour in the management of company data and systems. The programme will be implemented in a coordinated manner across all companies, including foreign subsidiaries.
At the same time, the Group intends to strengthen the skills of its workers through training initiatives on ESG issues, which are addressed both to the staff of Italian companies and to those of foreign subsidiaries, with the aim of spreading greater awareness and promoting a shared approach to sustainability at various corporate levels.
In order to improve the **well-being of workers during the summer months**, Sierra S.p.A. has planned investments by 2027 to progressively increase the extension of the **air conditioning** system in the production area, including also areas of the workshop currently not served. In parallel, the **installation of a photovoltaic system** is planned to support the increased energy demand resulting from the upgrading of cooling systems.

Own workforce metrics

As part of its commitment to creating a fair, safe and people-oriented working environment, the Group continuously monitors key workforce indicators. The data below cover staff composition, recruitment, training and occupational health and safety policies, management of parental leave and remuneration structure.

S1-6 - Characteristics of the enterprise's employees, S1-7 - Characteristics of non-employees in the enterprise's own workforce, S1-8 - Coverage of collective bargaining and social dialogue, S1-9 - Diversity metrics, and S1-12 - Persons with disabilities

In 2024, the Group had a total of **1.395 employees**, with a preponderance of **men** (**76%**) compared to **women** (**24%**). The age distribution shows a balanced structure: 15% of the company population is under 30 years old, 49% are in the 30-50 age bracket and 36% are over 50.
Almost all staff are employed under **permanent contracts** (**96%**), while fixed-term contracts account for 4%. Employment is predominantly **full-time** (**88%**), with 12% part-time employees.

88%
full-time contracts

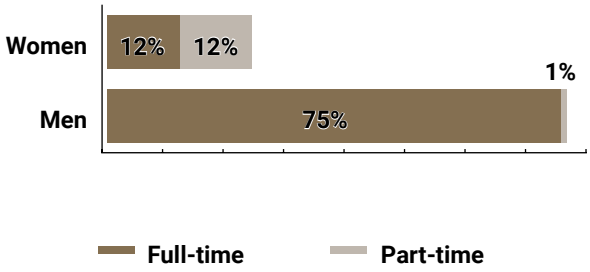
12%
part-time employees

96%
open-ended contracts

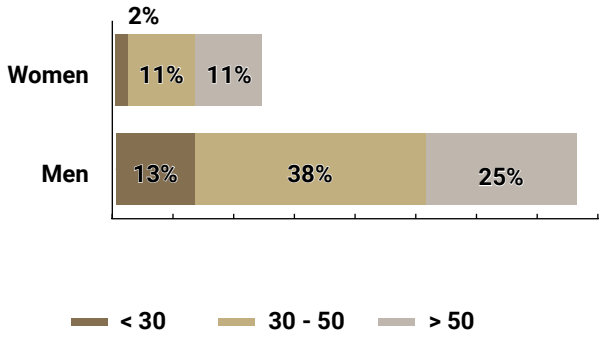
4%
fixed-term contracts

TOTAL EMPLOYEES	UoM	31/12/2024	%
Total executives		29	2,1%
Total paintings		53	3,8%
Total Employees		395	28.3%
Total workers	no.	910	65.2%
Total apprentices		6	0.4%
Total trainees		2	0.1%
Total employees		1,395	100%

Employees by gender and type of employment

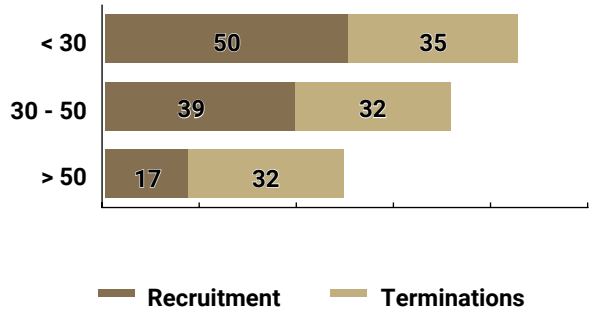


Total number of employees by age group

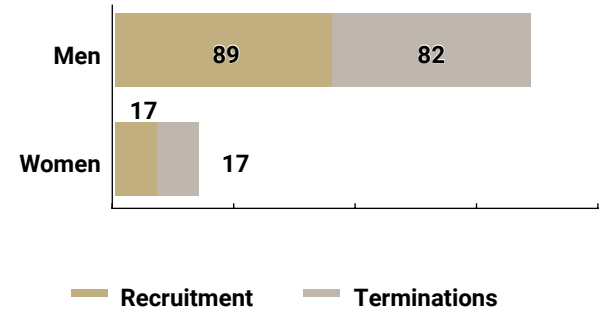


New **hires** involved **106 people**, mainly men (84%) and mostly under 30 (47%). The turnover dynamic was positive, with a **hiring rate of 7.6%**, higher than the **turnover rate of 7.1%**, bringing the **compensation rate to over 107%**. The **terminations** involved **99 employees**, attributable mainly to voluntary resignations (46.5%), termination of fixed-term contracts (28.3%) and retirements (19.2%).

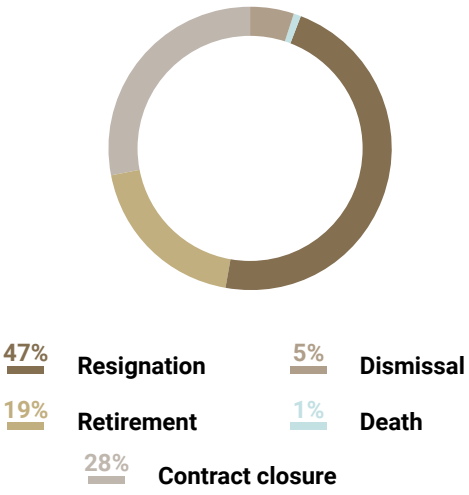
Turnover by age



Turnover by gender



Reasons for terminations

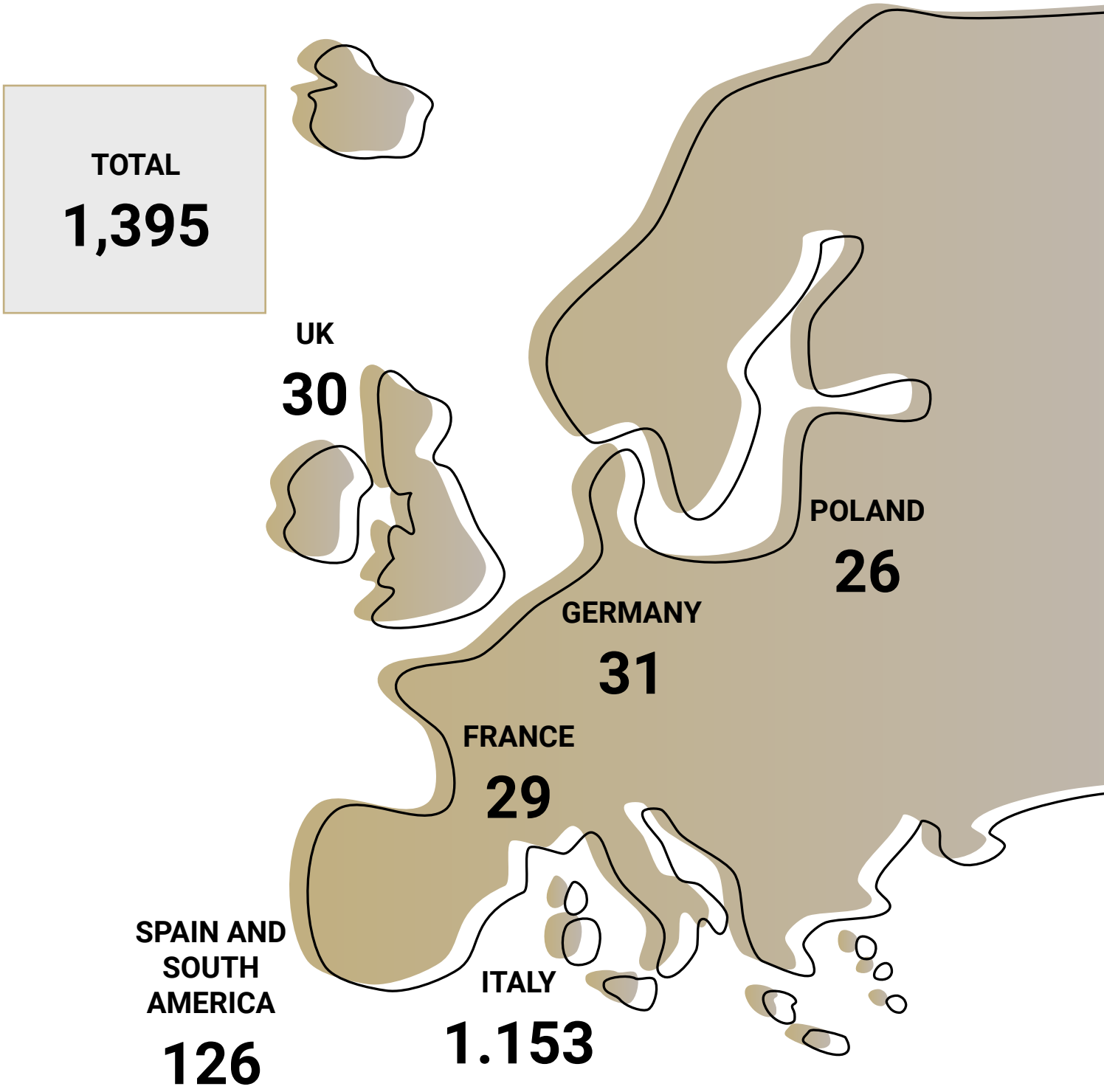


7.60%
Hiring rate

7.10%
Turnover rate

107.07%
Turnover compensation rate

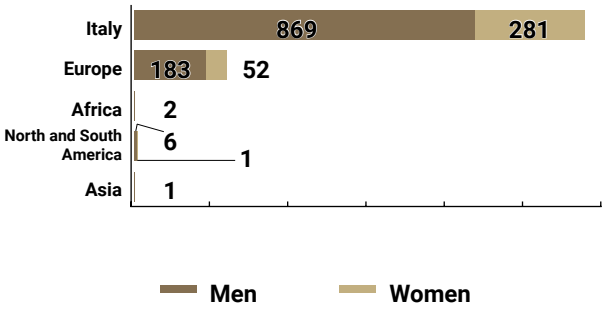
The **geographic distribution of employees** reflects the location of the Group's production plants: the workforce is concentrated in Italy (1,153 employees, or 82%) and in Spain and South America (126), with an additional headcount in Germany (31), France (29), the UK (30) and Poland (26).



In terms of nationality, the breakdown is also broadly in line: the majority of employees are Italian (82.4%), followed by personnel from other European countries (16.9%). Other geographical areas have a marginal incidence.

NATIONALITY OF ORIGIN OF EMPLOYEES	UoM	2024	
		TOTAL	%
Italy	no.	1.150.236	82,4%
Europe (excluding Italy)		236	16,9%
Africa		2	0.1%
America and South America		6	0.4%
Asia		1	0.1%
Total		1,395	100%

Employee nationalities by gender



82%

of employees work in establishments with employee representatives

93,7%

of staff covered by collective bargaining agreements

With regard to worker protection and social dialogue, **93.7 per cent of staff are covered by collective bargaining agreements**[40] and**82 per cent of employees** work in establishments with **employee representation**.
In compliance with local regulations and different legal definitions, the Group has **43 persons with disabilities** in its workforce, accounting for approximately 3% of the total.
In addition to its direct workforce, the Group relies on the support of **76 external workers**, 59 of whom are on temporary contracts, 5 of whom are women on part-time contracts, 15 men agents and 2 coordinated and continuous collaborators.

TOTAL NUMBER OF EXTERNAL WORKFORCE	UoM	2024		
		MEN	WOMEN	TOTAL
Full time	no.	65	6	71
Interim / Temporary staff		49	5	54
Agents		15	/	15
Other (Coordinated and continuous collaboration contracts)		1	1	2
Part time		/	5	5
Interim / Temporary staff		/	5	5
Total		65	11	76

[40] in Germany, Poland and the UK there is no mandatory application of a collective agreement.

S1-13 - Training and skills development metrics

During 2024, training activities extensively involved staff, with a **total amount of 38,211.5 training hours provided**. Among them, 12,009 hours of on-the-job training alone.

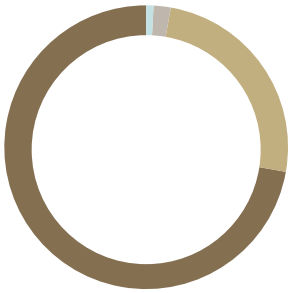
These initiatives involved **all professional categories**, with the aim of promoting skills development and responding to internal operational and organisational needs. The monitoring of training activities is done through internal tracking, using registers, digital platforms or post-course verification models.

The **distribution by employment category** shows a greater involvement of **blue collars**, who were allocated **27,462 hours**, followed by **white collars** (**9,486 hours**), by **executives** (**938 hours**) and finally by **executives**, with a total of **325.5 hours**

Also from the point of view of **gender composition**, training affected the company workforce across the board. Specifically, **women** were provided **4,674 hours**, while **men** received **33,537.5 hours** of training.

In addition, some of the companies[41] have a structured system of periodic evaluation of performance and professional development. In 2024, a total of 148 employees were assessed, of whom 119 were men and 29 women, representing 9% and 2% of the Group's total employees, respectively.

Training hours by professional category

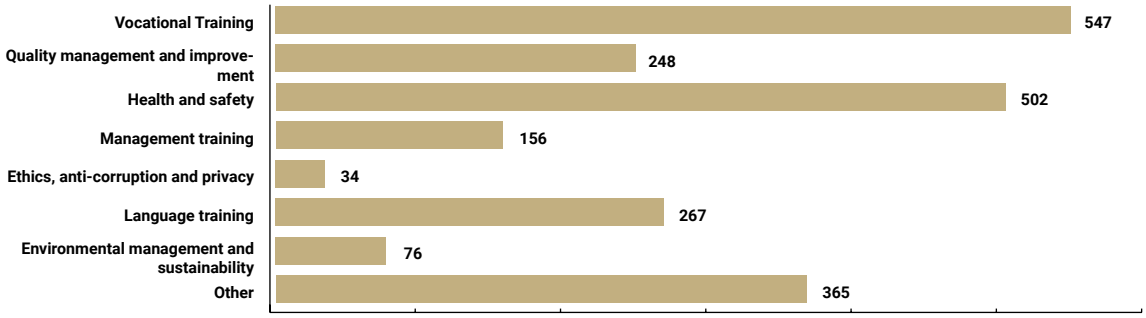


72% Workers
2% Control boards
1% Managers
25% Employees

Training hours by professional category

25% Training professional
2% Ethics, anti-corruption and privacy
11% Management and quality improvement
12% Language training
23% Health and safety
3% Environmental Management and sustainability
7% Training managerial
17% Other

Total hours per course type



[41] Sierra S.p.A., Aermec SAS, Aermec Deutschland GmbH, Aermec UK Ltd and Airlan Industrial S.A.

38,211.5 hours

of training provided in 2024

12,009 hours

on-the-job training

S1-14 - Health and safety metrics

At Group level and at each production site, the accident trend and related indices are continuously monitored, both for direct personnel and for workers of third-party companies operating at the plants. Data are periodically reported to the different levels of responsibility.
In 2024,**81% of employees** (1,104 out of 1,359) were covered by an **occupational health and safety management system** complying with legal requirements. Of these, 1,029 employees (or 76% of the total) work in areas that are audited or certified by independent third parties.
Amongst the **non-employees** whose work or workplace is under the Group's control, 59 people (or 78% of the total of 76) are covered by a health and safety management system.

With regard to accidents, in 2024, a total of **42 accidents among employees** were recorded, of which 35 occurred at the workplace and 7 commuting. Of these, 32 involved male personnel and 10 female personnel. The total number of **days lost due to injury is 523**, out of a total number of **1,890,063 hours worked**.
The **frequency index** stands at **22**, with a higher value among female workers (27) than male workers (21). The **severity index** is **0.3** on the overall average, with a slight deviation between men (0.3) and women (0.4), due to the different incidence of days lost compared to hours worked.
There was only one case of occupational disease at Airlan Industrial S.A. With regard to external workers, there were 2 accidents at work.

ACCIDENTS - INDICES	MEN	WOMEN	TOTAL
Occupational Accident Frequency Index	21	27	22
Severity Index	0.3	0.4	0.3

INJURIES	UoM	MEN	WOMEN	TOTAL
Accidents en route		4	3	7
Accidents at work		28	7	35
Total	no.	32	10	42
Hours worked		1,514,213.25	375,850	1,890,063
Days lost due to injuries		388.5	134	523

S1-15 - Work-life balance metrics

The Group promotes a fair and inclusive working environment, attentive to work-life balance, including through protective tools such as **parental leave**.

In 2024, **32 employees**, of whom 15 men and 17 women, took parental leave. At the end of the leave period, 31 employees returned to work (100% of men and 94% of women), while 2 female employees were still on leave at the end of the year. The **retention rate**, calculated as the proportion of people who, after return, are still employed by the organisation in the following 12 months, is**80% for men and 94% for women**.

S1-10 - Adequate Wages and S1-16 - Pay Metrics (pay gap and total pay)

The Group guarantees appropriate wages, defined in accordance with local regulations, **minimum wages** where applicable, as well as with the provisions of **national collective labour agreements** and any **supplementary company agreements**
The remuneration structure provides for a fixed component and, where applicable, a variable component, in line with the principles of internal equity and competitiveness with respect to the reference market. All employees of the Group receive remuneration in accordance with the standards set out in current legislation and applicable collective agreements.

The annual total remuneration includes all remuneration items paid to the employee during the year, including:

- basic salary (RAL);
- bonuses;
- Holiday bonuses;
- production bonuses;
- commissions and fees;
- allowances (e.g. business travel expenses);
- benefits and welfare services;
- non-monetary forms of incentive (e.g. company car pooling, insurance, wellness programmes);
- changes in pension value and non-qualified deferred compensation.

The Group calculates the **salary range** by comparing the total annual salary of the person with the highest compensation with the median of the total annual salaries of all other employees, thus excluding the highest value.

Disaggregated values for each Group company are shown below:

DIRECTLY HELD COMPANY	UoM	WAGE GAP
Giordano Riello International Group S.p.A.	€	3.02
Aermec S.p.A.		5.64
Sierra S.p.A.		3,10
Aermec SAS (FRA)		3,56
Aermec Deutschland GmbH		2.81
Aermec Polska Sp. z o.o.		2,03
Airlan SA. and Airlan Peru S.A.C.		4.55
Airlan Industrial S.A.*		2,04
Aermec UK LTd	£	0.52

*Data are provided already consolidated

S1-17 - Serious human rights incidents, complaints and impacts

The Group closely monitors reports of potential human rights violations through the **whistleblowing** system, which allows for the confidential collection and handling of reports of non-compliant conduct or significant critical issues, ensuring an adequate impact assessment and management process.

During the reporting year **no cases of discrimination or harassment were recorded, nor were any reports received through official channels**. Consequently, no corrective measures or specific action plans had to be implemented, nor were any costs incurred or penalties incurred in connection with these issues.

Communities concerned - ESRS S3

The management of relations with local communities assumes an increasingly important role for companies operating in sparsely populated territorial contexts, where production activities can generate both positive spin-offs and potential critical issues. "In the municipalities of **Bevilacqua** (VR) and **Isola della Scala** (VR), headquarters of the Group's main industrial companies, corporate development is intertwined with local dynamics that require attention and awareness.

The **OECD guidelines** for multinational enterprises and the ESRS S3 standard emphasize the need for companies to assess **impacts on affected communities**, including indirect ones, and to implement tools for engagement, transparency, and responsible management.

Along these lines, Giordano Riello International Group S.p.A. has embarked on a path of progressive strengthening of relations with the territory, enhancing existing initiatives and defining operational objectives to promote a more structured interaction consistent with the principles of social sustainability.

Strategy

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

IMPACT	IMPACT MATERIALITY			
	RISK DESCRIPTION	NATURE THE IMPACT	TIME HORIZON	IMPACT LOCATION
Impacts on the local area	The presence of the Group's two production companies in rural areas and close to two small municipalities can generate traffic difficulties (cars and trucks) but also offer development opportunities in sparsely populated areas.	Positive and negative		
Impacts on community safety	The high traffic volume leads to a potential increase in road accidents, but company resources can contribute to the improvement of the area by supporting local associations, donating to local organisations and restoring damaged areas.	Positive and negative		
Freedom of expression for communities	The strong presence of the two manufacturing companies and the accompanying development projects sometimes generate discontent in the local community. Taking opinions into account can lead to the development of innovative solutions that minimise the impact on the community.	Positive and negative		

Actual | Potential | Upstream | Own operations | Downstream | Short term | Medium term | Long term

Management of impacts, risks and opportunities and future objectives

S3-1 - Policies on Affected Communities

Giordano Riello International Group S.p.A. recognises the importance of operating responsibly in the territories where it is present, taking into account the social, environmental and cultural characteristics of the local contexts. In the municipalities of Bevilacqua (VR) and Isola della Scala (VR), attention to collective well-being and the quality of community relations is an important element in the daily management of the company's activities.

Against this backdrop, Giordano Riello International Group S.p.A., Aermec S.p.A. and Sierra S.p.A. have adopted a **Code of Ethics** that defines the principles of legality, transparency and respect for fundamental rights, which are also applicable in **relations with external parties and local entities**. The document constitutes a concrete reference for guiding organisational behaviour, promoting relations marked by fairness and consistency of values.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section.

S3-2 - Processes for engaging affected communities about impacts and S3-3 - Processes for remedying negative impacts and channels for affected communities to express concerns

The location of the Group's main production activities in low urbanisation areas in the province of Verona entails a direct relationship with neighbouring communities, which are influenced by both logistical impacts and local development opportunities. In this context, Aermec S.p.A. is the company with the highest incidence: with 897 employees out of a total of 1.395 of the Group (about 64%), the company plays a central role not only within the company perimeter, but also for the community of **Bevilacqua** (VR), which has about **1,800 inhabitants** The size of Aermec S.p.A.'s workforce, compared to that of the local population, highlights the direct impact in employment, economic and social terms, with repercussions affecting a significant number of families and the entire territorial fabric.

Although there are currently no structured mechanisms for ongoing consultation with local communities, **targeted forms of engagement** are promoted, particularly regarding specific projects or operational requirements with potential local impact. The corporate culture values **willingness to listen**, **transparency in communication** and **search for shared solutions** when the need for confrontation with the external context arises.

At the level of formal supervision, all Group operating companies provide **whistleblowing channels also accessible by third parties**, in accordance with **It. Legislative Decree 24/2023 on whistleblowing** These tools make it possible to safely communicate, even anonymously, any conduct contrary to the principles of the Code of Ethics, regulatory violations or situations perceived as harmful to the environment or collective well-being. Reports are handled confidentially and independently, according to defined and uniform Group-wide procedures.

More information is available in section G1-3 - Prevention and detection of active and passive corruption.

Focus - Aermec S.p.A. for the community

Aermec S.p.A.'s rootedness in the territory has also been recognised by institutions: in 2021, the Veneto Region presented an award to Ing. Giordano Riello, the company's founder, emphasised not only the economic but also the social value of his entrepreneurial initiatives, confirming the deep connection between the company and the community.

On that occasion, the local authorities emphasised how the presence of Aermec S.p.A. had been a factor of growth and stability for Bevilacqua and the entire district for decades, creating skilled employment, strengthening the social fabric and supporting numerous collective initiatives. The recognition has therefore taken on a symbolic value for the community, which identifies the company not only as an industrial engine, but also as an integral part of its territorial identity.

The official publication can be accessed by scanning the QR code

S3-4 - Actions on significant impacts on own workforce and approaches to mitigating major risks and pursuing major opportunities in relation to own workforce, as well as effectiveness of such actions

During 2024, Aermec S.p.A. and Sierra S.p.A. implemented a series of initiatives to contribute to the well-being of neighbouring communities. These areas, characterised by a **low population density** and **high permeability between the social and industrial dimensions**, require a careful and conscious management of the possible interactions between corporate presence and local quality of life.

The actions implemented covered both tangible areas (e.g. support for infrastructure, training, social services) and intangible ones (e.g. promoting cohesion, listening to local demands), with an integrated approach aimed at generating tangible benefits for the community.

Management of impacts, risks and opportunities and future objectives

- **Economic and material support to associations, schools and local administrations through donations in kind or in cash. The donations, decided annually on the basis of the needs expressed by the territory, aim to contribute to initiatives of collective interest, supporting the social fabric and active local realities.**
- **Collaboration with the territorial school system, through the direct participation of company personnel in training activities at institutes, the organisation of guided factory tours and the activation of technical-professional orientation paths.**
- **Promotion of labour inclusion through collaborative relationships with third sector organisations active in the management of protected pathways. In particular, Aermec S.p.A. collaborates with Centro Don Calabria Centre, and Sierra with La Radice cooperative for the employment integration of people in fragile conditions.**
- **Support for quality of life through indirect interventions on local infrastructure and services, including contributions to support health facilities and initiatives to improve roads or accessibility to public services. Although there are no formalised programmes in this regard, the companies respond to specific requests from the territories within their operational possibilities.**
- **Enhancement of the sense of belonging among senior workers, through the 'Gruppo Anziani Aermec' and 'Insieme Sierra' associations, the two entities promote initiatives aimed at senior employees and former workers, encouraging moments of meeting and socialising.**

S3-5 - Objectives related to dealing with material negative impacts, enhancing positive impacts and managing material risks and opportunities

For the three-year period 2026-2028, Giordano Riello International Group S.p.A. has identified a series of **operational objectives aimed at strengthening the dialogue with the territory** and enhancing the social role of the Group's production companies.

Among the planned initiatives is the reinforcement of project **Azienda Aperta**: the initiative envisages the organisation of annual events to open the plants to schools, families and local citizens, with the aim of fostering greater knowledge of the company's activities and stimulating a direct dialogue with the community.

The programme **Open Days**, which is currently being consolidated at Sierra S.p.A., is also part of this programme, and includes guided tours of production departments and offices for employees and their families. The initiative strengthens the sense of belonging and helps to root the company's presence in the local social fabric, fostering greater awareness of the company's role in the community.

Consumers and end-users - ESRS S4

Safety protection, information transparency and product reliability are central aspects in the relationship with end users. Companies that place products on the market for use by natural persons are obliged to ensure high levels of protection, even when the purchase is made through professionals.

The ESRS S4 - Consumers and end-users standard requires companies to assess **impacts along the product life cycle**, particularly in relation to health, safety and access to clear and complete information. In the regulatory sphere, Directive (EU) 2001/95 on general product safety [47] and Regulation (EU) 2017/1369 on energy labelling [46] establish mandatory requirements regarding compliance and manufacturer responsibility.

Within this framework, Giordano Riello International Group S.p.A. adopts an approach oriented towards **prevention of non-conformities, quality of technical assistance and availability of up-to-date documentation**.

Strategy

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

IMPACT	IMPACT MATERIALITY			
	RISK DESCRIPTION	NATURE THE IMPACT	TIME HORIZON	IMPACT LOCATION
Consumer confidentiality	Customers are mainly installers, so Group companies do not have access to information about the end customer.	Positive	/[47]	
Freedom of expression	The possibility of direct communication via the customer service on the website or via the technical support services or distributors of reference allows the end customer to communicate any faults or non-conformities.	Positive	/	
Access to (quality) information	Aermec, the Group's main brand, employs a number of technical support services and distributors who directly manage after-sales customer service and receive constant training and updates from the Group's companies. In addition, product guides are made available on the website to ensure that the end customer has access to information about the purchased product.	Positive	/	

Actual Potential Upstream Own operations Downstream Short term Medium term Long term

[45]European Union (2001), Directive 2001/95/EC of the European Parliament and of the Council. Available at: https://eur-lex.europa.eu/legal-content/IT/TXT/?uri=CELEX:32001L0095
[46]European Union (2017), Regulation (EU) 2017/1369 of the European Parliament and of the Council. Available at: https://eur-lex.europa.eu/legal-content/IT/TXT/?uri=CELEX:32017R1369
[47]If the impact is positive in nature, no time horizon is indicated. The time horizon is in fact used exclusively to define how soon a negative impact is expected to be resolved or mitigated.

Strategy

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

IMPACT	IMPACT MATERIALITY			
	RISK DESCRIPTION	NATURE THE IMPACT	TIME HORIZON	IMPACT LOCATION
Consumer health and safety	Although the sale is B2B, it is crucial that throughout the design and production the focus is on the end consumer and his safety.	Positive	/	
Personal safety	Ensuring the safety of the final product for the person is crucial for the marketing of the finished product.	Positive	/	
Child protection	Ensuring the safety of the end product for people and, more specifically, for families and children is fundamental to the marketing of the end product.	Positive	/	
Responsible business practices	Maintaining transparency and reliability in relations between Group companies, B2B customers and end consumers enhances the company's reputation and consolidates its market presence.	Positive	/	

Actual Potential Upstream Own operations Downstream Short term Medium term Long term

Management of impacts, risks and opportunities and future objectives

S4-1 - Consumer and End-User Related Policies

Giordano Riello International Group S.p.A. adopts an approach characterised by **transparency, safety and quality** in its relations with customers and end users. The Group companies apply **general terms and conditions of sale** which clearly regulate aspects such as product conformity, delivery methods, complaint handling and warranty terms, in compliance with applicable regulations.
Technical and information tools are also made available to promote the correct and safe use of the products, through manuals, instructions and service channels. The aim is to ensure balanced contractual relations and a reliable user experience.

For a detailed overview of the policies currently in place, please refer to the General Policy Framework (MDR-P) section

S4-2 - Processes for engaging consumers and end-users about impacts and S4-3 - Processes for remedying negative impacts and channels for consumers and end-users to raise concerns

The relationship with customers and end-users is built not only through **quality of the offer**, but also through **forms of dialogue capable of grasping needs, expectations and potential critical issues throughout the product life cycle**. Consistent with its corporate values, Giordano Riello International Group S.p.A. promotes modes of interaction that favour transparency, responsiveness and attention to continuous improvement.
In addition to the operational procedures for complaint management and reporting, as well as the daily management of commercial relations through the customer service, in 2024, the Group included customers among the stakeholders involved in a structured consultation exercise aimed at gathering perspectives on environmental, social, and governance impacts perceived as most material. The results of this activity are presented in the focus at the end of this section.
At the contractual level, the **general terms and conditions of sale** adopted by the companies clearly regulate the liability profiles and guarantees offered, including aspects related to product safety, the right to information and non-conformity management. At the same time, all customers and final consumers have access to the **Group's** whistleblowing channels, in line with the provisions of It. Legislative Decree 24/2023 on whistleblowing. This makes it possible to highlight any behaviour contrary to ethical principles or potentially harmful, within a framework that guarantees confidentiality, impartiality and protection from retaliation.

For more information on the whistleblowing channel, see Section G1-3 - Prevention and Detection of Active and Passive Corruption.

Business strategy

The Group's commercial strategy is oriented towards the development of **stable relationships** with professional customers active in the air conditioning, refrigeration and air handling sectors, such as installers, wholesalers, designers and distributors. The approach privileges a **continuous and operational relationship**, based on **technical support**,**mutual updating** and **sharing solutions** in response to specific application needs. The management of key customers is carried out through **dedicated sales structures** that collaborate across technical and service functions. In some cases, such as projects with a high degree of customisation, the technical-commercial dialogue already takes place during the development phase, with the direct involvement of the customer's contact persons.
The sales network is articulated through **agents, distributors and subsidiaries active in several foreign markets**.
The presence of a **capillary after-sales service**, both in-house and through partners, makes it possible to maintain direct contact with end-users and to collect useful elements for the optimisation of products and services. The availability of digital tools, technical manuals and remote monitoring systems further supports the interaction with customers and installers, contributing to a more efficient handling of requests and the prevention of potential critical issues.

Management of impacts, risks and opportunities and future objectives

S4-4 - Actions on significant impacts on consumers and end-users and approaches to mitigating major risks and achieving major opportunities in relation to consumers and end-users, as well as effectiveness of such actions

Quality control and technical compliance

The control of **quality** represents a structural element in the operating strategies of the companies of Giordano Riello International Group S.p.A., as a central lever for **customer protection, brand reputation and industrial competitiveness** Aermec S.p.A., Sierra S.p.A., and Airlan S.A. adopt **certified quality management systems** according to **ISO 9001**, consistently applied in their respective production and business contexts.

All business processes related to the design, production and distribution of goods and services are subject to **formalised procedures**, with **traceability of workflows, document control and verification of technical compliance**. Monitoring activities extend to suppliers, incoming materials, critical components and test phases, with the aim of ensuring compliance with regulatory, contractual and market-expected requirements. Product quality is also ensured through laboratory tests, periodic internal audits and the maintenance of CE certifications and industry specifications.

All products distributed by the Group's companies are designed in compliance with **applicable safety regulations**, with particular attention to components with high technological content or potential risk (e.g. refrigeration systems, electrical parts, technical fluids). The procedures include prototype testing, functional testing and regular specification updates, also based on feedback from professional users. In the event of major non-conformities, structured processes of audit, resolution and transparent communication to the customer are activated.

Security, transparency and support

In addition to meeting performance parameters, Group companies promote a **safe, reliable user experience consistent with end-user expectations** For this purpose, up-to-date **technical manuals, comprehensive information labels, installation support materials** and **remote control capabilities** for specific product lines are made available. Information on safe use, recycling and disposal is provided in the technical documentation and digital materials, which are updated according to regulatory developments. In line with the **WEEE** European directives, the correct treatment of end-of-life products is also recommended, also through information campaigns and internal training initiatives aimed at sales personnel.

The management system for **after-sales reports** is based on digital platforms and multi-channel headmasters (telephone, e-mail, online ticket), also active during extended hours. The procedures provide for automatic registration of the report, acknowledgement within 24 hours and a tracked response path, with regular updates to the customer. If necessary, corrective or replacement measures and, where appropriate, changes to internal processes are implemented.

To complement its quality and service facilities, Aermec S.p.A. has a structured network of **Technical Assistance Services** (**SAT**), consisting of more than 70 authorised centres throughout the country. SATs provide direct support to installers and end users, both in the start-up phase and for routine and extraordinary maintenance of installations. The technicians operate according to standardised protocols and undergo regular training, ensuring consistency with company standards and traceability of interventions. Direct supervision of the after-sales phase makes it possible to strengthen user confidence, prevent potential non-conformities and gather strategic feedback for the continuous improvement of products and services.

Privacy and information security

The protection of personal data is a priority responsibility for the companies of Giordano Riello International Group S.p.A., managed in compliance with **Regulation (EU) 2016/679** (**GDPR**) **and applicable privacy regulations**.

Processing activities are governed by internal policies and information documents that define the purposes, legal bases, retention periods and rights of data subjects.

Processing is carried out using appropriate IT tools, with the adoption of technical and organisational measures to guarantee the security, confidentiality and accuracy of the data processed.

All internal parties are informed about privacy principles, and specific measures are taken to protect information from unauthorised access or misuse.

The Privacy Policy can be accessed by scanning the QR code

S4-5 - Objectives related to dealing with material negative impacts, enhancing positive impacts and managing material risks and opportunities

Sierra S.p.A., which has always distinguished itself on the market for the quality of its products, has set as its goal from 2025 the achievement of excellent performance also in terms of quality of service to its customers, paying particular attention to **punctuality and timeliness of deliveries**, aspects that are highly appreciated by B2B customers. The improvement of performance in this area will be pursued through a more careful management of the logic governing production scheduling, with a view to providing, at the time of order confirmation to the customer, certain and increasingly shorter lead times. In order to achieve a reduction in lead times, a more precise definition of the design, release and start-up process of new products is also envisaged, with the aim of improving the flow and eliminating steps with less added value.

Focus - Involvement of SAT, agents and customers

As part of the stakeholder engagement activities, targeted engagement was also carried out with downstream value chain players, such as Technical Assistance Services (SAT), sales agents and customers. The objective was to collect indications on levels of awareness in the ESG area, practices already adopted and perceived main areas for improvement.

As far as SATs and agents are concerned, the results that emerged reflect the structural characteristics of this category: they are mostly small, non-productive businesses, such as technical or commercial offices, often operating on a one-man basis or with a very small number of employees. In this context, the adoption of structured sustainability management tools (e.g. ESG balance sheets, supplier audits, anti-corruption policies) is understandably limited or still in an embryonic stage. Only a marginal proportion of respondents stated that they had environmental certifications or systems to monitor their suppliers.

With regard to customers, the results show an intermediate level of maturity: more than 40 per cent of respondents stated that they monitor significant aspects in their supply chain, such as safety conditions or CO_2 emissions, while about one third have already set environmental targets or started monitoring their emissions. 75% have a Code of Ethics, but only 34% publish non-financial documentation such as sustainability reports, and less than half formally extend their standards to the value chain.

The IRO-2 list can be accessed by scanning the QR code

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