



**AVL**



# **SUSTAINABILITY REPORT 2024**



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## LETTER TO STAKEHOLDERS

Dear Stakeholders,

It is with deep satisfaction that I present the first Sustainability Report of AVL Italia srl, the result of a shared journey that integrates technological innovation and social responsibility. Founded in 1980, AVL Italia supports its customers with the entire AVL technology portfolio, thanks to a headquarters in Turin and an advanced Technical Center in Cavriago (RE), where development and testing merge to ensure customized, cutting-edge solutions.

Over the past year, we've increased our investments in green technologies: a hydrogen fuel cell is being built at our Technical Center in Cavriago, allowing us to test and validate zero-emission engines. At the same time, we won the tender issued by the Campania Region's Autonomous Entity Volturno for the construction of a 5 MW green hydrogen production and storage plant, complete with a refueling station for local public transport trains and buses.

Our vision is also expressed through strategic partnerships: in July 2024, AVL Italia became a co-founder of the Venice World Capital of Sustainability Foundation (VSF), an alliance that allows us to contribute to reforestation projects, lagoon protection, and biodiversity promotion, while maintaining the development of cleaner mobility solutions at its core.

We believe that sustainability must start with young people: our STEM training programs continue unabated. The "H-Demia" training program, now in its eleventh year, has offered over 360 hours of lessons and today sees nearly 25 trained talents join the AVL Italia team and collaborate with our clients. At the same time, the AVL Green Camp initiative has introduced hundreds of middle school students to the world of new technologies and eco-transition, fostering curiosity and an innovative spirit from a young age.

Alongside these educational initiatives, we have continued to provide concrete support for reforestation and biodiversity protection projects, engaging local communities and environmental organizations to help restore ecosystems and fight climate change.

Finally, we remain faithful to our values of inclusion and equality: during 2024, we completed the certification process according to the UNI PDR 125 requirements for gender equality, obtaining certification in January 2024, demonstrating our commitment to building a fair, diverse, and stimulating work environment for all.

The report we present to you is concrete proof of a path that looks to the future of mobility and infrastructure with clean solutions, training, and active community participation.

We thank you for your trust and ongoing support: together, we will continue to transform environmental challenges into opportunities for growth and innovation.

Best regards,

Domenico Dino Brancale

***Chief Executive Officer***

## 2024 ESG HIGHLIGHTS AND PERFORMANCE INDICATORS

### Key Performance Indicators (KPIs) for 2024

**25%**

of spending on  
suppliers within the  
national territory

**99%**

of employees hired on a  
permanent and full-  
time contract

**4.57**

occupational injury rate  
for employees and non-  
employee workers

**34%**

of the total energy  
consumed from  
renewable sources

**21** average  
**hours**

of training per capita  
used by employees

**5.1** GHG  
**emissions tCO<sub>2</sub>eq**

per average employee  
in the workforce

## METHODOLOGICAL NOTE

### *Document objectives, scope and reporting period*

This document represents the first Sustainability Report of AVL Italia Srl (hereinafter also the "Company", "the Organization", "AVL Italia") as of December 31, 2024, prepared on a voluntary basis by reporting according to the reporting method "with reference to" the "GRI Sustainability Reporting Standards", adopting the most recent 2021 version.

This document aims to transparently communicate AVL Italia Srl's social and environmental performance during the 2024 financial year (from January 1 to December 31, 2024), highlighting the initiatives undertaken and the results achieved in the field of environmental and social sustainability. To enable comparability of data and information over time and to assess the progress of activities, environmental, economic, and health and safety metrics are compared with the previous financial year. The Sustainability Report is prepared annually.

### *Drafting process and reporting standards*

The reporting topics were selected based on the results of the materiality analysis, which identified the material aspects for AVL Italia and its stakeholders. The results of this analysis are presented in the "Materiality Analysis" section.

The process of drafting the Sustainability Report involved the following activities:

- identification of the reporting scope and of the relevant stakeholders;
- identification of material issues through an analysis of positive, negative, current, and potential impacts;
- definition of the sustainability indicators to be reported and the timeframes for the information reporting process;
- identification of company representatives to be involved;
- collection and processing of qualitative and quantitative data to be included in the document;
- drafting of the Sustainability Report to be submitted to the Board of Directors for approval.

In line with the GRI Standards, AVL Italia has considered the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure the quality of the information and the appropriateness of the presentation methods.

To ensure the reliability of the data, the use of estimates has been limited as much as possible. Where estimates are used, they are appropriately reported and based on the best available methodologies.

The "GRI Content Index" with details of the reported contents is included in the appendix to the document.

This document was submitted to the Steering Committee members for review and approval on 26 May 2025.



This document is available on the AVL Italia website at [www.avl.com/avl-italia-srl](http://www.avl.com/avl-italia-srl) in the "Sustainability" section.

Please note that this document has not been subjected to external assurance by third parties.

For information regarding AVL Italia Srl's Sustainability Report, please contact the following email address: [avlitaly@pec.it](mailto:avlitaly@pec.it).

# 1. AVL Italia's profile

## The identity and history of AVL Italia

AVL Italia Srl, a company of the AVL Group, has been present in Italy since 1980 and operates in the Automotive, Two-Wheel Vehicle, and Industrial/Agriculture sectors through three business lines:



### Instrumentation and Testing System (ITS)

which deals with the design, installation and after-sales assistance of engine test rooms for the Powertrain market.



### Powertrain Engineering (PTE)

which provides services and consultancy to third-party clients who intend to develop engines within their own organization.



### Advanced Simulation Technologies (AST)

which deals with marketing software licenses for the development of the powertrain market.

The parent company AVL List GmbH, located in Graz (Austria), exercises management and coordination activities, holding 100% control of AVL Italia Srl. With headquarters in Turin and a state-of-the-art technical center in Cavriago (Reggio Emilia), AVL Italia offers customized solutions for its customers, operating as a reliable partner ready to meet the most demanding needs.

With over 40 years of experience, AVL Italia is committed to making sustainable mobility a reality for everyone and to supporting companies and industrial partners in the transition to cleaner energy sources and in the adoption of advanced technologies to reduce environmental impact.

## The history of AVL Italia

Founded in 1980 as a pure commercial hub, AVL Italia developed its technical expertise over the following years, building expertise in start-up and customer support. In 2016, the company grew to over 100 employees, strengthening its electrical engineering team and acquiring expertise in mechanical and fluid design.

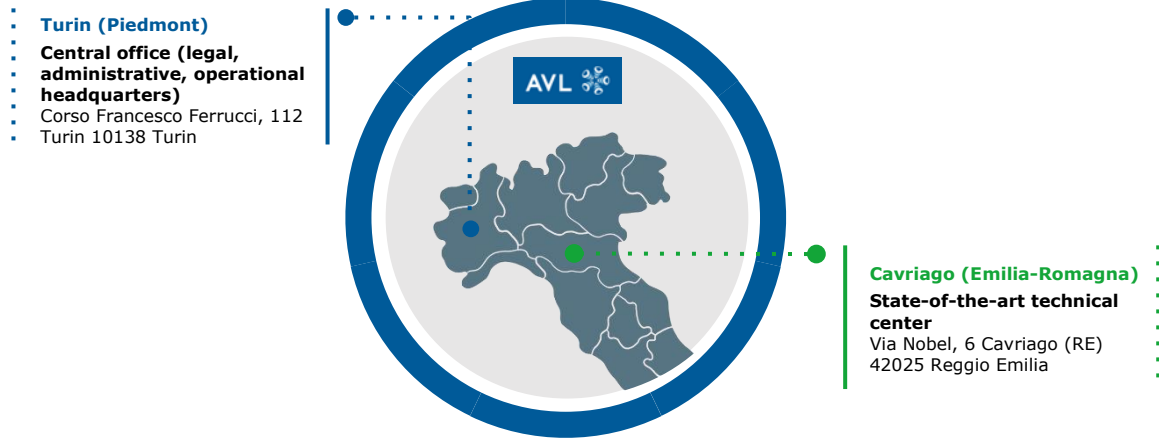
During this rapid development, a few years later, a new business area entirely dedicated to end-of-line cold testing systems was born, which would grow to become a separate legal entity in 2017.

In 2012, aiming to better meet its customers' needs, AVL Italia established the engineering team associated with the Powertrain Engineering (PTE) business line. From sales to project management, including development and calibration, this division has grown over the years and now represents nearly 50% of the company. Thanks to its solid technical expertise in internal combustion engines, the company has extensive expertise in electric mobility, software and controls, intelligent vehicles, and electrical engineering.

In 2017, driven by strong growth and aiming to strengthen its presence in Emilia-Romagna's "Motor Valley," AVL Italia opened a cutting-edge technical center in Cavriago.

The plant, fully equipped for the development and testing of electrified and hybrid powertrains and to meet the local demand for battery expertise, also features a high-voltage laboratory with an assembly area for battery prototypes.

In 2018, AVL Italia moved its headquarters to the center of Turin, into new, modern spaces centrally located for its clients. Today, the company employs over 301 people, plus 44 freelancers, who are committed to working together to achieve the common goal of offering unique projects and innovative solutions for their clients.



### Financial data for AVL Italia Srl

Regarding the Company's financial performance, an increase in operating profitability is expected in 2024. As in 2023, AVL Italia has written down the equity investment in its subsidiary AVL End of Line Testing Systems, albeit for a significantly lower amount, due to persistently negative financial results. It should also be noted that, considering the progress of the projects, has been increased by approximately 1 million euros, compared to the previous year, the allocation to the provision for final losses for orders that already showed a negative margin in 2024, mainly to cover two orders from the PTE Division.

(in euro/000)	12/31/24	12/31/23	Variation
Revenues	141,471	133,674	7,797
Operating costs	(134,064)	(128,751)	-5.313
<b>Gross operating margin (EBITDA)</b>	<b>7,407</b>	<b>4,923</b>	<b>2,484</b>
Depreciation and amortization	(2,496)	(4,224)	1,728
Provisions	(1,802)	(795)	-1.006
<b>Operating profit (EBIT)</b>	<b>3.110</b>	<b>(96)</b>	<b>3.206</b>
Financial management	-950	(992)	42
<b>Pre-tax profit</b>	<b>2.159</b>	<b>(1,088)</b>	<b>3.248</b>
Income taxes	180	(232)	411
<b>Operating result</b>	<b>2,339</b>	<b>(1,320)</b>	<b>3,659</b>

For a detailed analysis of the financial results, please refer to the Financial Statements as of December 31, 2024.

During the financial year, AVL Italia incurred costs for research and development activities related to the immediate needs of its customers. Specifically, for 2024, over €1,300,000 was invested in various projects, including:

- photorealistic neural network simulator related to the ADAS world;
- mobile climate chamber battery testing project;
- application software that runs on a standard HW platform that guarantees remote and simultaneous management of the test rooms with the aim of transferring the same configuration files, dynamic alarm setting and preventive control of stop thresholds;
- using innovative sensors and advanced technologies to monitor battery health during use and charging, supporting V2X and second-life applications;
- software for managing and optimizing energy use in companies to provide comprehensive energy assessments;
- development, testing, calibration and validation of an internal combustion engine powered by hydrogen (H2);
- development of modular, lightweight, and sustainable batteries.



The new investments focus primarily on energy efficiency improvements for industrial assets, as well as software validation and hydrogen fuel testing.

Software validation, electrical and electronic architecture, and cybersecurity are key aspects. Consequently, connectivity and electric mobility services will be the core strength of AVL Italia's software development area. Further details on R&D initiatives are available in the "Investments in Research & Development" section following this chapter.

### The offer of products and services

AVL Italia is a global partner of customers operating in the automotive, off-road, marine, railway, aerospace, and energy sectors for the development of innovative powertrain systems and new technologies for development, simulation, and testing in the automotive industry.

To foster product innovation, the company invests heavily in research and development. Over the years, AVL Italia has developed numerous drive systems as well as related measurement, testing, and simulation software technologies. Over its seven decades of operation, AVL Italia has achieved significant results both in the development and improvement of all types of powertrains and in measurement and test technologies.

The company's services range from design and development for electrified and fully electric propulsion systems to vehicle subsystem integration. It also develops solutions for all propulsion technologies, from hybrid and electric systems to battery-powered systems, and finally to hydrogen combustion engines and fuel cells.

The main products and services offered by AVL Italia can be divided into three categories:

#### 1) Engineering Services (PTE)

This category includes: design and development services for vehicles and all elements of ICE, HEV, BEV, and FCEV propulsion systems; system integration into vehicle, stationary, or marine applications; and support for the development of future technologies in areas such as ADAS and autonomous driving.

#### 2) Instrumentation and Testing Systems (ITS)

AVL Italia develops advanced and accurate simulation and testing solutions for every aspect of the powertrain development process, managing the integration of the latest simulation, automation, and testing technologies.

#### 3) Advanced Simulation Technologies (AST)

Technologies developed by AVL Italia include essential tools for knowledge generation and decision-making; simulation software solutions for all phases of the powertrain and vehicle development process; and high-definition insights into the behavior and interactions of components, systems, and entire vehicles.

AVL Italia conducts business mainly in Italy (88%), European Union countries and, to a lesser extent, in Türkiye, Switzerland and Brazil.

## Investments in Research & Development

In July 2023, AVL Italia established an R&D Committee to coordinate and develop strategic research and development initiatives. This committee, composed of representatives from the Business Units, the Finance team, and a member dedicated to institutional communications, is responsible for gathering internal needs and evaluating innovative opportunities from a financial and strategic perspective.

The Committee meets weekly to analyze new research and development opportunities. During these meetings, they examine calls for proposals funded at the regional, national, or European level, as well as collaborations with external companies and organizations. At the same time, the working group monitors the progress of active projects, with a particular focus on financial performance and technical results. When new investment opportunities emerge, the Committee develops and evaluates business plans, seeking to ensure alignment between research activities and company objectives.

Every two months, the R&D Committee participates in Steering Committee meetings. At these meetings, the Committee presents the progress of projects, topics to be explored, and proposals for participation in calls for proposals. Once the proposals are approved, participation in the calls for proposals is formalized, while the Steering Committee can, in turn, suggest new areas of research or innovation to explore.

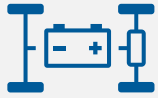
For years, AVL Italia has invested in numerous research and development projects that reflect the company's commitment to sustainability and technological progress.

Among these, the COBRA project represented a milestone, focusing on the development of cobalt-free lithium-ion batteries. Funded by the Horizon 2020 program and launched in 2020, the project aimed to overcome the shortcomings of current electric vehicle batteries by introducing significant improvements in energy density, cost, and safety.

Alongside COBRA, the Marbel project, also funded by Horizon 2020, aimed to develop modular and lightweight batteries to improve the efficiency of electromobility.

**Epignosis**, launched in 2023 with the support of MIMIT, focused on innovation in ADAS systems and electric powertrains, while H2@ICE, funded by the Emilia-Romagna Region, explored testing of hydrogen-powered combustion engines. Another notable project was Ibattman, which introduced advanced technologies to monitor battery health and support second-life applications, with a focus on safety and reliability.

AVL Italia's commitment to innovation also extends to the development of software solutions, such as the ATENE project launched in 2023. This software aims to support businesses in energy efficiency, a crucial area for promoting sustainability and reducing environmental impact.



### A look to the future: the ARISE project

In 2025, AVL Italia will launch the ARISE project, funded by Horizon 2020, focusing on fourth-generation batteries with solid-state cells.

This initiative promises significant improvements in energy density and charging speed, representing an important step towards a more sustainable technological future.

## AVL Italia certifications

Over the years, AVL Italia has established structures and processes that meet appropriate standards of decision-making and operational security, quality of risk management systems, and risk measurement, with a view to responsible growth. Among the measures adopted, the Company has implemented specific management systems.<sup>1</sup>To ensure the use of best practices for the creation of high-quality products and to guarantee maximum customer satisfaction, relating to the following areas:

- **Quality Management System (QMS):** Certified in accordance with ISO 9001, this system aims to establish high standards of quality, value and service through a continuous process of improvement.
- **Occupational Health and Safety Management System (SSL):** Certified according to ISO 45001, it guarantees a safe working environment and efficient processes, ensuring the production of products that fully meet customer expectations according to the highest safety standards. All company offices and work environments are covered by the certification.
- **Environmental Management System (EMS):** certified in accordance with the ISO 14001 standard, this system demonstrates AVL Italia's commitment to environmental sustainability, systematically managing environmental impact with a view to continuous improvement and operational efficiency.
- **Information Security Management System (ISMS):** certified in accordance with the ISO/IEC 27001 standard, it oversees the effectiveness of security systems in relation to the protection of sensitive information, guaranteeing the confidentiality, integrity and availability of data.

Furthermore, AVL Italia holds further specific certifications in the field of data security:

- **ISO/SAE 21434,** That establishes a standardized framework for automotive cybersecurity throughout the entire lifecycle of vehicles, including the development, production, operation, maintenance and decommissioning of vehicle electronic and electrical (E/E) systems.
- **TISAX** (Trusted Information Security Assessment Exchange), which integrates ISO 27001 certification with information security measures specific to the automotive sector, such as prototype protection. The scope and results of the TISAX assessment are shared via the ENX portal, a platform dedicated to managing and exchanging information security assessment results among participating companies.<sup>2</sup>.

Throughout the year, AVL Italia implemented a series of preparatory activities to obtain the UNI/PdR 125:2022 "Guidelines on the Gender Equality Management System" certification. Further details on this process are available in the thematic chapter 3, "Responsibility towards People," in the "Diversity, Equity, and Inclusion (DEI)" section.

<sup>1</sup>Further details are available at the following link, where you can also download the original certificates: [Integrated management systems](#)

<sup>2</sup>For more details, please refer to the following website: [ENX Portal \(TISAX\)](#)

## The associations

AVL Italia, aware of the role that associations can play in creating standards and practices that improve efficiency and quality in the sector, participates in the following associations:

- **MUNER - The Motorvehicle University of Emilia-Romagna** Founded in 2017 through a collaboration between four leading Italian universities (Bologna, Modena and Reggio Emilia, Ferrara, and Parma) and some of the most prestigious companies in the Motor Valley, MUNER offers master's degree programs in automotive engineering, focusing on areas such as electric vehicles, autonomous driving, sports car design, and advanced propulsion systems. Students are trained to design innovative and sustainable vehicles, meeting the challenges of the modern automotive industry. For more details on AVL Italia's collaboration with MUNER, please see the "AVL Italia and the Local Community" section of this document.
- **Turin Industrial Union:** a local association representing Turin's businesses, promoting their economic and social growth and offering support to companies in areas such as innovation, sustainability, and training;
- **Unindustria Reggio Emilia:** part of the Confindustria system, it represents nearly 1,000 companies in the province of Reggio Emilia, working to support businesses with integrated services and projects for economic and technological development;
- **Venice World Capital of Sustainability Foundation:** a foundation that aims to make Venice a global model of urban sustainability by promoting innovative projects in areas such as renewable energy, sustainable tourism, and urban regeneration;
- **AIFOS - Italian Association of Security Trainers and Operators:** a non-profit association that promotes the culture of workplace safety through training, research, and consulting for companies and professionals;
- **CEI - Italian Electrotechnical Committee:** Italian regulatory body that develops and publishes technical standards in the electrical, electronic and telecommunications sectors, promoting technical-scientific culture;
- **Assoarmatori:** an association representing Italian and international shipowners operating in Italy, promoting the maritime sector and protecting the interests of shipping operators.



## Ethics, integrity and governance

Ensuring full legality and promoting transparency and fairness in stakeholder relationships is a fundamental pillar for AVL Italia's proper functioning, reputation, and long-term success. To support these principles, AVL Italia has adopted the specific tools described below, consolidating a culture of ethics and responsibility.

### Corporate Governance of AVL Italia Srl

AVL Italia's corporate governance system is designed to promote balanced collaboration among its various components, ensuring responsible and transparent management of the company towards the market, with the goal of creating value for stakeholders, both in the short and long term.

Governance is based on a traditional organizational model, which includes a Board of Directors, composed of a maximum of five members with a three-year term, appointed by the Shareholders' Meeting. This body will hold office until the approval of the financial statements for December 31, 2025. As of December 31, 2024, this body will consist of four male members aged 50 and over.



#### Board of Directors

- **Helmut List:** President of the Board of Directors
- **Domenico Dino Brancale:** Chief Executive Officer
- **Peter Gillbrand:** Councilor
- **York Schmidt:** Councilor

The Chairman of the Board of Directors serves as senior executive of the AVL Group, which he or she owns. The CEO is responsible for the management and performance of AVL Italia Srl.

The Board of Statutory Auditors is also established as a supervisory body. Appointed on April 29, 2024, and in office until the approval of the financial statements as of December 31, 2026, the body is composed of a single auditor, responsible for overseeing the proper application of laws and corporate regulations and for expressing an opinion on the adequacy of internal controls and the company structure. The single auditor of the Board of Statutory Auditors meets the requirements of suitability, integrity, and professionalism required by law.

Overall, the corporate governance system is designed to promote integrity, accountability, and transparency, thus protecting the interests of shareholders and stakeholders, in line with AVL Italia's ethical standards.

Among AVL Italia's governing bodies, the Steering Committee, composed of the CEO (who serves as Chairman), the Finance Director, the two Business Unit Directors, and the HR Director, plays a key role. The committee's members were selected based on competency criteria. In terms of age, 58% of the members are between 30 and 50, with almost all members being male (92%).

Every two months, the Steering Committee discusses various topics regarding the company's performance, including human resources (chaired by the HR Director), the environment (chaired by the HSE&ESG Manager), and the supply chain (chaired by the Purchasing Manager). The Steering Committee is therefore constantly updated on sustainability issues considered material to AVL Italia.

AVL Italia proactively manages environmental, occupational health, and safety issues through a dedicated management figure within the company, the HSE&ESG Manager. As part of this role, this position includes, among other things:

- ensures that the Company complies with laws and regulations regarding workplace safety and environmental protection;
- carries out periodic checks on safety standards and proposes improvement actions to reduce accidents and environmental impacts;
- **interacts with stakeholders**, collaborating with regulators, partners and communities to ensure transparency and accountability in business practices;
- **organizes training courses** for employees and promotes a corporate culture oriented towards safety and sustainability.

Additionally, the Company has established a Gender Equality Committee, one of whose key members is the HR Director.

### The values of AVL Italia

AVL Italia, in carrying out its business activities, is inspired by seven key values, which serve as guidelines for orienting operational behaviors and defining strategic decisions at all levels of responsibility:

- **Responsibility in times of change** In a world that is constantly changing, rapidly evolving on issues such as climate change, globalization, digitalization, the growing need for safety and security, as well as greater health awareness, AVL Italia behaves responsibly and takes responsibility for its actions in this process of global change, implemented through its integrated management system.
- **Act responsibly** Reducing environmental impacts, sustainability, and achieving climate neutrality are top priorities in our corporate strategy and daily work. Likewise, the issues of quality, information security, occupational health and safety, as well as equal opportunities, the prohibition of child labor, and respect for human rights are of central importance.
- **Working sustainably** AVL Italia's overall goal is to provide services and products for sustainable mobility, meaning products that are as energy efficient as possible, support the circular economy, and, wherever possible, are made using environmentally friendly materials and substances in their production.
- **Raising awareness on environmental issues** AVL Italia's mission is to develop and promote a new model of "green mobility" eco-friendly, forward-looking, and energy-efficient. With its experience, the Company contributes daily to the development of sustainable mobility and

energy solutions that respect natural resources. Through innovative methods and taking into account the circular economy model, AVL Italia is committed to continuously improving the quality of its services and products to effectively meet customer needs while addressing future challenges.

- **Communicate transparently** Whether dealing with suppliers, customers, employees, partners, authorities, or the public, AVL Italia always acts transparently. Upon request, the Company undertakes to provide all relevant information and make all processes traceable, including with a view to global collaboration.
- **Customer orientation** Customer satisfaction is at the heart of everything AVL Italia does, which is why we maintain high standards of quality service.
- **Integrated Management Policy** Responsibility towards people, the environment, society, and the economy is deeply embedded in AVL Italia's corporate values and strategy. The topics of quality, the environment, information security, and occupational safety are present every day and are constantly reinforced through regular training courses, awareness-raising measures, and activities.

## Code of Conduct

The Code of Conduct<sup>3</sup>AVL Italia's Code of Ethics represents an essential tool for ensuring that integrity, honesty, and fairness guide every aspect of corporate activities. It articulates rights, duties, and responsibilities, defining a shared corporate culture based on ethical values and transparent practices.

This Code explicitly defines the principles of conduct on which AVL Italia's approach is based: integrity and honesty in conduct, compliance with laws and regulations, social responsibility, the centrality of the individual, and the protection of workers. These principles are reflected in all the company's decisions and actions, ensuring a respectable professional environment for all those who work with and for AVL Italia.

The Company expects its employees to conduct themselves ethically and professionally, in compliance with applicable regulations and in a manner that helps protect the Group's image and reputation.

AVL Italia firmly condemns unfair practices and corrupt behavior, promoting transparency and integrity in all business relationships. Compliance with antitrust regulations and the promotion of fair competition are corporate priorities, as is attention to international trade regulations. Company assets and resources are rigorously managed to ensure efficiency and prevent misuse.

All AVL Italia employees are required to follow specific guidelines described below:

- **compliance with anti-corruption laws:** Everyone must comply with local anti-corruption regulations during business transactions, avoiding offering, granting, requesting, or accepting benefits to influence business decisions. Care is required when dealing with public officials, especially given that many countries have specific provisions for this category.
- **Responsible selection of business partners** Before collaborating with third parties, AVL Italia collects information on their reputation and includes specific clauses in contracts that oblige each party to operate in compliance with current legislation.
- **acquisition and payment of services** All purchases and payments must be made in compliance with the law and based on the true value of the service received, avoiding unjustified or inadequately documented payments.

With these guidelines, the Company strives to ensure that its business is conducted in compliance with the law and with the highest ethical standards. This commitment is further strengthened by the absence of any instances of non-compliance with laws and regulations, nor any incidents of active and/or passive corruption during the two-year period 2023-2024.

The Company places particular emphasis on preventing conflicts of interest, requiring employees to always act in the best interests of the group and to immediately report situations that could compromise the independence of company decisions.

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<sup>3</sup>For further details, please refer to the publicly available document at the following link: [AVL Italy Code of Conduct](#)

Equally important is respect for the principles of inclusion and equality, promoting a fair work environment that values each individual and combats discrimination or harassment of any kind. Employee health and safety are key priorities, along with environmental protection, which is pursued through processes designed to minimize ecological impact and optimize resource use. Further details on these aspects are presented in the thematic chapters below.

### ***Communication and training in anti-corruption procedures***

A specific area of staff awareness and information plans concerns communication and training regarding AVL Italia's existing anti-corruption guidelines. In 2024, all staff, including members of the Steering Committee, received communication and training on anti-corruption matters by participating in the mandatory course available online. Monitoring of practices and compliance with the relevant guidelines is carried out by the Human Resources department, in close collaboration with the direct heads of the various departments.

Furthermore, AVL Italia has extended this obligation to all collaborators and business partners, including its suppliers, consultants, and temporary workers (both in Italy and abroad), achieving a 100% completion KPI.



## Whistleblowing

Regarding whistleblowing, all employees, suppliers, customers, and, in general, all AVL Italia collaborators have the option to anonymously report unlawful conduct in accordance with applicable legislation.

In line with the provisions of Legislative Decree no. 24 of 10 March 2023, published in the Official Journal on 15 March 2023, AVL Italia has implemented a public reporting system available online.<sup>4</sup>, which offers a confidential channel to report potential violations and ensure that they are handled transparently, efficiently and objectively.

The whistleblowing system also extends to potential violations of human rights and environmental protection that may arise from the actions of AVL Italia or a direct or indirect supplier of the company. The whistleblowing channel has been active since 2023 and, to date, no reports have been received. In addition to the Whistleblowing channel, AVL Italia employees can raise specific environmental, health, and safety concerns through a form on the company intranet. This allows them to report concerns directly to the HSE&ESG Manager, who will then forward them to the relevant departments and the Steering Committee.

## Respect for human rights

AVL Italia firmly distances itself from any unethical behavior and issues such as slavery, forced or compulsory labor, human trafficking, child labor, discrimination, or harassment. The company is committed to respecting human rights, treating all people with dignity and integrity, in line with the principles recognized by the international community.

In line with international frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Modern Slavery Act, and the Principles established by the International Labour Organization (ILO), the Company has developed a human rights policy aimed at raising awareness and promoting respect for human rights, preventing and mitigating any impacts and violations, and, where necessary, addressing them. This policy works in synergy with the Code of Conduct and the DEI (Diversity, Equity, and Inclusion) Policy to provide a comprehensive framework supporting AVL Italia's commitment to eliminating prohibited labor practices and human trafficking.

The Policy applies to all stakeholders, from the Board of Directors to employees, suppliers, and external contractors or third parties acting on behalf of AVL Italia. Below are some of the key elements outlined within it:

- the Board of Directors and employees of AVL Italia are committed to ensuring respect for and protection of human rights, recognizing the responsibility to avoid causing or contributing to adverse impacts on human rights through activities and to address such impacts when they occur;

<sup>4</sup> For further details, please consult the AVL Group's "Whistleblower System", available at this link: [www.avl.integrityline.com](http://www.avl.integrityline.com)

- As a company operating on a global scale, the AVL Group is committed to complying with local laws and regulations in all locations where it operates and to cooperating with the relevant authorities to promote and protect human rights;
- The AVL Group is committed to ensuring that all organizations collaborate with respect these fundamental human rights principles. To do this, the Company assesses potential clients based on their respect for these rights (including the existence of a dedicated policy and the actions taken to protect them in their operations) and encourages them to adopt and apply similar standards within their own organizations.
- If the company suspects that a partner's operations violate human rights, AVL Italia informs the company and evaluates whether to continue the collaboration. Where possible, it offers support to help organizations address any human rights violations in their operations. In such cases, the Company seeks to initiate a dialogue with the organization to raise its concerns and discuss a potential action plan.

The AVL Group is committed to respecting these principles of conduct in every country in which the company and its customers operate, taking into account local cultural, social and economic diversity and requiring all stakeholders to comply with these principles.

If an employee believes there has been a violation of the Human Rights Policy by colleagues, contractors, customers, or suppliers, they are encouraged to report it to a member of the global leadership team via the Whistleblowing reporting platform.

Finally, it should be noted that the Company has not identified any significant risks of incidents of child labor and forced labor at its operations or suppliers in the current reporting period.



#### **AVL Italia's commitment to combating modern slavery**

The AVL Group's goal is to shape the future of mobility, leaving a better world for future generations. The Company therefore places people and communities at its center, upholding all human rights as defined by the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization Conventions.

AVL Italia supports and respects all Italian laws and takes measures to contribute to the abolition of all forms of modern slavery.

The company is constantly committed to promoting respect for all people, with a strong intolerance for physical violence, threats, corporal punishment, mental coercion, verbal abuse, disrespectful behavior, bullying, or harassment of any kind.

AVL Italia is committed to not collaborating with organizations suspected of violating the principles aimed at ending modern slavery. Furthermore, it helps support its clients in their efforts to address modern slavery and child labor in their operations and supply chains.

## Privacy and data security

AVL Italia protects the right to privacy and is committed to protecting the personal data of its employees and customers processed during its business. The Company believes compliance with data privacy regulations is essential and requires the utmost respect from all employees who handle personal data, trade secrets, and confidential information of any kind.

The Company operates in compliance with the General Data Protection Regulation (EU Regulation 2016/679, "GDPR" of the European Parliament and of the Council, on the protection of natural persons regarding the processing of personal data and on the free movement of such data). AVL Italia has also established the position of Data Protection Supervisor (GDO), responsible for overseeing the accuracy and compliance of contracts and documents, as well as monitoring the management of sensitive data.

To ensure all employees operate in compliance with required privacy and cybersecurity standards, AVL Italia has implemented a dedicated training program. Training is mandatory for all new hires and includes annual refresher courses to maintain the required skills.

The courses address topics such as the proper handling of personal information and customer and supplier data, ensuring that it is not disclosed externally and is processed in full compliance with applicable regulations. Furthermore, the training includes preventative measures to recognize and counter cyber threats, such as phishing, helping to create a corporate culture focused on digital protection. In 2024, the entire company workforce participated in training courses on privacy and data security.

Finally, it should be noted that during the two-year period 2023-2024 there were no complaints regarding violations of customer data privacy.

## Materiality analysis

### AVL Italia and stakeholder involvement

Dialogue and ongoing engagement with its stakeholders are essential for AVL Italia. The goal of this engagement is to gather expectations and feedback on areas of development with a view to creating shared value (including environmental, social, and governance issues), foster transparent dialogue, and guide corporate decisions toward a more responsible mobility model. Relationships between AVL Italia and its stakeholders are based on trust and transparency.

Stakeholders, as defined by the GRI Standards and other relevant frameworks, include any entity or person who may be significantly affected by an organization's activities, products, or services, or whose actions may influence its business strategies and ability to achieve its objectives.

The following infographic presents the main stakeholders relevant to AVL Italia:



Below are the main dialogue and listening methods implemented by AVL Italia:

Stakeholder	Dialogue / listening channels
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Meetings with the Human Resources Department and direct managers;</li> <li>• performance evaluation;</li> <li>• training programs;</li> <li>• reporting channels (including whistleblowing system);</li> <li>• company intranet portal;</li> <li>• corporate welfare projects and/or initiatives.</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Direct channel with customer care service;</li> <li>• periodic meetings with Key Account Managers (KAMs).</li> </ul>
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"> <li>• Audit and screening activities;</li> <li>• periodic meetings and roundtable discussions;</li> <li>• Group supplier portal;</li> <li>• Code of Conduct for Business Partners.</li> </ul>
<b>Local communities and territory</b>	<ul style="list-style-type: none"> <li>• Projects for the enhancement of the territory;</li> <li>• partnerships with local associations and organizations.</li> </ul>
<b>Bodies and Institutions</b>	<ul style="list-style-type: none"> <li>• Consultations, periodic meetings, and working groups.</li> </ul>
<b>Average</b>	<ul style="list-style-type: none"> <li>• Media relations activities;</li> <li>• social channels.</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Discussion tables and periodic meetings;</li> <li>• periodic communication relating to company management.</li> </ul>

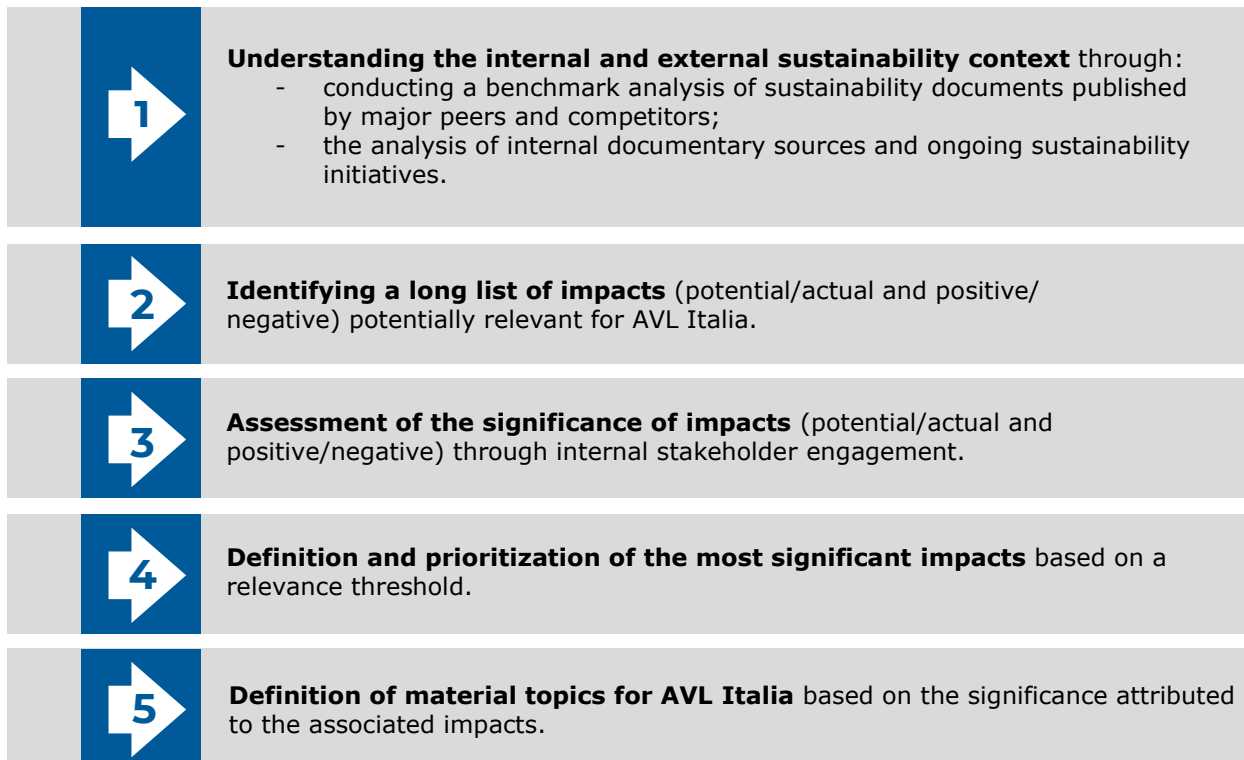


## Identifying relevant sustainability issues

This report was prepared based on the results of a materiality analysis, which was based on the latest version of the Global Reporting Initiative (GRI) reporting standards (GRI Standards 2021). Based on this analysis, the most relevant topics were identified, reflecting current and potential impacts, both positive and negative.<sup>5</sup>, in the economic, environmental and social fields generated by AVL Italia.

According to the GRI standards, impacts refer to the effects that an organization has or could have on the economic, environmental and social spheres, including those relating to human rights resulting from its activities and business relationships.

In 2024, AVL Italia conducted a materiality analysis to identify the sustainability topics and their most significant impacts, considering the market context and regulatory framework. The most significant impacts for the Company were identified through several phases, as follows:



In carrying out the benchmark analysis, nine peers were examined and, to ensure a more comprehensive overview, the information collected was enriched with key findings from industry studies and internationally recognized sustainability standards.

The benchmark analysis identified the key sustainability aspects considered strategic in the sector, which served as the basis for defining the sustainability issues potentially relevant to AVL Italia. These were associated with a long list of impacts (current and potential, positive and negative) generated by AVL

<sup>5</sup> Negative impacts are those that cause harm to the economy, the environment, and people, and therefore undermine sustainable development. Conversely, positive impacts are those that contribute to sustainable development by generating benefits for the economy, the environment, and people.

Italy, which were subsequently assessed by several Company managers with a cross-sectional view of the company's activities.

This assessment was conducted to evaluate the impact's significance, considering as metrics, on the one hand, severity/magnitude (comprising the criteria of magnitude, scope, and irremediable nature, the latter only for negative impacts) and, on the other, the likelihood of the impact occurring (only for potential impacts). The results of this assessment allowed us to prioritize the most significant impacts for AVL Italia, through the application of a significance threshold. Please refer to Chapter 4, "Attachments," for the complete list of impacts found to be significant.

The results of the materiality analysis, which led to the identification of ten material topics, were presented and approved by the Management of AVL Italia.

Among the material themes reported in the infographic below, the following stand out in particular:

- the provision of innovative solutions through Research & Development (R&D) activities and innovation along the value chain;
- promoting training and developing employee skills, essential areas that ensure high performance standards and employee satisfaction;
- the ability to ensure quality, reliability and customer satisfaction;
- aspects related to climate change mitigation.

The following graph provides a detailed look at the material issues for AVL Italia:



## The 2030 Agenda for Sustainable Development








The 2030 Agenda for Sustainable Development is a program signed on 25 September 2015 by the General Assembly of the United Nations (UN), i.e. by the governments of the 193 member countries.









It defines 17 objectives called Sustainable Development Goals (SDGs)—to be achieved within the next 15 years—and is further broken down into 169 targets. Achieving these goals requires significant involvement from institutions, governments, citizens, organizations, and, more generally, society.

AVL Italia recognizes the important contribution that organizations can make to achieving these goals and, consequently, guides its strategic decisions in carrying out corporate activities with the aim of contributing to the achievement of the SDGs.

Through a careful analysis of the 17 objectives and the 169 related targets, the Company has identified those on which it can act directly, represented in the table below in relation to the topics deemed priority following the materiality analysis:

Material themes	SDGs
Health and safety at work	
Emissions and climate change	 
Well-being, training and development of people	
Community Impact	 
Quality, reliability and customer satisfaction	

<b>Offering innovative solutions</b>	
<b>Responsible supply chain</b>	
<b>Eco-design and product circularity</b>	
<b>Ethics and compliance</b>	 
<b>Data and information security</b>	

# **2. Responsibility towards the environment**

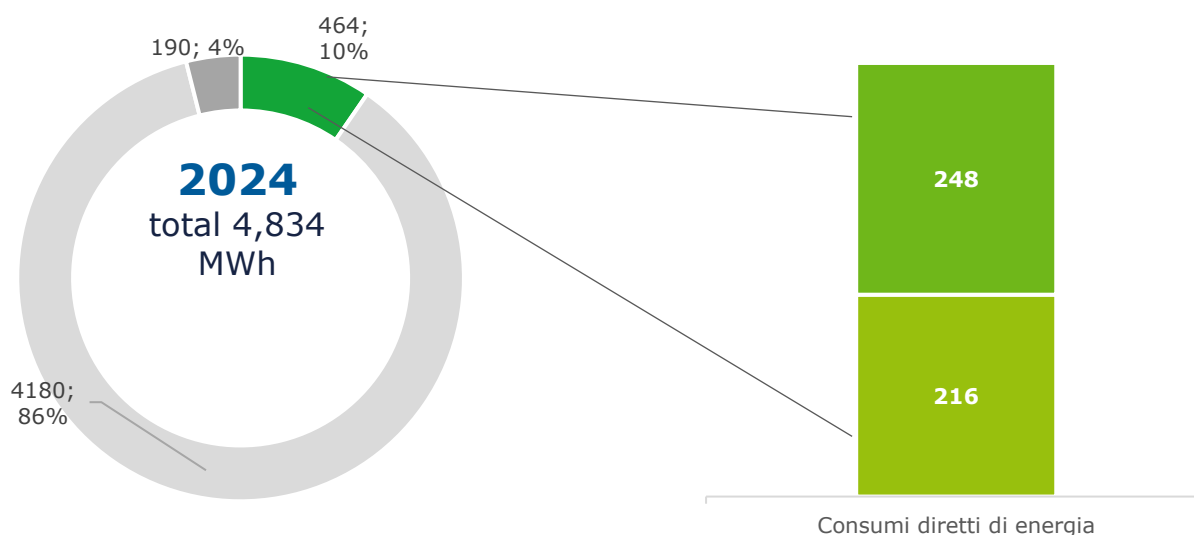
## Energy consumption and emissions

AVL Italia is committed to the development of green mobility, promoting climate-sustainable, future-oriented, and energy-efficient solutions. Thanks to its decades of experience, the Company contributes to the creation of mobility systems and energy solutions that promote sustainability.

Climate neutrality is central to the company's strategy and guides its daily operations. Indeed, AVL Italia has set itself the long-term goal of achieving climate neutrality by 2030 **on Scope 1 and Scope 2 emissions and full climate neutrality by 2039, in line with the group's objectives.**

AVL Italia's energy consumption for the year 2024 is equal to 4,834 MWh (+18% compared to 2023), of which over 90% related to the purchase and self-production of electricity and the remaining 10% linked to direct consumption of fuels in test rooms for business activities.<sup>6</sup> Over 34% of total energy consumption comes from renewable sources.

### AVL Italia's total energy consumption by type (MWh)



- **86% purchased energy;**
- **4% autoproduction;**
- **10% direct consumption (diesel + gasoline)**

AVL Italia purchases over 35% of its electricity from renewable sources, in addition to the ability to self-produce 4% of its energy needs through photovoltaic systems.

### Greenhouse gas emissions (GHG)

<sup>6</sup>AVL Italia's consumption also includes fuel used for the company car fleet assigned to employees who qualify for this benefit. However, currently, there is no monitoring of fleet fuel consumption in liters that would allow reporting the related annual KPI; this is because the monitoring platform only records annual kilometers traveled.

In this reporting year, AVL Italia quantified its direct Scope 1 emissions, i.e., emissions from the consumption of fuels from sources owned or controlled by the organization, and indirect Scope 2 emissions, i.e., emissions from the purchase and self-production of electricity.

For both categories, reference was made to the methodology established by the "GHG Protocol Corporate Accounting and Reporting Standard" and to the methodology used by the AVL Group globally. Indeed, to obtain a clear and detailed overview of energy consumption and greenhouse gas emissions on a global scale, the Group has developed its own internal monitoring tool.

Regarding the calculation of emissions according to the GHG Protocol, AVL Italia referred to:

- for Scope 1 emissions, to the UK Department for Environment, Food & Rural Affairs (DEFRA) emission factors;
- for Scope 2 emissions, two distinct calculation approaches are provided for by the protocol: location-based and market-based.

The location-based approach involves the use of average emission factors for energy generation within well-defined geographic boundaries, including local, subnational, or national borders. To determine AVL Italia's location-based Scope 2 emissions, average factors for Italy's production mix were considered, starting from the most up-to-date public sources for the reference year 2024, made available by the Association of Issuing Bodies (AIB).

The market-based approach is based on the CO<sub>2</sub> emissions of the energy suppliers from which the organization sources its energy, thus considering the total electricity purchased through supply contracts. To determine AVL Italia's market-based Scope 2 emissions, the emission factor for the national residual mix for Italy was used, based on the most up-to-date public sources for the reference year 2024, made available by the Association of Issuing Bodies (AIB).

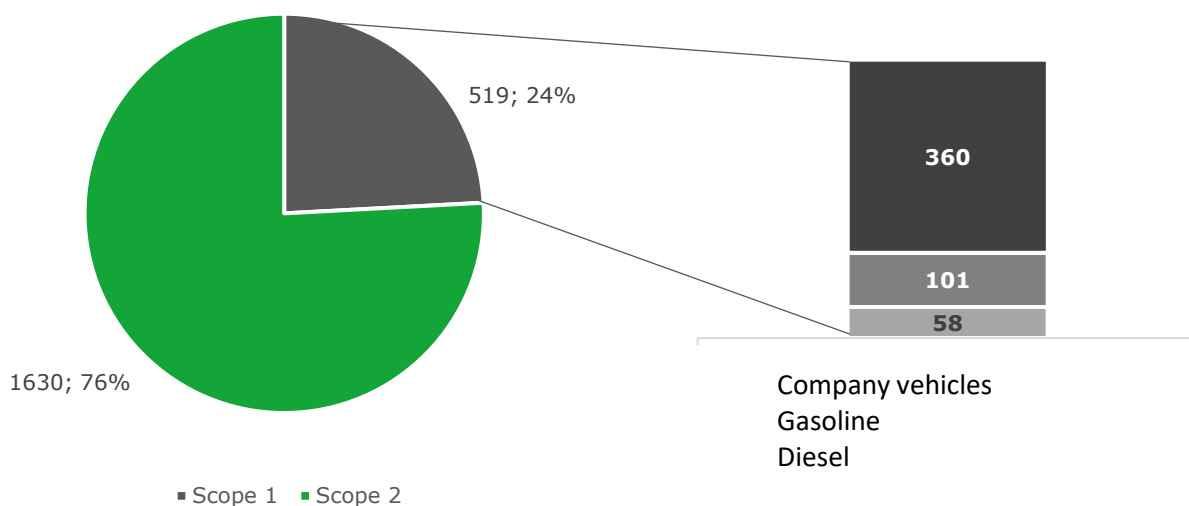
The emissions calculated according to the AVL Group methodology are presented below. Please refer to Chapter 4, "Annexes," for more information on emissions calculated according to the GHG Protocol methodology.

Total Scope 1 and Scope 2 emissions<sup>7</sup> in 2024 are equal to 2,149 tCO<sub>2</sub>eq (+16% compared to 2023). AVL Italia's GHG emissions intensity, calculated in relation to the average number of employees in 2024 (No.), is equal to 5.1 tCO<sub>2</sub>eq/No., a decrease of 3% compared to 2023.

The following graph presents a more detailed breakdown of the main emission sources:

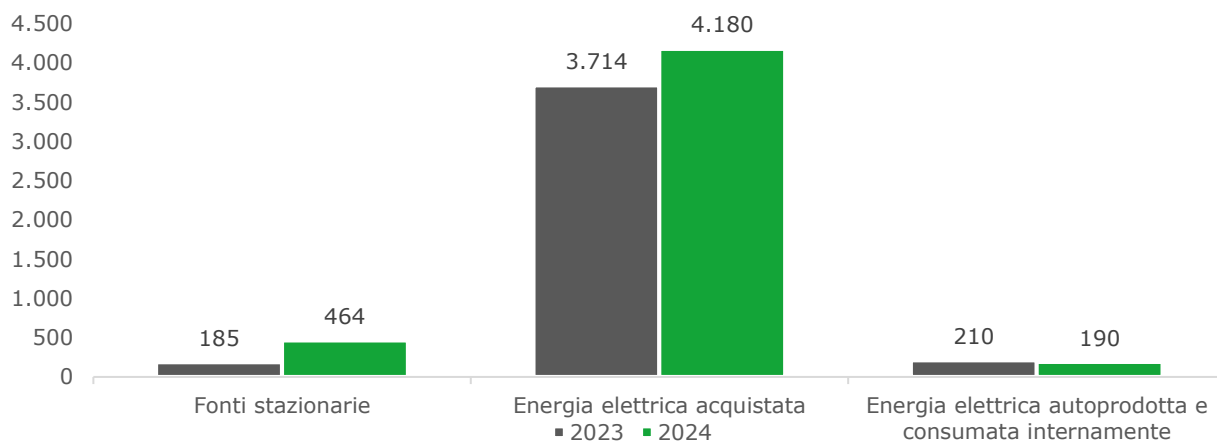
### Scope 1 (tCO<sub>2</sub>eq) and Scope 2 (tCO<sub>2</sub>) GHG emissions in 2024

<sup>7</sup> The Scope 2 calculation carried out according to the AVL Group methodology includes the consumption of electricity purchased from all sources (renewable and non-renewable).



Total Scope 1 and Scope 2 emissions are up 16% compared to 2023; this is due to a general increase in electricity consumption and fuels used in test facilities (thanks to growth in business activities during the year), as shown in the following graph:

#### Energy consumption (MWh) in 2023 and 2024



Specifically, self-produced electricity consumption decreased during the year (-10% compared to 2023), while purchased electricity increased (+13%), particularly from non-renewable sources (+33%).



## Initiatives for managing the impact of energy consumption

AVL Italia is committed to reducing its corporate carbon footprint by investing in various projects, including:

- the installation of a new photovoltaic system, operational from 2025;
- the increase in the share of electricity purchased from renewable sources certified according to the Guarantee of Origin;
- the negotiation of a medium and long-term power purchase agreement (PPA);
- the implementation of a certified Energy Management System (EMS).

The Company has also invested in modernizing its fleet, favoring the latest generation vehicles, including the option of choosing between hybrid and electric power modes.

Furthermore, AVL Italia is committed to offsetting, through tree planting, the CO<sub>2</sub> produced by operational activities that cannot be further reduced.

Additionally, AVL Italia contributes to reducing indirect emissions in the supply chain by facilitating innovative energy projects, such as the production of green hydrogen and the development of innovative energy infrastructure. This actively promotes the transition to a more sustainable economy.

### *Further initiatives for the environment*

Sustainability principles guide every aspect of AVL Italia's design, products, and business processes. The company is dedicated to developing solutions that promote efficient use of energy and raw materials, while reducing waste and residual products generated throughout the product life cycle. The AVL Group's product portfolio seeks to integrate eco-design principles, enhancing the repairability and replaceability of product components.

This commitment is expressed by enhancing the repairability and replaceability of product components, through the integration (where possible) of eco-design principles into the company's product design. Furthermore, AVL Italia favors the use of environmentally friendly materials and substances, which therefore have a lower environmental impact than conventional alternatives, whenever possible and subject to availability.

In line with its commitment to environmental protection, AVL Italia avoids the use of materials and methods that could pose a risk to the environment and health, opting for valid alternatives when available.

This approach is supported by a program of regular internal audits, monitoring, and reporting to evaluate the environmental performance of its portfolio. Particular attention is paid to analyzing and mitigating potential risks associated with current and future products, services, and company activities.

As a micro-producer of hazardous waste from testing activities, AVL Italia adopts a rigorous approach to waste management and disposal. Waste is carefully classified and managed through an authorized consortium, in full compliance with current regulations.

Furthermore, despite not having AVL Italia's activities have a direct impact on biodiversity. The Company is actively committed to achieving one of the 17 SDGs, collaborating with municipal authorities and external companies to combat deforestation and biodiversity loss.

Among the main actions undertaken, two projects were completed in 2024:

1. **Reforestation with Treedom**, aimed at combating desertification.
2. **Beekeeping with 3bee**, a leader in biodiversity protection.



### The “Adopt a Beehive” project

As part of the project in collaboration with 3bee, AVL Italia created its first Biodiversity Oases, adopting two biomonitoring hives located in Piedmont and Emilia-Romagna respectively. Thanks to advanced Hive-Tech technology, the hives allow for:

- monitor vital parameters of honeybees (temperature, humidity, sound, weight).
- analyze the surrounding biodiversity, using bees as bioindicators.

Thanks to the project, AVL Italia contributes to monitoring environmental quality and improving ecosystem services such as pollination.

# 3. Responsibility towards people

## AVL Italia employees

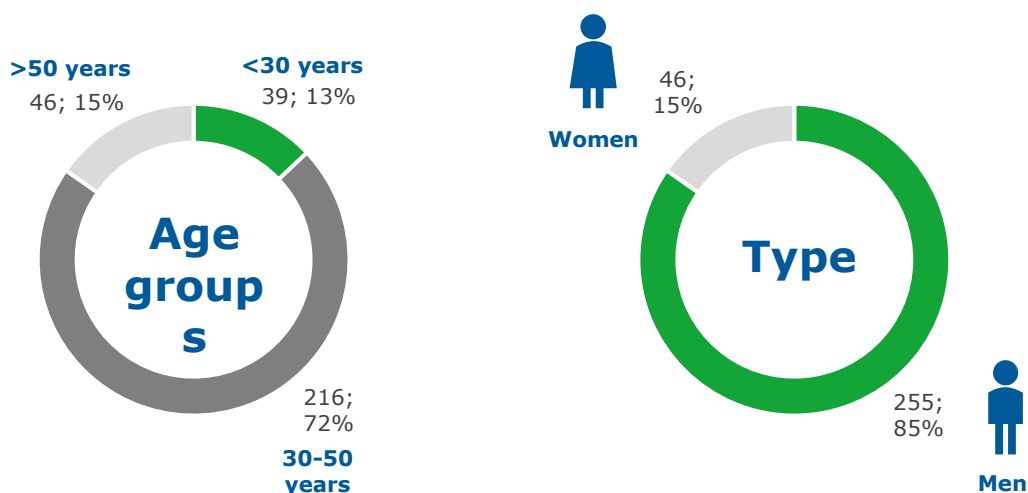
AVL Italia strongly believes in the importance of human capital, a distinctive element at the heart of the company's ability to compete in the market and a fundamental factor for the company's development and growth.

Aware of the importance of its employees and collaborators, AVL Italia is actively committed to ensuring a positive and welcoming work environment, ensuring the well-being and dignity of each individual, and continuously invests in training activities to develop skills.

### The composition of the staff

As of December 31, 2024, AVL Italia employed 301 people. Forty-five percent of these employees are employed in the Turin operations area, with the remaining 55% in the Cavriago area (Reggio Emilia), where AVL Italia's state-of-the-art technical center is located.

The following is a breakdown of employed workers by age group and gender:



Confirming the Company's commitment to offering stable employment, in 2024, 99.7% of its employees will be hired on permanent contracts and 99.3% will be full-time.

AVL Italia employs its employees exclusively under regular employment contracts, firmly condemning any form of illicit labor. All employees are duly informed of the conditions and characteristics governing the employment relationship. All AVL Italia employees are covered by National Collective Labor Agreements for the Metalworking sector, adhering to the regulations of their respective workplaces. AVL Italia offers all employees the opportunity to join trade unions, workers' councils, or other collective bargaining organizations.

In 2024, no employees will be hired on non-guaranteed hourly contracts, such as on-call or intermittent contracts (job on call). All employees are guaranteed a fixed number of working hours per day, week, or month.

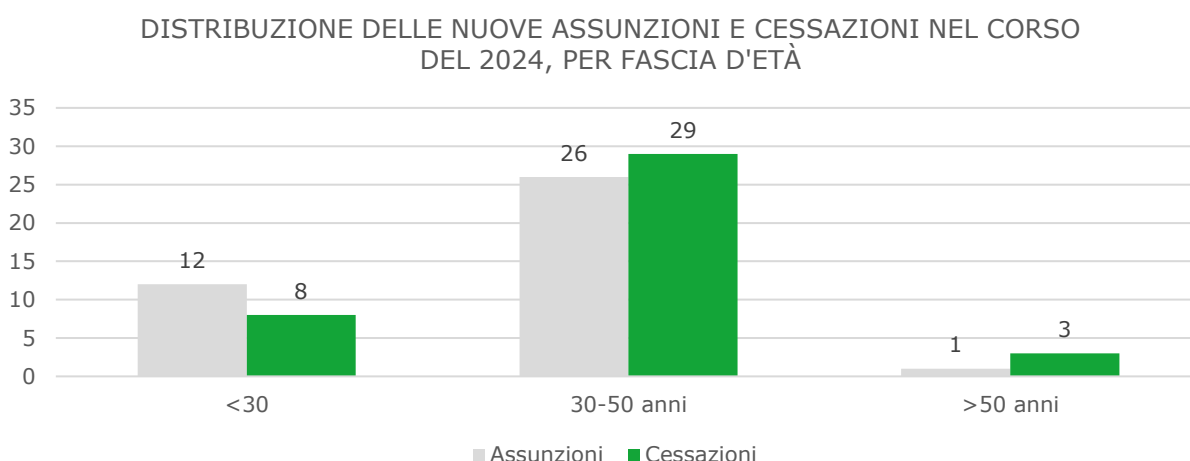
The company's workforce remained essentially stable throughout the year, with 39 new hires and 40 terminations. The incoming and outgoing turnover rates for 2024 are both 13%, respectively.<sup>8</sup>

Hiring policies are defined based on the company's growth and strategy plans, which are developed and reviewed bimonthly by the Steering Committee. These strategic meetings ensure constant alignment between company needs and personnel onboarding policies. The candidate selection process is conducted in full compliance with the principles of fairness, transparency, and confidentiality. Each step, from the initial assessment to the onboarding of new resources, is designed to verify the possession of the necessary professional, interpersonal, cognitive, and organizational skills, with the goal of maintaining a harmonious, healthy, and collaborative corporate environment.

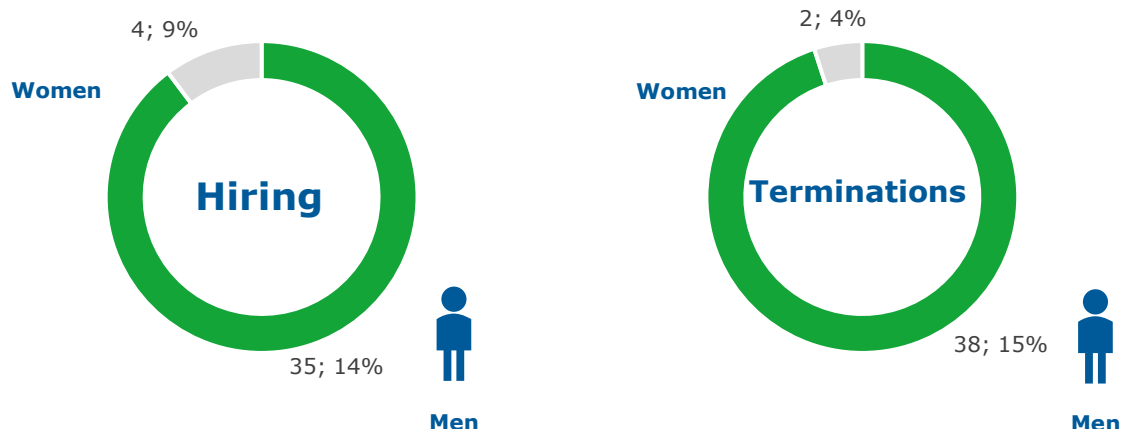
Most of the new hires in 2024 fall within the 30-50 age group (67%); furthermore, the majority of new hires are male (90%), a trend in line with the numbers in the reference sector in which AVL Italia operates.

To understand the causes of outgoing turnover, transferred employees are asked to complete an "Exit Interview" form. The collected data is analyzed by the Human Resources department and the direct manager to identify any critical issues and implement improvement measures.

Below is an infographic showing new hires and terminations during the year:



<sup>8</sup>These rates are calculated by comparing the number of hires and terminations to the total number of employees on staff as of 12/31/2024.



The percentages shown in the graph refer to the number of hires and terminations by gender in relation to the total number of employees in headcount as of December 31, 2024.

In addition to the employed workers, there are 44 freelance workers hired through temporary work arrangements, bringing the total workforce to 345. The external workers hold clerical roles, both technical and administrative.

## Human capital management and development

AVL Italia defends the right to reasonable working hours and fair pay, as well as guarantees all people the freedom of association and collective bargaining, recognizing the right of individuals to interact and organize to express, promote, pursue and defend common interests.

Everyone at AVL Italy has the right to be respected and valued for their differences, ensuring equal opportunities and outcomes in an inclusive environment. The Company is committed to ensuring an environment free from violence, harassment, and intimidation, with a zero-tolerance policy for any direct or indirect action that could threaten this right. Furthermore, all employees are guaranteed access to grievance mechanisms through formal channels, including the AVL reporting platform described previously in the "Ethics, Integrity, and Governance" section.

The following paragraphs describe in greater detail the areas in which AVL Italia invests to constantly develop and enhance its human capital.

## Enhancement of skills

AVL Italia has always considered human capital a key factor in the organization's success. AVL Italia's business success depends largely on its ability to attract and retain highly qualified employees.

One of AVL Italia's goals as an employer is to be a project-oriented organization that enables employees to achieve high levels of quality and innovation.

This approach requires attention to detail and excellence, characteristics that are maintained and amplified through professional and personal development.

As an innovative company with a strong customer focus, AVL Italia invests in its people development as a process that allows everyone to improve their personal, business, and technical skills, not only through knowledge but also through experience. Development activities represent a joint effort between the company and the individual to hone the potential and skills needed to achieve company goals, while also ensuring personal growth.

AVL Italia invests annually in training its employees, consultants, and temporary workers. Department managers collaborate with the Human Resources department to identify courses aimed at improving soft and technical skills, considering budgeted resources.

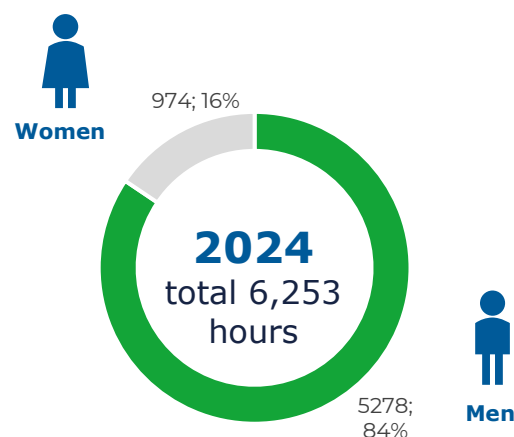
At AVL Italia, training varies according to different methods of acquiring knowledge and experience, including in-person meetings, e-learning, on-the-job training, mentoring, and so on. Training activities are based on both company needs and employee expectations and requests, using a bottom-up approach.

Investments in training activities are reflected in the over 6,253 hours of training provided to employees in 2024, shown in the graph to the side. In 2024, on average, almost all employees participated in more than one training course.

Training activities in 2024 mainly involved employees (80% of total training hours).

Most training hours focused on health and safety (40%), technical and professional aspects (36%), language training (9%), and IT (6%). Additionally, over 544 hours of training were provided on sustainability issues (5%).

In terms of average hours per employee category (calculated as the ratio between training hours and the number of people in the category), managers received an average of 15 hours of training during the year, followed by managers with an average of 20 hours, white-collar workers with an average of 22 hours, and finally, blue-collar workers with an average of 4 hours. When considering training activities



by gender, the average hours of training for both genders are balanced, with an average of 21 hours of training per year.

### Performance evaluation

AVL Italia believes that performance recognition is essential to incentivize the professional and personal growth of its employees. To this end, the company has implemented evaluation tools, including:

- a structured Annual Performance Review methodology to evaluate people's performance and skills and identify any areas for improvement, which can identify training needs linked to training plans;
- Promotions, career paths, and salary increases based on objective and transparent evaluations.

In 2024, all AVL Italia employees, at all levels and grades, participated in periodic performance reviews.

Through these tools, AVL Italia not only invests in the well-being and development of its staff but also strengthens its commitment to placing people at the center of its strategy, as an essential input to the ability to innovate and generate value in the market.

### Diversity, Equity and Inclusion (DEI)

AVL Italia supports equal employment opportunities and diversity and inclusion for its people, rejecting any form of discrimination against any individual (including factors such as race, gender, sexual orientation, ethnicity, religion, age, and disability).

Embracing diversity and promoting inclusion are essential components of AVL Italia's ethical conduct. The Company is committed to fostering a diverse, equitable, and inclusive environment where every individual feels valued, heard, and empowered. These investments in DEI are based on the belief that diversity of thought, background, and experience fuels innovation, leads to better outcomes for clients, and improves the work environment for AVL Italia teams.

Through open dialogue and collaboration, the Company works to build a culture that allows every individual to be their authentic self.

This commitment to DEI is also embedded in our work with clients, both in managing business relationships and in the ways AVL Italia consultants support them in achieving their goals through sustainable transformation projects.

Below are some of the AVL Group's key DEI commitments:

- foster a culture that values and respects diverse perspectives, backgrounds, and experiences through training courses, workshops, and open discussions;
- Conduct an annual analysis of pay disparities and address any concerns (based on gender, race, ethnicity);



- Implement impartial selection processes that promote diverse candidate pools, reducing unconscious bias, and ensuring equal opportunities for underrepresented groups at all levels of the organization;
- promote inclusive career paths;
- organize training activities such as workshops and staff training programs;
- Strengthen DEI governance across all geographies by holding leaders accountable, promoting and supporting DEI ambassadors, and formalizing channels for employees to report incidents of discrimination or bias without fear of retaliation;
- Support and encourage the creation of safe spaces where employees can meet, share experiences, connect, and interact with diverse identity groups.

AVL Italia is strongly committed to promoting policies that foster gender equality and inclusion. To consolidate this commitment, a Gender Equality Committee has been established, tasked with defining strategic, long-term objectives that focus on both qualitative and quantitative aspects.

Below are some of the main DEI initiatives implemented during the year:

- An awareness campaign has been launched in schools across the Emilia region to promote interest in STEM (Science, Technology, Engineering, and Mathematics) subjects among young women. The goal is to break down cognitive biases and promote greater equity in access to technical and scientific careers.
- Actions have been taken to increase the presence of women within the company, with the aim of strengthening the representation of women in various corporate roles;
- As part of the process to obtain UNI/PdR 125:2022 certification, the Company adopted specific performance indicators (KPIs) to measure gender equality policies and conducted the necessary internal analyses to verify compliance with the requirements established by the standard. Compliance with these requirements was audited by the certifying body; the audit was successfully concluded in December 2024, resulting in the issuance of the certification, valid for three years, starting in January 2025.

With a view to continuous monitoring and improvement, AVL Italia will continue to measure and refine its gender equality policies to maintain its certification.

## People's well-being

AVL Italia pays great attention to the well-being of its employees, integrating company policies that promote a better **work-life balance**.

Among the initiatives adopted, the smart working policy stands out, which is renewed annually and allows employees to work remotely two days a week. Furthermore, flexible working hours have been formalized in company regulations, allowing employees to better organize their workdays.

AVL Italia also guarantees an innovative and inclusive Welfare Plan, aimed at all employees and temporary workers. This plan was created with the aim of improving the quality of life of workers, responding to personal and family needs through a wide range of services. The Welfare Plan is **accessible via a dedicated platform**, available for a period of 12 months, in which an annual premium has been added in addition to that provided by the relevant CCNL.

The platform offers numerous usage options, allowing employees to choose best to allocate available funds. Among the main options are:

- **health care for family members**, which guarantees the possibility of covering medical expenses not included in other instruments, offering greater security for the family's health;
- **paying bills**, concrete support for managing energy and household costs;
- **reimbursements for travel or public transport expenses**, promoting sustainable mobility;
- **forms of financial assistance for families** with children of school or preschool age;
- **support for mental well-being**;
- **travel and wellness services**.

The initiative has registered a **high participation** and a **extremely positive feedback** by employees. The platform's flexibility and the variety of options offered have helped meet the diverse needs of employees, confirming the value of customizable, people-centered corporate welfare.

AVL Italia enriches its work environment with a series of additional services and benefits aimed at improving the quality of life of its employees, including:

- **life insurance** for managers;
- **forms of coverage for disabilities and invalidity**;
- **parental leave**;
- **supplementary pension schemes**;
- **water and beverage dispensers** free and unlimited;
- **sanitary napkin dispensers in women's bathrooms**, to ensure inclusiveness and respect for everyone's needs;
- **conventions with gyms and fitness centers**, which encourage a healthy and active lifestyle;
- **pink parking lots**, dedicated to pregnant women or women with special needs.

AVL Italia provides meal vouchers for every workday and offers Metasalute supplemental health insurance. This includes free annual check-ups, offering concrete support for employee prevention and health. To support families, a free company nursery has been established at the Cavriago office, offering an essential service open to all employees' children and their families.

The overall expenditure for welfare initiatives has increased over the years, reaching the figure of **over 300,000 € in 2024**(up 4% from 2023).

AVL Italia strongly believes that these initiatives, through the increase of workers' well-being, are central in **improving work performance** and **work-life balance** of their people.

### Salary in AVL Italy

AVL Italia guarantees all employees fair compensation, structuring a minimum wage in full compliance with current wage standards, such as national collective bargaining agreements. The Company openly informs its employees of any significant changes to their compensation package, following all relevant regulations.

In 2024, the Company transparently monitored gender compensation indicators, with the aim of clearly and comprehensively communicating the key social KPIs related to its employees' compensation. Specifically, the ratio of women's to men's compensation by category is calculated using both base salary and total compensation, which considers additional amounts corresponding to staff, such as bonuses linked to years of service or the achievement of company targets, overtime, additional allowances for travel, room and board, and other expenses.

For 2024, the total pay gap calculated based on base salary is 12%, meaning that, on average, a woman could earn 12% less gross salary than a man within the organization. The same ratio, calculated considering total pay, is 9%.

The indicator calculated for the executive category is significant, where, on average, female positions receive a gross base salary 5% higher than men in the same professional category.

## Protection of workers' health and safety

AVL Italia is committed to creating and maintaining safe and healthy working environments in compliance with current legislation (Legislative Decree 81/08) regarding worker protection and prevention of accidents at work to guarantee the physical and moral integrity of its employees and non-employee workers.

All people who encounter AVL Italia have the right to work in a safe environment, both physically and psychologically, where their well-being is promoted and where they can access forms of healthcare support.

Since 2023, AVL Italia has implemented an internationally certified occupational health and safety management system (ISO 45001). This allows the company to better monitor operational safety standards, ensure a safe working environment, and efficient processes, ensuring the production of products that fully meet customer expectations according to the highest safety standards. This management system applies to all employees and non-employees.

The company's risk assessment is regularly updated annually and whenever changes occur in production processes through the Risk Assessment Document (RAD), ensuring that procedures are always adapted to new operational needs. Furthermore, for each type of risk identified, specific assessments are developed to reduce critical issues and prevent potential accidents.

Awareness of the specific risks associated with one's job is among AVL Italia's priorities. Each employee is required to participate in mandatory safety training, as well as review the company's rules of conduct and emergency plan. Training sessions are focused on new employees joining the company, with regular refresher courses required by current regulations. These training programs aim to raise staff awareness and provide the skills necessary to operate safely. To support these activities, AVL Italia has a training center recognized by the Ministry of Education, Universities, and Research (MIUR), a certified organization that guarantees the quality and effectiveness of the training programs provided. Over 4,080 hours of classroom training were provided during the year (+47% compared to 2023) on H&S issues, covering, among other things, topics related to general and specific training, safety refresher courses (for workers and supervisors), forklift operation courses, first aid courses, fire prevention courses, and so on.

Workspace monitoring is conducted annually with the support of qualified physicians, in addition to environmental sampling conducted by specialized companies. This ensures that the environments comply with the required safety and well-being standards.

AVL Italia also promotes ongoing dialogue with its employees, offering various ways to express ideas and feedback.

A dedicated email service for HSE issues is available, accessible directly from the company intranet and through direct communication with the Workers' Safety Representatives (RLS), both during annual meetings and whenever the need arises.

News and relevant information are communicated to employees through internal newsletters, union noticeboards, and information screens located throughout the company.

AVL Italia also implements a dedicated procedure for assessing and managing near-miss situations and incidents. This tool allows for analyzing the root causes of events, identifying effective corrective measures, and implementing preventative measures to prevent similar issues from recurring.

In 2024, the Company recorded 3 accidents among employees, considering over 537,402 thousand hours worked in 2024<sup>9</sup>. The relevant accident rate is 5.6 and is calculated using a multiplier equal to 1,000,000 hours worked; this means that, on average, for every 500 full-time workers, approximately 5.6 workplace accidents occur over the course of a year. The accidents were caused by mechanical work in the test rooms. It should be noted that no accidents with serious consequences or resulting in deaths were recorded in 2024. Furthermore, it should be noted that no accidents occurred among non-employee workers during the year, therefore the relevant rates are 0.

All injuries were documented in compliance with applicable regulations. Among the measures taken to minimize risks, the company has developed checklists and operating procedures that guide workers in performing daily tasks, promoting safe and regulatory-compliant behavior. To ensure maximum protection, AVL Italia distributes Personal Protective Equipment (PPE), ensuring that each employee has the appropriate tools to perform their work safely.

In 2024, no cases of recordable occupational diseases or related deaths were reported.

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<sup>9</sup> The hours worked for the different categories of workers were estimated starting from the overall total of hours worked, in proportion to the number of employed and non-employed workers.

## Relationship with customers

AVL Italia's offerings are dedicated to various types of clients, primarily manufacturers of engines and vehicles in the automotive sector and other vehicle categories, such as agricultural machinery, work machinery, buses, trucks, but also racing cars, motorcycles, and vehicles such as trains, ships, and airplanes. AVL's services also address residential, energy generation, and cloud computing sectors. The company has a portfolio of approximately 200 clients, primarily operating in the automotive sector and associated research centers.

By providing high-quality products and services that meet customer needs and expectations, AVL Italia improves customer satisfaction and loyalty. The company's focus on innovation, customization, and product quality strengthens customer relationships, fostering business loyalty and long-term value creation.

AVL Italia offers its customers a customer care service to ensure effective and timely support for their various needs. For customers who wish to request an additional level of dedicated service, premium assistance is available for a premium fee.

The customer care team tracks complaints, analyzing the causes and monitoring resolution times. For each incident, AVL Italia monitors two key performance indicators:

- **response time;**
- **customer satisfaction.**

AVL Italia aims to achieve a customer satisfaction target of 90%.

These KPIs are monitored by requesting completion of a satisfaction questionnaire. The indicators are continuously analyzed and reviewed by the Steering Committee.

In 2024, the average score for these surveys was 5.35 out of 6 (target score of 5.2). Four cases were received in which the service rating was deemed insufficient (primarily related to the management of Group Helpline tickets); these cases were handled directly, contacting the customer by telephone, highlighting the critical points related to each case, but also emphasizing the constant and timely support the company offers throughout its operations.

Regarding response times, if the requested assistance is not provided within the established timeframe, a "red flag" is triggered, which activates an alert system. This system transmits the report to the AVL Group's central customer care department, where the situation is discussed within the Global Steering Committee, with the aim of identifying and implementing an effective solution to prevent the problem from recurring.

AVL Italia has two categories of Key Account Managers (KAMs): one dedicated to strategically important clients and one dedicated to other clients. KAMs maintain direct contact with clients to monitor project

progress, identify needs, and manage any concerns outside of customer care. Any complaints or requests are reported to the PTE Steering Committee or the ITS Steering Committee for further evaluation and action.

AVL Italia participates in annual audits at the request of major clients. The audit results are shared with the Company's management, highlighting strengths and areas for improvement. If critical issues or areas for improvement are identified, the Company promptly adopts the necessary measures to adequately respond to client needs.

The quality standards adopted by AVL Italia are fully compliant with ISO 9001 certification, further guaranteeing the quality of the service provided. Furthermore, by ensuring compliance with technical requirements and ensuring product quality meets industry standards/regulations, AVL Italia helps reduce health and safety risks during product use by customers.

This commitment is confirmed by the absence of non-compliance with regulations and/or self-regulatory codes regarding the health and safety impacts of products and services during the two-year period 2023-2024.

## Responsible supply chain management

AVL Italia is committed to being a reliable, agile, and solution-oriented business partner, offering a competitive advantage to the global business sectors in which the AVL Group operates.

Supply chain management is fully integrated into all key business processes, ensuring results consistent with company requirements and objectives, both in terms of quality and environmental sustainability. The approach adopted aims to provide the best global supply chain, distinguishing itself through quality, innovation, availability and cost competitiveness.

AVL Italia adopts a rigorous supplier selection, approval, and monitoring process, managed by the AVL Group's Global Purchasing office. Each supplier undergoes thorough preliminary checks, which include:

- analysis of the financial and corporate situation;
- verification of quality certifications obtained (for example UNI EN ISO 9001);
- information security compliance controls;
- sustainability-related assessments, such as participation in ESG ratings, total emissions (Scope 1, Scope 2 and Scope 3) generated.

Regarding ESG criteria, in line with the Group's central planning, AVL Italia has planned to roll out a supplier evaluation system over the next two years through a sustainability performance assessment questionnaire.

Supplier management is monitored through a global Supplier Relationship Management (SRM) portal, where suppliers are required to register and, if deemed suitable, are qualified. The portal—where suppliers can directly access and update their data—contains key Business Intelligence information for each supplier, accessible to AVL Group buyers worldwide. Available content includes:

- supplier documentation, such as company presentations and ISO certifications;
- supplier evaluations, including financial reports, vendor ratings, and audits.

This system ensures transparent and effective supplier management, supporting the quality and reliability of the AVL Group's global supply chain.

In recent years, AVL Italia's purchasing volume has grown significantly, stabilizing at €100 million annually starting in 2021. Alongside this increase in volume, a significant effort has been made to increase local purchasing activities, reducing dependence on the parent company and other global affiliates.

Consequently, the share of "local" purchases (i.e. from suppliers based in Italy<sup>10</sup>) has increased by about 10 percentage points over the last five years, from 15% of the total in 2020 to 25% in 2024.

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<sup>10</sup>For the type of services purchased (such as engineering services, customer installations), it was deemed more relevant to define a supplier as "local" if it operates in Italy. A local supplier therefore refers to national suppliers, excluding intercompany suppliers from the calculation.





### The Open-ES Evaluation Platform

AVL Italia is part of the Open-ES evaluation platform, whose aim is to raise awareness and promote sustainability principles in the supply chain for multinationals and small and medium-sized enterprises (SMEs).

This collaboration aims to increase awareness among suppliers and customers and to help the Company monitor the impact of our supply chain on all cross-cutting aspects relating to sustainability (Environment, Operational Health and Safety, Governance, Human Rights, and so on).

## AVL Italia and the local community

AVL Italia is committed to strengthening its ties with the local community through initiatives that promote economic growth, sustainability, and the development of local talent. Collaboration with schools, universities, and regional institutions is a cornerstone of the company's strategy, aimed at strengthening the socioeconomic development of the region.

In particular, AVL Italia maintains close relationships with universities and higher education institutions in the Emilia-Romagna and Piedmont regions, such as the Istituto Superiore Silvio D'Arzo and the "Scuola Camerana". These relationships are expressed through the organization of Career Days and awareness-raising events aimed at promoting women's education in STEM (Science, Technology, Engineering, and Mathematics) subjects, as well as initiatives dedicated to environmental sustainability, such as the MUNER project described below.

The Company actively participates in programs that promote local employment, such as Law 14 of the Emilia-Romagna regional call for proposals, an initiative aimed at increasing employment in the area and supported by close collaboration between the Municipality of Cavriago, the Emilia-Romagna Region, and other institutions. The goal of these projects is to make the area more productive and attractive to new talent, contributing to competitiveness and innovation.

AVL Italia also promotes internship and placement opportunities for young students, collaborating with universities and high schools in both Emilia-Romagna and Piedmont. These training programs offer young people the opportunity to acquire professional skills and experience the world of work in a stimulating and highly technological environment.

AVL Italia's commitment to training and employment is also demonstrated through initiatives to connect with local schools, with the aim of inspiring future generations and contributing to the development of skills in line with market needs.

As of December 31, 2024, 39 people had been hired from the local community, confirming the Company's commitment to the growth of the region where it operates. Of these, one person holds a management role, three are executives, and the remaining thirty-five have been hired as white-collar workers (90%).

Below are some of the main collaborations in progress in 2024:

- **TACC (Training for Automotive Company Creation)**: is an academic path developed by the University of Modena and Reggio Emilia (UNIMORE) aimed at developing entrepreneurial skills for students from various disciplines. The program involves the creation and development of business ideas in the automotive sector, along with a project acceleration and prototyping phase. Student teams are supported by both academic and corporate mentors throughout their training and can interact with leading companies in the sector. The program includes lectures, participation in national and international trade fairs,

workshops, company visits, supplementary seminars, prototyping sessions, and startup project design and validation.

- **MUNER (Motor Vehicle University of Emilia-Romagna):** Muner and the result of the synergy and collaboration between four universities to Italian companies and Motor Valley companies, which embody Made in Italy excellence worldwide. AVL Italia offers internships and specific training programs to educate future engineers, who must adopt a holistic approach, encompassing all automotive disciplines in an integrated manner to meet changing market demands. In February 2024, MUNER established the Gender and Diversity Empowerment Committee to address gender issues in automotive and engineering education. The Committee gathers and develops joint initiatives from founding partners, universities, and regular partners to promote inclusive and balanced work and learning environments.
- **AVL Italia Green Camp:** a STEM training and orientation project for middle school students in the Municipality of Cavriago, addressing environmental sustainability issues. The initiative, now in its fourth year, aims to introduce young people to technical disciplines, allowing them to experiment and cultivate an interest in technology and science, as well as raising awareness of environmental sustainability among younger generations.

## Value generated and distributed

AVL Italia generates and distributes economic value through various channels through its activities, contributing to both the economic prosperity and social well-being of its stakeholders, generating employment opportunities, and supporting regional and national economies. Furthermore, the Company's activities stimulate economic growth through revenue generation, tax payments, and investments in infrastructure and innovation.

AVL Italia prioritizes social responsibility by promoting fair labor practices, ensuring safe working conditions, and supporting local communities. The company's commitment to social initiatives and community development projects generates value by promoting social cohesion, contributing to improving the quality of life of employees and communities.

AVL Italia is committed to ensuring proper and transparent accounting, aware of its importance to all stakeholders. The Company has therefore decided to measure the economic value generated and distributed, according to the reclassification of the income statement, monitoring its financial strength and the distribution of the value generated to key stakeholders, thus contributing to the development of the local area in which it operates (both socially and economically), and the value reinvested to foster business growth.<sup>11</sup>.

As of December 31, 2024, the economic value directly generated and distributed stood at €134,651 million, a 5% increase compared to 2023.

In 2024, AVL Italia distributed 95% of the value generated, in line with the previous year. The category that benefits most from this distribution is suppliers, who account for 84% of the total distributed value, followed by 17% from employee compensation. Further details on the breakdown of generated and distributed value are available in the table in the "Sustainability Indicators" section of Chapter 4. Attachments.

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<sup>11</sup> The statement determining and allocating the economic value directly generated by the Company was prepared by reclassifying the consolidated income statement in accordance with the GRI Standards. This statement was prepared by distinguishing three levels of economic value: generated, distributed, and retained by the Company. Generated economic value represents the overall wealth directly created by the Company, i.e., revenues expressed as the sum of net sales, revenues from financial investments, and the sale of assets. Distributed economic value represents the portion of generated economic value that is subsequently distributed among the various stakeholders: suppliers, employees, financiers, shareholders, the public administration, and the community. Retained economic value represents the portion of generated economic value that is retained internally and concerns provisions, adjustments/write-backs, net profit from valuation activities, deferred income taxes, and the portion of net profit allocated to reserves (ordinary and statutory).

# 4. Attachments

## Impacts generated (current and potential)

Material themes	Positive impacts	Negative impacts
<b>Well-being, training and development of people</b>	<ul style="list-style-type: none"> <li>Through specific welfare initiatives (e.g., meal vouchers, fuel vouchers, insurance, healthcare, supplemental welfare, etc.), flexible working hours (including smart working/part-time), initiatives for employees' children (company nursery at the Cavriago headquarters), and agreements with partner companies, the Organization can promote the well-being of its employees, improving their work performance and work-life balance.</li> <li>Through an employee performance evaluation process, training programs focused on skills development (also designed using a bottom-up approach at employee request), and the provision of mandatory and optional training modules to its employees on the Alma Campus platform, the Organization enhances its people's professional skills and, consequently, their performance and satisfaction, helping them feel valued and listened to.</li> <li>By implementing a certified gender equality management system (Uni PdR 125:2022), the Organization could help eliminate discrimination in its recruiting, hiring, and personnel management processes.</li> </ul>	
<b>Offering innovative solutions</b>	<ul style="list-style-type: none"> <li>The Organization, through R&amp;D and innovation activities along the value chain (e.g., participation in working groups for the development of sustainable energy, production and development of hydrogen for mobility), contributes to promoting sustainability in the automotive and transportation sector, particularly in relation to green mobility and access to clean energy technologies.</li> </ul>	
<b>Ethics and Compliance</b>	<ul style="list-style-type: none"> <li>The Organization, through the implementation and monitoring of the Group's whistleblowing policy and the related reporting channel, ensures the safety of whistleblowers and the effectiveness of protection mechanisms.</li> <li>Through the adoption of the AVL Group Code of Conduct for Business Partners and the Employee Code of Conduct, the Organization increases awareness among its stakeholders of the principles of integrity and ethics and promotes responsible business conduct.</li> </ul>	

Material themes	Positive impacts	Negative impacts
<b>Quality, reliability and customer satisfaction</b>	<ul style="list-style-type: none"> <li>The Organization, through effective customer relationship management (e.g., complaint management through general customer care for all services and dedicated customer care, conducting surveys, and continuously monitoring KPIs), fosters increased customer satisfaction.</li> <li>The Organization, by monitoring compliance with technical requirements and ensuring product quality meets industry standards/regulations (e.g., compliance with CE requirements), helps reduce health and safety risks during product use by the customer/end user.</li> </ul>	
<b>Emissions and climate change</b>	<ul style="list-style-type: none"> <li>The Organization could eliminate Scope 2 indirect emissions (indirect greenhouse gas emissions from purchased or acquired energy, such as electricity, steam, heat, or cooling) by purchasing 100% of its electricity from certified renewable sources.</li> <li>By adopting UNI EN ISO 50001 certification, the Organization could contribute to better energy efficiency management of its operations, reducing consumption and related emissions into the environment.</li> </ul>	<ul style="list-style-type: none"> <li>The Organization negatively impacts air pollution and climate change through its direct and indirect emissions (from the use of electricity and fossil fuels).</li> <li>The Organization impacts air pollution through indirect Scope 3 GHG emissions from its value chain, both upstream (considering emissions along its supply chain) and downstream of its activities, in the absence of specific monitoring in this regard and by not implementing actions to reduce them.</li> </ul>
<b>Responsible supply chain</b>		<ul style="list-style-type: none"> <li>By not carrying out periodic monitoring and control activities beyond the level of its strategic suppliers (first and second level of supply), the Organization could contribute to the occurrence of cases of non-respect for human rights (including forced labor, unfair wages and exploitation of labor) in its supply and subcontracting chain.</li> </ul>
<b>Data and information security</b>	<ul style="list-style-type: none"> <li>The Organization, through the provision of specific mandatory training courses for the entire workforce, awareness-raising activities (e.g., fishing campaigns), and the development of existing policies and procedures, contributes to increasing workers' awareness, knowledge, and sensitivity regarding cybersecurity in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>The Organization, through inadequate privacy and information security, could be exposed to cyber attacks and the improper use of personal and/or sensitive data of interested parties (e.g., employees, customers, suppliers) by unauthorized third parties.</li> </ul>
Material themes	Positive impacts	Negative impacts
<b>Eco-design and product circularity</b>	<ul style="list-style-type: none"> <li>The Organization, through the opportunity-based integration of eco-design principles into products and the use of environmentally friendly materials and substances, promotes the reduction of excessive use of raw materials and supports the</li> </ul>	

	circular economy through the repairability and replaceability of product components.	
<b>Health and safety at work</b>	<ul style="list-style-type: none"> <li>• The Organization, through the provision of mandatory and non-mandatory training courses (including those related to maintaining ISO 45001 certification) and the implementation of awareness-raising initiatives, contributes to increasing workers' awareness, knowledge, and sensitivity regarding health and safety.</li> <li>• Through training and the distribution of adequate safety equipment/devices, including analyses for carcinogenic risk, the Organization recorded no cases of occupational diseases for the reference year and the previous two years, positively impacting the health of its employees.</li> </ul>	
<b>Impacts on the territory</b>	<ul style="list-style-type: none"> <li>• The Organization, through the implementation of projects that benefit the local community (e.g., STEM projects, Green Camp, training in high schools and middle schools) and collaborations with local authorities and universities (e.g., TACC, MUNER, ISB), contributes to supporting local communities.</li> <li>• The Organization contributes to the socioeconomic development of the area in which it operates through membership in local industrial associations, as well as through the hiring of personnel from local communities and the use of local suppliers for certain product categories (for example, cleaning services, maintenance, product consultancy firms, and adjacent restaurants).</li> </ul>	



## Correlation between material topics and GRI Standards

Material themes	GRI Standard	Impact perimeter	Impact type
<b>Well-being, training and development of people</b>	<ul style="list-style-type: none"> <li>• Employment (GRI 401).</li> <li>• Training and education (GRI 404).</li> <li>• Diversity and equal opportunities (GRI 405).</li> <li>• Non-discrimination (GRI 406).</li> </ul>	AVL Italy	Caused by the Company
<b>Offering innovative solutions</b>		AVL Italy	Caused by the Company
<b>Ethics and Compliance</b>	<ul style="list-style-type: none"> <li>• Anti-corruption (GRI 205).</li> </ul>	AVL Italy	Caused by the Company
<b>Quality, reliability and customer satisfaction</b>	<ul style="list-style-type: none"> <li>• Customer health and safety (GRI 416).</li> </ul>	AVL Italy	Caused by the Company
<b>Emissions and climate change</b>	<ul style="list-style-type: none"> <li>• Energy (GRI 302).</li> <li>• Emissions (GRI 305).</li> </ul>	AVL Italia, suppliers and business partners	Caused by the Company and directly connected through a business relationship
<b>Responsible supply chain</b>	<ul style="list-style-type: none"> <li>• Procurement practices (GRI 204).</li> <li>• Child labor (GRI 408).</li> <li>• Forced labor (GRI 409).</li> </ul>	AVL Italia, suppliers and business partners	Caused by the Company and directly connected through a business relationship
<b>Data and information security</b>	<ul style="list-style-type: none"> <li>• Customer Privacy (GRI 418).</li> </ul>	AVL Italy	Caused by the Company
<b>Eco-design and product circularity</b>		AVL Italy	Caused by the Company
<b>Health and safety at work</b>	<ul style="list-style-type: none"> <li>• Health and safety at work (GRI 403).</li> </ul>	AVL Italia, suppliers and business partners	Caused by the Company and directly connected through a business relationship
<b>Impacts on the territory</b>	<ul style="list-style-type: none"> <li>• Economic performance (GRI 201).</li> </ul>	AVL Italy	Caused by the Company

## Sustainability indicators

**Table 1 Direct economic value generated, distributed and retained**

(Euro/000)	As of December 31, 2024	As of December 31, 2023	Change %
<b>Direct economic value generated</b>	<b>141,555</b>	<b>133,290</b>	<b>6%</b>
<b>Distributed economic value</b>	<b>134,651</b>	<b>128,297</b>	<b>5%</b>
Economic value for suppliers	112,972	106,501	6%
Economic value for employees	22,894	22,609	1%
Economic value for the Public Administration	(180)	232	(178%)
Economic value for shareholders	-€	-€	-%
Economic value for financiers	(1.035)	(1.045)	(1%)
Economic value for the community	-€	-€	-%
<b>Economic value retained</b>	<b>6.904</b>	<b>4,993</b>	<b>38%</b>

**Table 2 Portion of expenditure towards local suppliers<sup>12</sup>**

(Euro/000; %)	As of December 31, 2024	As of December 31, 2023	Change %
Total supplier spending	106,661	110,080	(3%)
Spending on local suppliers (Italy)	26,888	26,033	3%
<b>Percentage of budget spent on local suppliers</b>	<b>25%</b>	<b>24%</b>	<b>1 pp</b>

<sup>12</sup> Please note that AVL Italia Srl considers local suppliers to be those with registered offices in Italy and operating within the national territory.

Table 3 Internal energy consumption within the organization<sup>13</sup>

(GJ)	2024		2023		Change %
	Energy consumption	%	Energy consumption	%	
<b>Direct energy consumption</b>	<b>1,839</b>	<b>10%</b>	<b>709</b>	<b>10%</b>	<b>150%</b>
Stationary sources	1,839	100%	709	100%	150%
Company car fleet <sup>14</sup>	0	0%	0	0%	-%
<b>Electricity</b>	<b>15,730</b>	<b>90%</b>	<b>14,126</b>	<b>90%</b>	<b>11%</b>
Purchased	15,046	96%	13,370	95%	13%
<i>Of which from renewable sources</i>	5,266	35%	6,017	45%	(12%)
Self-produced and self-consumed	684	4%	756	5%	(10%)
<i>Of which from renewable sources</i>	684	100%	756	100%	(10%)
<b>Total energy consumption</b>	<b>17,569</b>	<b>100%</b>	<b>14,835</b>	<b>100%</b>	<b>18%</b>
<b>Of which from renewable sources (%)</b>	<b>34%</b>		<b>46%</b>		<b>(12 pages)</b>

(MWh)	2024		2023		Change %
	Energy consumption	%	Energy consumption	%	
<b>Direct energy consumption</b>	<b>464</b>	<b>10%</b>	<b>185</b>	<b>5%</b>	<b>150%</b>
Stationary sources	464	0%	185	0%	150%
Company car fleet	0	100%	0	100%	-%
<b>Electricity</b>	<b>4,370</b>	<b>90%</b>	<b>3,924</b>	<b>95%</b>	<b>11%</b>
Purchased	4,180	96%	3,714	95%	13%
<i>Of which from renewable sources</i>	1,463	35%	1,671	45%	(12%)
Self-produced and self-consumed	190	4%	210	5%	(10%)
<i>Of which from renewable sources</i>	190	100%	210	100%	(10%)
<b>Total energy consumption</b>	<b>4,834</b>	<b>100%</b>	<b>4,109</b>	<b>100%</b>	<b>18%</b>
<b>Of which from renewable sources (%)</b>	<b>34%</b>		<b>46%</b>		<b>(12 pages)</b>

<sup>13</sup> The following conversion factors were used to calculate energy consumption in GJ:

- Test room diesel: in 2023 it is 0.0382 GJ/l (DEFRA 2023), in 2024 it is 0.0387 GJ/l (DEFRA 2024).
- Petrol for test rooms: in 2023 it is 0.0423 GJ/l (DEFRA 2023), in 2024 it is 0.0426 GJ/l (DEFRA 2024).
- Electricity: for 2023 and 2024 it is equal to 0.0036 GJ/kWh (International System of Units).

The following conversion factors were used to calculate energy consumption in MWh:

- Diesel fuel for test rooms: in 2023 and 2024 it is equal to 10.80 kWh/l (source: AVL Group internal tool).
- Gasoline for test rooms: in 2023 and 2024 it is equal to 9.90 kWh/l (source: AVL Group internal tool).

<sup>14</sup> AVL Italia's consumption also includes fuel used for the company car fleet assigned to employees who qualify for this benefit. However, currently, there is no monitoring of fleet fuel consumption in liters that would allow reporting the related annual KPI; this is because the monitoring platform only records annual kilometers traveled.

**Table 4 Direct (Scope 1) and indirect (Scope 2) GHG emissions<sup>15,16,17,18, 19</sup>**

AVL Group Methodology	Unit of measurement	2024	2023	Change %
<b>Scope 1</b>	<b>tCO<sub>2</sub>eq</b>	<b>519</b>	<b>410</b>	<b>27%</b>
<i>Of which: stationary sources</i>	<i>tCO<sub>2</sub>eq</i>	<i>159</i>	<i>60</i>	<i>166%</i>
<i>Of which: company car fleet</i>	<i>tCO<sub>2</sub>eq</i>	<i>360</i>	<i>350</i>	<i>3%</i>
<b>Scope 2</b>	<b>tCO<sub>2</sub></b>	<b>1,630</b>	<b>1,448</b>	<b>13%</b>
<b>Total Scope 1 and Scope 2</b>	<b>tCO<sub>2</sub>eq</b>	<b>2.149</b>	<b>1.858</b>	<b>16%</b>
<b>Emission intensity (Scope 1 + Scope 2)</b>	<b>tCO<sub>2</sub>eq / no. of employees</b>	<b>5.1</b>	<b>5.2</b>	<b>(3%)</b>

GHG Protocol Methodology	Unit of measurement	2024	2023	Change %
<b>Scope 1</b>	<b>tCO<sub>2</sub>eq</b>	<b>494</b>	<b>402</b>	<b>23%</b>
<i>Of which: stationary sources</i>	<i>tCO<sub>2</sub>eq</i>	<i>134</i>	<i>52</i>	<i>158%</i>
<i>Of which: company car fleet</i>	<i>tCO<sub>2</sub>eq</i>	<i>360</i>	<i>350</i>	<i>3%</i>
<b>Scope 2 – Location Based</b>	<b>tCO<sub>2</sub></b>	<b>1,884</b>	<b>1,692</b>	<b>11%</b>
<b>Scope 2 – Market Based</b>	<b>tCO<sub>2</sub></b>	<b>1,360</b>	<b>1,022</b>	<b>33%</b>
<b>Total Scope 1 and Scope 2 (Location Based)</b>	<b>tCO<sub>2</sub>eq</b>	<b>2,378</b>	<b>2,094</b>	<b>14%</b>
<b>Total Scope 1 and Scope 2 (Market Based)</b>	<b>tCO<sub>2</sub>eq</b>	<b>1,854</b>	<b>1,424</b>	<b>30%</b>
<b>Emission Intensity (Scope 1 + Scope 2 Location Based)</b>	<b>tCO<sub>2</sub>eq / no. of employees</b>	<b>5.9</b>	<b>5.6</b>	<b>(5%)</b>

<sup>15</sup> The following emission factors were used to calculate Scope 1 emissions according to the AVL Group methodology:

Diesel fuel for test rooms: 0.267 kgCO<sub>2</sub> eq/kWh for 2023 and 2024 (source: AVL Group internal tool).

Gasoline for test rooms: 0.410 kgCO<sub>2</sub> eq/kWh for 2023 and 2024 (source: AVL Group internal tool).

The following emission factors were used to calculate Scope 1 emissions according to the GHG Protocol methodology:

Diesel fuel for test rooms: 2.755 kgCO<sub>2</sub> eq/l for 2023 and 2024 (DEFRA 2023; DEFRA 2024).

Petrol for test rooms: 3.175 kgCO<sub>2</sub> eq/l for 2023 and 2024 (DEFRA 2023; DEFRA 2024).

<sup>16</sup> To calculate Scope 2 emissions according to the AVL Group methodology, an emission factor linked to electricity consumption equal to 0.39 kgCO<sub>2</sub> eq/kWh was used.

The following emission factors were used to calculate Scope 2 emissions according to the GHG Protocol methodology:

Location-based: for 2023 and 2024, 0.4311 kgCO<sub>2</sub>/kWh for Italy (production fuel mix factor, source: Association of Issuing Bodies).

Market-based: for 2023 and 2024, 0.5006 kgCO<sub>2</sub>/kWh for Italy (residual fuel mix factor, source: Association of Issuing Bodies).

<sup>17</sup> Although fleet fuel consumption monitoring (in liters) is not available, the fleet management system provides CO<sub>2</sub>eq emissions data, calculated based on the kilometers traveled by assigned employees. Therefore, the relevant KPIs have been displayed under the "company car fleet" heading in these tables.

<sup>18</sup> Scope 2 emissions are expressed in tonnes of CO<sub>2</sub> as the source used does not report emission factors for gases other than CO<sub>2</sub>. However, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub>eq), as can be deduced from the relevant technical literature.

<sup>19</sup> To calculate emission intensities, the denominator was taken to be the average number of employees employed at AVL Italia during 2023 and 2024.

**Table 5 Employees by contract type (fixed-term, permanent, occasional)**

(Nr.)	As of December 31, 2024		
	Men	Women	Total
<b>Total employees</b>	<b>255</b>	<b>46</b>	<b>301</b>
Total permanent	254	46	300
Fixed-term total	1	0	1
Total hours not guaranteed <sup>20</sup>	0	0	0
Total full-time employees	255	44	299
Total part-time employees	0	2	2

**Table 6 Total workforce divided by employees, non-employees, and operating area**

(Nr.)	As of December 31, 2024		
	Men	Women	Total
<b>Total workforce</b>	<b>292</b>	<b>53</b>	<b>345</b>
<b>Total non-employee workers</b>	<b>37</b>	<b>7</b>	<b>44</b>
<b>Total employees</b>	<b>255</b>	<b>46</b>	<b>301</b>
<i>Of which at the Turin headquarters</i>	-	-	136
<i>Of which at the Cavriago headquarters</i>	-	-	165

**Table 7. Agreements of collective bargaining**

(No.; %)	As of December 31, 2024
Total employees	301
Total employees covered by collective bargaining agreements	301
<b>Total percentage (%)</b>	<b>100%</b>

<sup>20</sup> Employees with non-guaranteed hours are defined as those workers who are not guaranteed a fixed number of working hours per day, week or month, and who have been hired, for example, under contractual arrangements such as on-call or intermittent contracts ("job on call").

Table 8 New hires and terminations

(No.; %)	From January 1st to December 31st 2024			
	<30 years	30-50 years	>50 years	Total
Men	11	23	1	35
Women	1	3	0	4
<b>Total new hires</b>	<b>12</b>	<b>26</b>	<b>1</b>	<b>39</b>
<b>Incoming Turnover Rate %</b>	<b>31%</b>	<b>12%</b>	<b>2%</b>	<b>13%</b>
Men	8	27	3	38
Women	0	2	0	2
<b>Total outgoing turnover</b>	<b>8</b>	<b>29</b>	<b>3</b>	<b>40</b>
<b>Outgoing Turnover Rate %</b>	<b>21%</b>	<b>13%</b>	<b>7%</b>	<b>13%</b>

Table 9 Injuries at work<sup>21</sup>

(Nr.)	From January 1st to December 31st 2024	From January 1st to December 31st 2023	Change %
<b>Employees</b>			
<b>Total number of accidents at work</b>	<b>3</b>	<b>1</b>	<b>200%</b>
<b>Total hours worked<sup>22</sup></b>	<b>537,402</b>	<b>451,418</b>	<b>19%</b>
<i>Total number of deaths due to accidents at work</i>	<i>0</i>	<i>0</i>	<i>-%</i>
<i>Total number of serious workplace injuries<sup>23</sup> (excluding deaths)</i>	<i>0</i>	<i>0</i>	<i>-%</i>
<b>Occupational accident rate</b>	<b>5.6</b>	<b>2.2</b>	<b>152%</b>
<b>Rate of deaths due to accidents at work</b>	<b>0.0</b>	<b>0.0</b>	<b>-%</b>
<b>Rate of serious occupational injuries (excluding fatalities)</b>	<b>0.0</b>	<b>0.0</b>	<b>-%</b>
<b>Non-employee workers</b>			
<b>Total number of accidents at work</b>	<b>0</b>	<b>0</b>	<b>-%</b>

<sup>21</sup> The injury rate was calculated as the ratio between the total number of injuries and the total hours worked, using a multiplier of 1,000,000. The data does not include injuries occurring during the commute to work, as transportation was not managed by the organization. Standardizing the injuries that occurred during the two-year reporting period into rates allows for meaningful comparisons of statistical data, for example, between different periods or organizations, or to account for differences in the number of workers in the reference group and the number of hours worked by those workers. A rate based on the use of a multiplier of 1,000,000 hours worked indicates the number of workplace injuries per 500 full-time workers over a one-year period, based on the assumption that a full-time worker works 2,000 hours per year. A rate of 5.6 means that on average, approximately 5.6 workplace injuries occur for every group of 500 full-time workers over a one-year period.

<sup>22</sup> Hours worked for employees were estimated based on the total number of hours worked by employees and collaborators, in proportion to the number of employees.

<sup>23</sup> Workplace accidents that have resulted in injury from which the worker cannot recover, does not recover, or cannot realistically be expected to fully recover to his or her pre-accident state of health within 6 months.

<b>Total hours worked<sup>24</sup></b>	<b>244,598</b>	<b>205,462</b>	<b>19%</b>
<i>Total number of deaths due to accidents at work</i>	0	0	-%
<i>Total number of serious workplace injuries<sup>25</sup> (excluding deaths)</i>	0	0	-%
<b>Occupational accident rate</b>	<b>0.0</b>	<b>0.0</b>	<b>-%</b>
<b>Rate of deaths due to accidents at work</b>	<b>0.0</b>	<b>0.0</b>	<b>-%</b>
<b>Rate of serious occupational injuries (excluding fatalities)</b>	<b>0.0</b>	<b>0.0</b>	<b>-%</b>

**Table 10 Occupational diseases**

(No.; %)	From January 1st to December 31st 2024	From January 1st to December 31st 2023	Change %
<b>Employees</b>			
<b>Total number of occupational diseases</b>	<b>0</b>	<b>0</b>	<b>-%</b>
<i>Total number of deaths due to occupational diseases</i>	0	0	-%
<b>Non-employee workers</b>			
<b>Total number of occupational diseases</b>	<b>0</b>	<b>0</b>	<b>-%</b>
<i>Total number of deaths due to occupational diseases</i>	0	0	-%

**Table 11 Average hours of training per year per employee**

(Nr.)	From January 1st to December 31st 2024		
	Average hours Men	Average number of hours for women	Average Total Hours
<b>Total Average Hours</b>	<b>21</b>	<b>21</b>	<b>21</b>
<i>Managers</i>	15	-	<b>15</b>
<i>Paintings</i>	19	27	<b>20</b>
<i>Employees</i>	23	20	<b>22</b>
<i>Workers</i>	4	-	<b>4</b>

**Table 12 Percentage of employees receiving periodic performance reviews**

<sup>24</sup>The hours worked for non-employee workers were estimated starting from the total number of hours worked by employees and collaborators, in proportion to the number of non-employee workers.

<sup>25</sup> Workplace accidents that have resulted in injury from which the worker cannot recover, does not recover, or cannot realistically be expected to fully recover to his or her pre-accident state of health within 6 months.

(%)	From January 1st to December 31st 2024		
	Men	Women	Totals
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>Managers</i>	100%	-%	<b>100%</b>
<i>Paintings</i>	100%	100%	<b>100%</b>
<i>Employees</i>	100%	100%	<b>100%</b>
<i>Workers</i>	100%	-%	<b>100%</b>

Table 13 Composition of the Board of Directors by gender and age group

(%)	As of December 31, 2024			
	<30 years	30-50 years	>50 years	Total
<b>Total</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>Men</i>	0%	0%	100%	<b>100%</b>
<i>Women</i>	0%	0%	0%	<b>0%</b>

Composition of the Steering Committee by gender and age group

(%)	As of December 31, 2024			
	<30 years	30-50 years	>50 years	Total
<b>Total</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>Men</i>	0%	100%	80%	<b>92%</b>
<i>Women</i>	0%	0%	20%	<b>8%</b>

Table 14 Diversity among employees, by professional category and gender

(%)	As of December 31, 2024		
	Men	Women	Total
<b>Total employees</b>	<b>85%</b>	<b>15%</b>	<b>100%</b>
<i>Managers</i>	100%	-%	<b>3%</b>
<i>Middle Managers</i>	87%	13%	<b>18%</b>
<i>Employees</i>	83%	17%	<b>75%</b>
<i>Workers</i>	100%	-%	<b>4%</b>

(%)	As of December 31, 2024			
	<30 years	30-50 years	>50 years	Total
<b>Total employees</b>	<b>13%</b>	<b>72%</b>	<b>15%</b>	<b>100%</b>
<i>Managers</i>	0%	2%	7%	<b>3%</b>
<i>Middle Managers</i>	0%	18%	33%	<b>18%</b>
<i>Employees</i>	87%	77%	57%	<b>75%</b>
<i>Workers</i>	13%	3%	4%	<b>4%</b>



**Table 15. Ratio of women's wages and total compensation to men's**

(%)	As of December 31, 2024
<b>Basic salary</b>	<b>12%</b>
<i>Managers</i>	100%
<i>Middle Managers</i>	(5%)
<i>Employees</i>	7%
<i>Workers</i>	100%
<b>Total compensation</b>	<b>9%</b>
<i>Managers</i>	100%
<i>Middle Managers</i>	(4%)
<i>Employees</i>	10%
<i>Workers</i>	100%

## GRI Content Index

<b>Declaration of Use</b>	AVL Italia has submitted a report in the "with reference" mode to the GRI Standards for the period 1 January 2024 - 31 December 2024
<b>Used GRI 1</b>	GRI 1 - Core Principles - 2021 version
<b>GRI Industry Standards</b>	Not applicable

GRI Standard 2021	Description	Page	Notes/Omissions
<b>GENERAL INFORMATION</b>			
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2-2	Entities included in the organization's sustainability reporting		
2-3	Reporting period, frequency and contact for information		
2-4	Review of information		
2-5	External Assurance		
2-6	Business, supply chain and other business relationships		
2-7	Employees		
2-8	Non-employee workers		
2-9	Structure and composition of governance		
2-10	Appointment and selection of the highest governing body		
2-11	President of the highest governing body		
2-12	Role of the highest governing body in overseeing impact management		
2-27	Compliance with laws and regulations		
2-28	Membership in associations		
2-30	Collective agreements		

GRI Standard 2021	Description	Page	Notes/Omissions
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3-2	List of material themes		
<b>Employee well-being</b>			
3-3	Material theme management		
401-1	New hires and turnover		
401-2	Benefits for full-time employees that are not available to temporary or part-time employees		
405-1	Diversity in governance bodies and among employees		
406-1	Incidents of discrimination and collective measures adopted		
<b>Ethics and compliance</b>			
3-3	Material theme management		
205-3	Confirmed incidents of corruption and actions taken		
<b>GHG emissions</b>			
3-3	Material theme management		
301-1	Materials used by weight and volume		
<b>Research, Development and Innovation</b>			
3-3	Material theme management		
302-1	Internal energy consumption within the organization		
302-4	Reducing energy consumption		
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)		
305-2	Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)		
<b>Health and safety at work</b>			
3-3	Material theme management		
403-1	Occupational health and safety management system		
403-2	Hazard identification, risk assessment and incident investigation		
403-3	Occupational health services		
403-4	Worker participation and consultation on occupational health and safety programs and related communication		

GRI Standard 2021	Description	Page	Notes/Omissions
<b>Health and safety at work</b>			
403-5	Worker training on health and safety at work		
403-6	Promoting workers' health		
403-7	Prevention and mitigation of health and safety impacts at work directly related to business relationships		
403-8	Workers covered by an occupational health and safety management system		
403-9	Accidents at work		
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<b>Impacts on the territory</b>			
3-3	Material theme management		
201-1	Direct economic value generated and distributed		
202-2	Percentage of senior management hired from the local community		
<b>Use of natural resources and waste management</b>			
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303-3	Water withdrawal		
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303-5	Water consumption		
306-3	Waste produced		
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<b>Quality of service and customer safety</b>			
3-3	Material theme management		
416-2	Incidents of non-compliance relating to the health and safety impacts of products and services		
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3-3	Material theme management		
404-1	Average number of hours of training per year per employee		

GRI Standard 2021	Description	Page	Notes/Omissions
<b>Privacy and information security</b>			
3-3	Material theme management		
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<b>Respect for human rights</b>			
3-3	Material theme management		
408-1	Activities and suppliers that present a significant risk of incidents of child labor		
409-1	Activities and suppliers presenting a significant risk of incidents of forced or compulsory labor		
<b>Supply chain management</b>			
3-3	Material theme management		
204-1	Percentage of spending with local suppliers		
308-1	New suppliers that have been assessed using environmental criteria		
414-1	New suppliers who have been assessed using social criteria		
414-2	Negative social impacts on the chain of supply and actions taken		



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