2025

Sustainability report

cavagna group

Wherever gas is used, we are there

Index

Letter to Stakeholders

Dear Stakeholder,

This document marks an important milestone in Cavagna Group's history. For the first time, the activities, values and responsibilities of a company that has been rooted in the heart of Brescia's manufacturing tradition for more than seventy-five years are brought together in a Sustainability Report.

It also represents a further step in our ongoing commitment to open, structured and transparent dialogue with all those who, in different ways, share in our journey: our employees, customers, suppliers, local communities and institutions. To each of them, we extend our sincere thanks.

We would like to begin this project by emphasising an important point: our Group is a family-owned business. This is more than a defining feature of our identity; it reflects a distinct approach to doing business-one that prioritises the long term and entails a direct sense of responsibility towards the communities and people around us.

It is in this spirit that we have chosen to publish our Sustainability Report on a voluntary basis: as a public commitment to transparency and accountability, and to clearly communicate how the Group operates and the direction in which it intends to develop.

In 2025, we operated in a complex environment shaped by the accelerating energy transition, in which energy molecules continue to play a central role. New renewable molecules, including bioLPG, biomethane and hydrogen, are increasingly being introduced alongside conventional energy sources.

As a Group, we are actively contributing to international working groups and industry forums to support this transition and help ensure that it unfolds in a fair and sustainable way for all countries, economies and, above all, people.

On the environmental front, the 2025 financial year confirmed the direction already taken. The most significant result concerns indirect emissions from electricity consumption, reduced by 99.4% compared to 2023 thanks to the shift toward supply from certified renewable sources. At the same time, solar self-generation capacity grew considerably, and a new photovoltaic plant, completed during the year, will reach full operation in 2026. The path is set: energy efficiency, renewables, and the progressive decarbonization of operations.

On the social front, as of 31 December 2025 the Group's Italian subsidiaries employed 683 people, 98% of them on permanent contracts. This stability is more than a workforce metric: it is the choice of a company that believes in the continuity of expertise and in the value of building lasting working relationships. The way the Group manages its people rests on an integrated system that applies to every entity and every country in which it operates, guaranteeing every employee the same standards of protection, the same rules of conduct, and the same opportunities for growth.

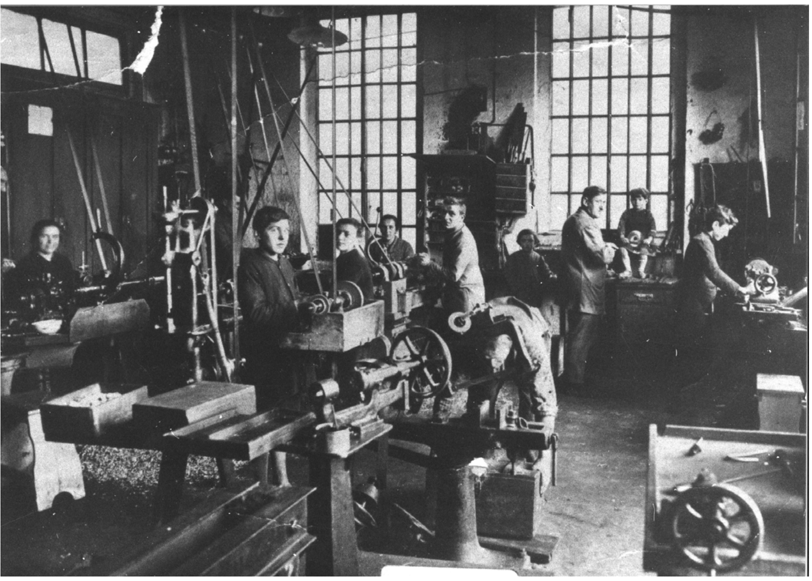
On the product front, 2025 saw the further consolidation of an approach that considers the entire life cycle of every component: from the choice of materials - largely recycled and recyclable - through to end of life, with a project launched to recover the brass from valves at the end of their service life in partnership with a social cooperative. Longer-lasting products, less waste, more circular supply chains: this is the direction in which the Group intends to keep moving.

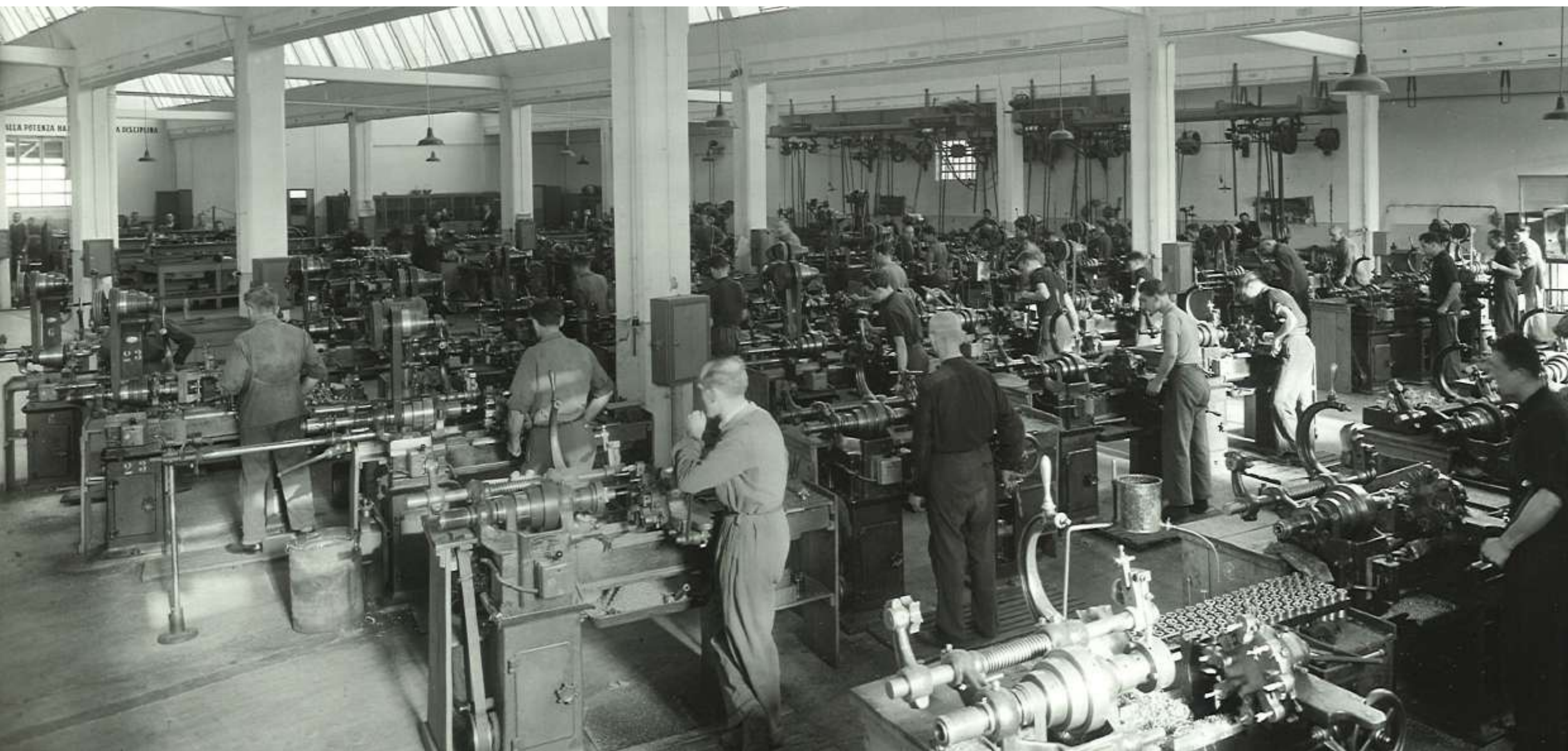
For Cavagna Group, talking about sustainability does not mean adding a new chapter to its story, but reading with greater awareness the way that story has been built and the role the Group intends to play in the years ahead. Manufacturing, energy, work, and the relationship with the communities and regions in which the Group operates are changing rapidly; continuing to play a leading role will call for the ability to hold together industrial strength and transformation, family roots and international presence, technical expertise and responsibility for the impacts it generates.

This inaugural Sustainability Report reflects a clear commitment: to bring greater visibility to the principles that already shape many of the Group's decisions, while assessing their outcomes with rigour and through a structured approach.

It represents the next step in a shared journey guided by ambitious goals: to continue growing without losing sight of our deep roots, and to look to the future while creating lasting value for people, communities and the value chains of which Cavagna Group is an integral part.

On behalf of the Board of Directors
Ezio Cavagna - Chairman of Parteca S.p.A.





Cavagna Group

1

Highlights

342 million
Global Turnover

1200+
People worlwide

7
Key Focus Areas

1 billion
Users

75+
Years of history

-78%

Scope 1+2 emissions reduction *with respect to the 2023 baseline

30%

Self-produced energy from photovoltaic panels

~200kg

Avoided plastic thanks to the plastic free journey

E - Environmental

98%

Permanent employees

91,3h

Average training hours per employee

100%

Employees covered by collective bargaining agreement

2-in-1

Valves recovery project with a social cooperative

10

Accidents out of 1.095.664 hours worked

S - Social

50/50

Gender diversity ratio BoD

3 levels

ESG structured organizational chart

D.Lgs.231

Model 231 adopted voluntarily

G - Governance

Group Profile

Cavagna Group traces its roots to **1949** in Lumezzane, in the province of Brescia, within that industrial triangle of the Po Valley that wrote some of the defining chapters in the story of Italian manufacturing. Founded by **Paolo Cavagna**, the Group remains a family business to this day - a choice that means continuity of vision, a long-term outlook, and direct responsibility toward the communities and regions in which the Group operates and its people. Over more than **seventy-five years**, Cavagna Group has transformed a small local artisan operation into one of the world's leading industrial groups in technologies for the control and management of compressed gases.

Today the Group is present in more than **165 countries**, with 9 vertically integrated production facilities in Italy and 10 international production units spread across five continents, alongside 14 wholly owned distribution companies. 96% of revenue is generated in international markets - confirmation of a global reach with deep roots and a steady trajectory of growth.

The Group's registered office, together with its strategic management functions and corporate services, is located in Calcinato. The two main operating hubs, each with their own production specialties, are in Calcinato for the valves division and in Calvisano for the regulators division, where the main production and the R&D function are located. The other Italian production units lie within a radius of roughly 30 km. The bond with the Brescia area is not only geographic: it is part of the Group's identity, of its way of doing business, and of its **responsibility toward local communities**.

Historic Milestones of Cavagna Group Products

2026 – Torch of the Milano Cortina Winter Olympic Games

Cavagna Group has been entrusted with the engineering and production of the torch's components.

2010 – Rescue of the Chilean Miners

Cavagna Group's post medical valve was used in the dramatic rescue of the 33 miners trapped in Chile.

Turin 2006 – Olympic Torch

For the Winter Olympic Games held in Turin in 2006, Cavagna Group developed the technology that kept the Olympic Torch burning.

1960 – The Mariana Trench

Cavagna Group supported Professor Auguste Piccard in the feat of the Trieste, during its record descent to 35,810 feet in the Mariana Trench, in the Pacific Ocean, supplying compressed-gas equipment.

1954 – The Himalayan K2

After nearly 100 years of heroic attempts, the Italian expedition led by Professor Ardito Desio reached the summit of the majestic K2, in the Himalayas, using a specially designed alloy valve for breathable air.

London 1948 – Olympic Torch

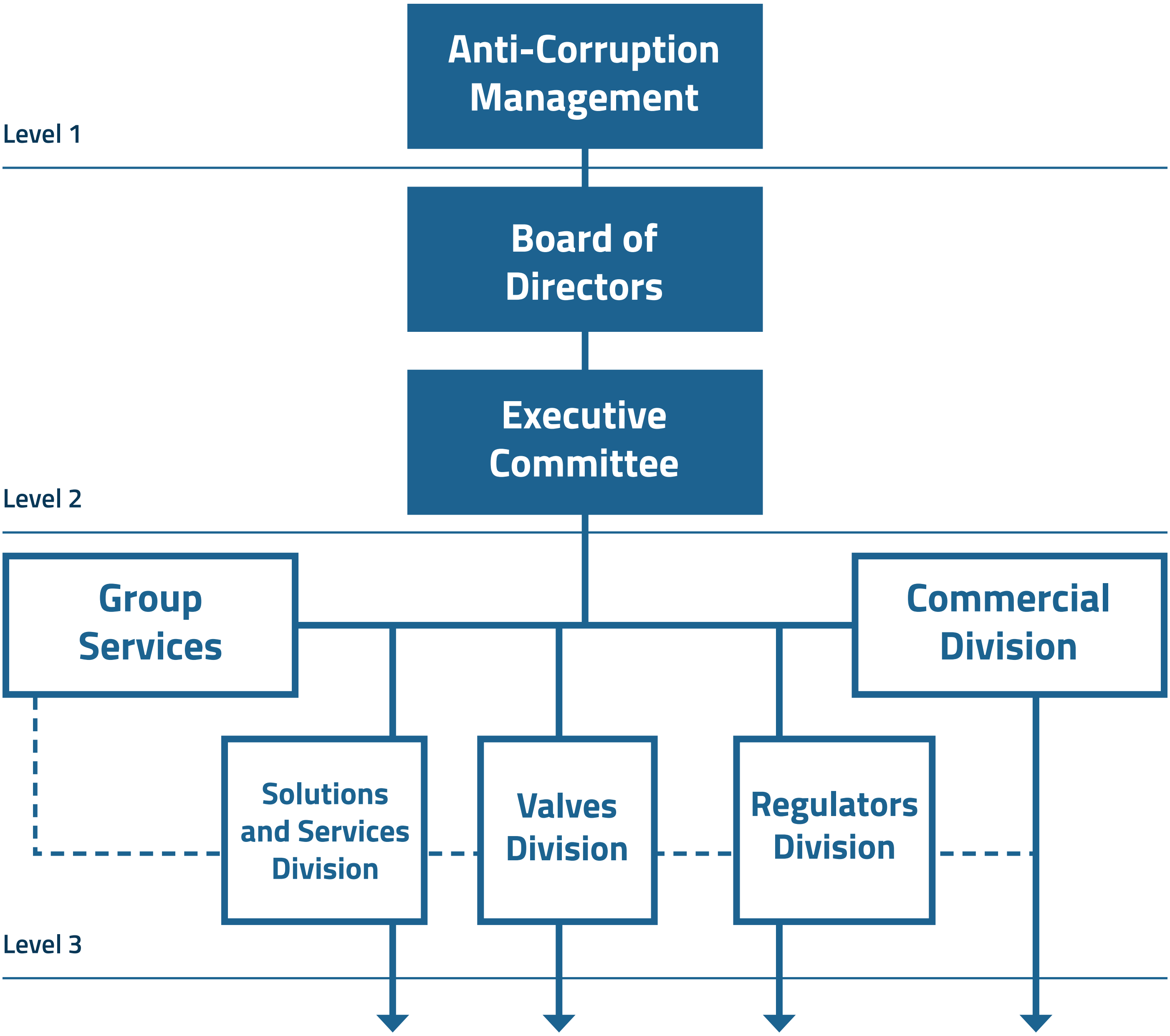
Cavagna Group UK took part in developing the seamless steel Olympic torch for the 1948 London Olympics. John Mark lit the Olympic flame.

Group Structure

Cavagna Group is governed by the **Board of Directors** and the Executive Committee, which constitute the principal bodies for strategic direction and oversight of operations.

The operational organization is organized into **three divisions - Solutions and Services, Valves, and Regulators -** which oversee the Group's various business areas. Alongside them are the Group Services, providing cross-cutting support, and the Commercial Division, responsible for overseeing markets worldwide.

The Group is present in **all major international markets** through a network of operating companies spread across Europe, Asia, North and South America, and Africa. This direct presence in local markets reflects an international reach built over time and stands as one of the distinctive features of the Group's business model.



Level 4

Operating Companies

- Cavagna Group Engineering
- Mesura Metering
- Repco
- Oiltech
- Digimatic
- Mesura Metering Turchia

- Cavagna Group Div. Omeca
- Ennepi
- Kosan International
- Cavagna Group Asia
- Cemco Kosangas
- Cori Engineering
- Congrif

- Cavagna Group Div. Reca
- Kosangas Portugal
- Zhongshan Cavagna
- Mesura
- Mesura Nirmal
- Zhongshan Cavagna Import & Export Trade
- Consulenza Metano
- Resite

- Cavagna North America
- Cavagna Group UK
- Cavagna Group Turkey & Near East
- Cavagna Group Brasil
- Cavagna Group Vietnam
- Cavagna South Africa
- Cavagna West Africa
- Cavagna Group Japan
- Gaslive Colombia
- Gaslive Brasil

Products and Services

Behind many of the everyday gestures we take for granted, a **gas molecule** is quietly at work. It is the oxygen molecule that, on a hospital ward, sustains a patient's breathing; it is the molecule of natural gas and/or LPG that lights the stove in a home and warms its rooms through the coldest months; it is the nitrogen that keeps packaged food fresh; and it is hydrogen, today taking center stage in the energy transition. Invisible molecules, yet indispensable: without them, **entire parts of the economy and of our daily lives would grind to a halt**.

It is in this hidden universe that Cavagna Group works every day. This is an invisible industry that the end consumer rarely perceives, because what reaches their experience is only the result - the flame that ignites, the treatment that is administered, the food that stays whole on the table - not the journey the molecule had to make to get there. And yet, for that journey to unfold in complete safety and with the necessary efficiency, an **intricate technological supply chain** is required, made of valves, regulators, fittings, measurement systems, and safety devices. This is where the Group's contribution lies: an essential link in a chain that works every day, far from the spotlight, to ensure that gas - whatever its nature and its destination - can be moved, contained, and used under conditions of absolute reliability.

Cavagna Group operates along the **entire gas supply chain** with a portfolio of products and solutions designed to ensure safety, reliability, and efficiency in the management of various types of gas, including LPG, natural gas, industrial gases, medical gases, and compressed and pure gases.

Thanks to the **combination of engineering expertise, production capacity, and research and development**, the Group is able to meet the needs of different markets and applications, supporting industrial customers and energy operators in the development of technological solutions that are safe and aligned with the evolution of the sector.

> **"It is in this hidden universe that Cavagna Group works every day. This is an invisible industry that the end consumer rarely perceives, because what reaches their experience is only the result."**

LPG solutions are **one of the Group's historic areas**, active in this sector ever since its founding. Over time, Cavagna Group has built up a wealth of expertise that today allows it to oversee **the entire value chain**, from storage all the way to end use, with residential, commercial, and industrial applications.
LPG also plays a significant role in the global energy landscape, especially as a widely available energy source in areas not reached by natural gas networks, where it offers a reliable solution for heating, cooking, and numerous industrial processes. In many emerging economies it is also a **driver of development**, helping to replace traditional fuels that have a greater environmental impact and protecting the health of users themselves.
In this context, Cavagna Group positions itself as a benchmark partner for gas companies and utilities, manufacturers of cylinders, tanks, and tankers, equipment OEMs, and DIY wholesalers, offering one of the broadest ranges in the world in terms of configurations and standards, designed to ensure high levels of safety, reliability, and durability even in harsh environmental conditions.

LPG Solutions

Natural Gas Solutions include components and systems designed for use across the **natural gas value chain**, from distribution in residential, commercial and industrial settings to transport applications. This business area builds on the Group's long-standing expertise in controlling and regulating gas flows.
Natural gas continues to play a significant role in the energy mix of many countries, both as an energy source for households and businesses and as a transitional fuel in the shift towards a lower-carbon energy system.
In this context, the **safety, reliability and efficiency of distribution networks are essential**. Cavagna Group supports operators and distributors with solutions for pressure management and infrastructure protection across applications ranging from urban gas networks to industrial plants.
The expertise developed in this field also provides a **technological foundation** for the gradual introduction of lower-carbon gas blends into existing infrastructure, including biomethane and blends containing increasing proportions of hydrogen.

Natural Gas Solutions

The Compressed Gas Solutions business area brings together the Group's offering for the **safe handling and control of compressed gases** across a wide range of technologically advanced industries. Applications span manufacturing, steelmaking, chemicals and pharmaceuticals, as well as more specialised fields such as self-contained breathing apparatus (SCBA) for emergency use, diving equipment and advanced electronics. Across all these applications, the reliability of components used to control gas flow and pressure is critical to both **operator safety** and **process efficiency**. Cavagna Group supports its customers-typically cylinder manufacturers, gas companies and industrial users-with a broad portfolio of standard and advanced solutions developed in accordance with leading international technical standards.

Compressed Gases Solutions

The Healthcare Solutions division is one of the Group's most significant business areas in terms of **social impact**, applying its expertise in gas control to the highly sensitive **healthcare sector**. Population ageing, the increasing prevalence of chronic respiratory conditions and the expansion of home-based care are reshaping the sector's needs, driving demand for reliable devices that can support patients both in clinical settings and at home.

In this context, Cavagna Group develops solutions for **medical gases, oxygen therapy and sleep therapy**, working closely with hospitals, gas companies and homecare providers. Oxygen, in particular, is a medicinal product used by millions of patients worldwide, and the technologies that regulate its delivery play a direct role in supporting their **quality of life**.

The Group also invests in **digital and connected solutions** that enable remote device monitoring and strengthen communication and coordination between patients, caregivers and healthcare professionals. These developments reflect the transition towards a healthcare model that is increasingly community-based, connected and technologically integrated.

Healthcare Solutions

The Gas Metering Solutions area strengthens the Group's positioning as a provider of **integrated solutions for gas management**, expanding the traditional scope of control and regulation components with advanced metering technologies. It is aimed in particular at utilities, distributors, and energy network operators, who are now called upon to undertake a far-reaching process of infrastructure modernization.

Measuring consumption is no longer merely an administrative tool; it becomes a strategic lever for managing networks, preventing losses, and enabling innovative services for the end customer. The gradual spread of smart meters responds to **increasingly stringent regulatory guidelines**, especially in Europe, and to growing attention to **consumption transparency** and the **energy awareness of users**. Cavagna Group accompanies this evolution with an offering that extends from the residential segment to the industrial one, **integrating IoT solutions** and tools for monitoring gas networks.

Gas Metering Solutions

The Industrial Process Management area combines the Group's product offering with **engineering**, **design**, and **service capabilities** to **deliver integrated plant solutions for gas management** across industrial processes. This is an area in which Cavagna Group engages with large industrial customers, oil & gas operators, and EPC contractors, taking part in complex projects that call for an integrated and highly customized approach.

The value offered to the customer does not end with the supply of the component, but extends to technical support, the engineering of dedicated solutions, and assistance throughout the entire life cycle of the plants, building long-term relationships and positioning the Group as a **systems partner**.

Industrial Process Management

The Alternative Fuel Systems area reflects the Group's contribution to the **decarbonization of mobility** and is dedicated to developing systems and components for the use of alternative fuels, with a central role for LPG, compressed natural gas, and hydrogen. The transport sector is one of the world's largest sources of greenhouse gas emissions, and the diversification of energy sources for transportation is now one of the most dynamic areas of transformation.
In this context, the Group addresses both vehicle manufacturers and the engine conversion market, with applications ranging from cars to commercial and industrial vehicles. Hydrogen represents a key area of strategic focus. Widely seen as critical to the decarbonization of heavy transport and hard-to-abate industrial sectors, it offers the Group opportunities to participate in emerging value chains and strengthen its role in the energy transition.

Alternative Fuel Systems

Business Area	Main products / solutions*	Markets and applications*
LPG Solutions	Valves and regulators for LPG cylinders and tanks, filling systems, equipment for stationary tanks and semi-trailer tankers for LPG and liquid gases.	Residential, commercial, and industrial energy gas distribution; growing markets in Africa, Asia, and Latin America.
Natural Gas Solutions	Natural gas regulators (residential, commercial, industrial, governors), integrated systems and plants.	Natural gas distribution, urban and industrial distribution networks.
Compressed Gases Solutions	Valves, regulators, and VIPR systems for industrial, specialty, pure, and cryogenic gases.	Manufacturing, steelmaking, chemicals, pharmaceuticals, diving, fire protection, etc.
Healthcare Solutions	Valves and VIPRs for medical gases and oxygen therapy, medical devices for oxygen therapy, sleep therapy (CPAP/APAP).	Hospitals, healthcare facilities, homecare, emerging markets.
Gas Metering Solutions	Ultrasonic smart meters, turbine and rotary meters, IoT solutions for remote management and measurement.	Utilities, gas distributors, smart network management.
Industrial Process Management	Process engineering, plant solutions, systems and services for industrial processes.	Oil & gas, heavy industry, EPC contractors.
Alternative Fuel Systems	H2 and CNG valves and systems for CNG, LPG, and hydrogen for automotive applications, H2 valves.	Sustainable mobility, heavy transport, fleet conversion, refueling stations.

* List by way of example, not exhaustive.


LPG
Natural Gas
Compressed Gases
Healthcare
Gas Metering
Industrial Process Management
Alternative Fuel Systems

The Sustainability Journey

For the Cavagna Group, sustainability is a progressive process built around three main stages: understanding its starting point, defining priorities and establishing the governance arrangements and operational tools required to translate commitments into action.

The Group's ESG journey began with an **in-depth analysis of its context**, aimed at assessing the degree to which **ESG issues** were integrated into business activities. In particular, the Group carried out an assessment of its environmental, social, and governance performance, including through the use of **ESG rating tools**, which made it possible to obtain a first structured picture of the current state and to identify strengths and areas for improvement.

This initial analysis revealed that many of the activities and investments already in place could fall within the assessment scope. This is an important indicator of how the Group's commitment to these issues had been underway for some time, though without a structured road map like the one now defined.

On this foundation, the **double materiality analysis** was developed, in line with the requirements of the ESRS standards. This analysis made it possible to **identify and prioritize the most relevant ESG issues** from a dual perspective: on the one hand, the impacts generated by the Group's activities on the environment and on society (impact materiality); on the other, the risks and opportunities that such issues may have on economic and financial performance and on the Group's ability to create value over time (financial materiality).

The process led to the identification of a set of priority issues - developed in detail in chapter 2.8 - making it possible to concentrate resources and initiatives on the areas most relevant to the Group's business model.

The work was accompanied by a structured **stakeholder engagement activity**, which involved the main categories of stakeholders - customers, suppliers, employees, and local communities - in order to gather external perspectives and incorporate them into the definition of priorities.

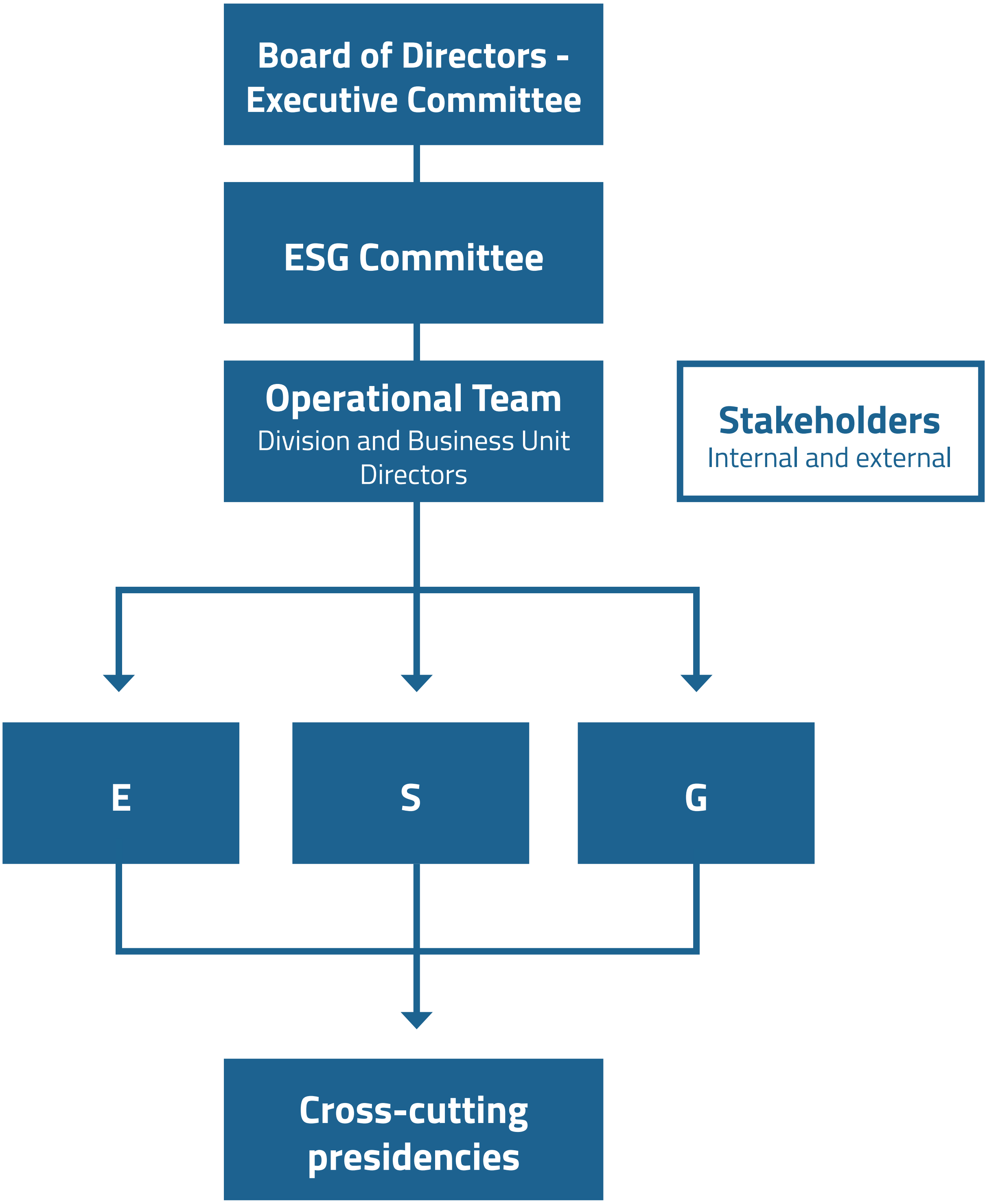
In this context, the **ESG Committee** was established, described in detail below, tasked with coordinating initiatives and overseeing environmental, social, and governance issues, ensuring consistency with the company's strategy.

To support this oversight, specific **ESG Policies** were defined, formalizing principles and guidelines common to all the companies in the Group. The ESG policies defined by the Group are the heart of the sustainability journey, since they guide the company's commitments in the environmental, social, and governance spheres. For this reason, they are referred to several times throughout the document, as a reference for describing the approach the Group takes to the various material topics.

Alongside the policies, the **ESG Strategic Plan**, currently under development, serves to formally bring together the company's ESG commitments, progressively translating them into goals and initiatives. The final version of the plan will be available in the next Sustainability Report.

To give structure to its sustainability journey, Cavagna Group has established an **ESG governance structure** that runs through every level of the Group, from senior leadership down to the division teams. For each of the three dimensions - Environment, Social, and Governance - the individuals responsible for overseeing the relevant topics have been identified within the various company divisions. It is a choice that reflects a clear conviction: governing sustainability effectively means assigning defined responsibilities and creating a steady dialogue between those who shape the strategy and those who put it into practice.

The structure spans several levels. The **Board of Directors** provides strategic direction, supported by the Executive Committee. The **ESG Committee** coordinates the implementation of the sustainability strategy, while the **Operational Team**, comprising Division and Business Unit Directors, translates that strategy into concrete actions across the business.


Board of Directors - Executive Committee
ESG Committee
Operational Team
Division and Business Unit Directors
Stakeholders
Internal and external
E
S
G
Cross-cutting presidencies

OUR VALUE CREATION MODEL

AN INTEGRATED INDUSTRIAL ECOSYSTEM

Cavagna Group designs, manufactures and certifies solutions for the control, regulation, distribution and metering of gas molecules across a wide range of applications and operating conditions, ensuring safety and reliability in contexts ranging from everyday life to the most demanding industrial processes. **Our expertise is the foundation on which we create value for customers, people and the planet.**

165+
Countries served

14
Distribution companies worldwide

1 BILLION+
End users reached

15
Production facilities

Accredited in-house laboratories: recognised and certified worldwide

Proprietary IP and technological know-how

OUR STAKEHOLDERS AND MARKETS

UTILITIES
Gas and energy distribution companies

OEM & INDUSTRY
Manufacturers of industrial equipment and systems

HEALTHCARE
Hospitals, healthcare providers and medical gas suppliers

RESIDENTIAL
Households and local communities

OUTDOOR & LEISURE
Camping, caravanning, marine applications and outdoor cooking

EPC CONTRACTORS
Engineering, procurement and construction contractors

MOBILITY
Sustainable mobility and refuelling infrastructure

OUR VALUE EC

OUR 7 FOCU

LPG SOL
Integrated
across the
value chair

INDUSTRIAL PROCESS MANAGEMENT
Integrated solutions for process control and industrial automation

ENGINE
& INNO

SAFETY
BY DESIGN

CORE COM
Safe contr
and meas
gas m
across inc
appli

VERTICAL
INTEGRATION

GAS METERING SOLUTIONS
Smart metering technologies and remote monitoring systems for gas and water

ALTERNATIVE
Solutions for hydro
alternative fuels

AN INTEGRATED VALUE CHAIN

UPSTREAM
Supplier ecosystem

Brass | Steel | Aluminium | Polymers suppliers | Energy providers

OPERATIONS
Integrated manufacturing

R&D and Design | Mechanical Processing | Assembly | Testing and Quality Control

TECHNOLOGY, INNOVATION AND RESPONSIBILITY ARE THE DRIVERS THAT GUIDE OUR COMMITMENT EVERY DAY TOWARDS A SAFER, MORE EFFICIENT AND MORE SUSTAINABLE FUTURE.

SAFETY
Safety First

COSYSTEM

S AREAS

LUTIONS

solutions
LPG
n

HEALTHCARE SOLUTIONS

Medical gas technologies and respiratory & digital healthcare solutions

EERING
VATION

CERTIFICATION & TESTING

MPETENCE

ol, regulation
surement of
olecules
dustries and
cations

INTELLECTUAL PROPERTY

COMPRESSED GASES SOLUTIONS

Components and systems for industrial and specialty gases

NATURAL GAS SOLUTIONS

Control, regulation and safety solutions for natural gas distribution

E FUELS SYSTEMS

ogen, biomethane and

OUR IMPACT

SOCIAL

- Safety for people
- Access to reliable and safe energy
- Access to healthcare and medical care
- Inclusion of rural communities
- Skills development and people growth

ENVIRONMENTAL

- Energy transition
- Alternative fuel solutions
- Energy efficiency and emissions reduction
- Smart metering technologies
- Circular economy and responsible resource use

ECONOMIC

- Continuous innovation
- Global presence and customer proximity
- Value chain resilience
- Vertical integration and quality
- Long-term partnerships
- Sustainable value creation

DOWNSTREAM

Distribution & applications

Certifications and Approvals

14 Distribution Companies

165+ Countries Served

OEMs & Industry

Utilities & Operators

Hospitals & Healthcare Facilities

End Users

INNOVATION
Technology for the Future

RELIABILITY
Quality and Performance

SUSTAINABILITY
Creating Value for People and the Planet

General Disclosures

2

Criteria for Preparation

This Sustainability Report (or simply the "Report") has been prepared on a voluntary basis in accordance with the **VSME standard (Voluntary Sustainability Reporting Standard for non-listed SMEs)**, with the aim of providing a structured and transparent representation of the main environmental, social, and governance information relevant to the organization and its stakeholders.

For the purposes of this document, the reporting scope does not coincide with the Group's entire corporate scope at the consolidated level, but refers exclusively to **Parteca S.p.A.** and its main historic **Italian subsidiaries**, included in the scope defined for the collection and processing of sustainability data. For consistency with the identification of this scope, the name "**Cavagna Group**" is used throughout the document, as it is more representative and recognizable.

Therefore, unless otherwise specified, the qualitative and quantitative information in the Report should be understood as referring solely to this scope.

The choice to adopt a scope limited to the Italian companies reflects the need to ensure, at this stage of the reporting journey, direct oversight of the quality, reliability, and consistency of the data collected, as well as a representation aligned with the current level of maturity of the internal systems for monitoring ESG information. This approach provides a solid methodological foundation for the progressive strengthening of the Group's sustainability reporting system.

Where available and considered relevant, any information referring to a scope other than the one described above is expressly flagged in the text, in order to ensure it is correctly interpreted.

Governance

Cavagna Group has adopted a corporate governance system grounded in compliance with applicable regulations, the company's Articles of Association, and internal regulations, with the aim of ensuring responsible and sustainable management. The work of the corporate bodies is geared toward creating value over the medium to long term, safeguarding the company's assets, respecting workers' rights, and controlling business risks. Corporate governance is based on principles of fairness and transparency, ruling out any privileged use of company information for personal or group purposes.

Cavagna Group has adopted a traditional administration and control model, in which governance is entrusted to several bodies, including the **Shareholders' Meeting**, the **Board of Directors**, the **Executive Committee**, the **Board of Statutory Auditors**, the appointed **Auditing Firm**, and the **Supervisory Body**.

The Board of Directors has also established two additional committees, with the aim of strengthening the oversight and management of issues relevant to the Group’s development: the **“ESG” Sustainability Committee** and the **Strategic Committee**.

Both committees perform advisory and consultative functions, in line with the recommendations of the **Corporate Governance Code** and support the Board in directing and monitoring their respective areas of responsibility.

Their work fits within the broader corporate governance system, made up of reference tools and documents such as the **Code of Ethics**, the **Sustainability Policies**, and the other safeguards adopted by the Group to ensure the responsible management of its activities.

At present, the company has not yet formalized in detail the mechanisms through which responsibilities related to impacts, risks, and opportunities are integrated into the corporate mission, into the mandates of the administrative, management, and control bodies, and into the related policies, nor how the setting of objectives connected to these issues is systematically monitored.

Board of Directors

Powers

The company’s Board of Directors (hereinafter also the “Board”) has powers of **ordinary and extraordinary management**, with responsibilities that include decisions on significant transactions; it is also responsible for approving the business plan and for the periodic assessment of results, as well as for defining the governance system and managing corporate risks. Finally, the Board adopts policies for managing dialogue with shareholders and for handling corporate information.

Skills

The members of the Board must possess the **skills** and **professional expertise** needed to carry out the tasks assigned to them; currently, 2 of its members have ESG expertise and are part of the "ESG" Sustainability Committee, which ensures a direct link between the Committee's activities and the Board.

Composition

The Board is made up of **10 members**, of whom 5 are women (50%) and 5 are men (50%), 9 of them executive. No member is independent. Its composition is subject to periodic review, with a reassessment every three years or following significant events.

Board of Statutory Auditors

Powers

The Board of Statutory Auditors, as an independent control body, is tasked with overseeing **compliance with the law and the company's Articles of Association**, ensuring observance of the principles of sound administration. In this context, it verifies the adequacy and proper functioning of the company's organizational, administrative, and accounting structure. Through its oversight activity, the Board of Statutory Auditors plays a significant role in promoting responsible and sustainable management of the business, supporting transparency and operational efficiency. It continuously examines the processes and procedures adopted, assessing the effectiveness of the internal control system and the consistency of the mitigation measures introduced, with the aim of fostering the integration of strategic decisions into the company's activities. Through this oversight, the Board of Statutory Auditors helps protect the interests of shareholders and stakeholders, encouraging a culture rooted in responsibility and transparency, which translates into integrated management of the business.

Composition

The Board of Statutory Auditors is made up of 3 members, of whom 2 are men (66.7%) and 1 is a woman (33.3%).

Its composition is decided so as to ensure compliance with the requirements of independence and good standing, thereby guaranteeing balanced and transparent representation.

Auditing Firm

The statutory audit of the accounts is entrusted to **Baker Tilly Revisa S.p.A.**

Supervisory Body

Powers

The Supervisory Body (the “SB” or “Body”) is appointed by the Board of Directors and is tasked with **overseeing**, in full autonomy, the **functioning, observance, and adequacy of the Organization, Management and Control Model** adopted by the company pursuant to Legislative Decree 231/2001. The SB also oversees the updating of the Model, proposing to the Board of Directors any changes and additions that may be needed.

The SB has autonomous powers of initiative and control and carries out **ongoing oversight**, including through checks on sensitive areas and activities, the collection and retention of relevant information, monitoring of the effectiveness of internal procedures, and promotion of the Model throughout the organization. To carry out its activities, it may draw on the support of the relevant internal functions and, where necessary, of external consultants.

The Body reports periodically to the Board of Directors and the Board of Statutory Auditors, submitting a written report on the implementation of the Model on an annual basis. It may also be called upon at any time by the corporate bodies, or directly request a meeting, to report on the functioning of the Model or on specific relevant situations.

Skills

The members of the Supervisory Body are selected on the basis of **requirements of autonomy, independence, and professionalism**. The Model provides that the SB possess, within its ranks, the technical and professional skills appropriate to carrying out the activities of control, oversight, and updating of the Model.

In carrying out its functions, the SB may coordinate with the relevant internal functions and, where specialized skills not available within its ranks are required, may draw on the support of external consultants, who are likewise selected in compliance with the requirements of autonomy, independence, and professionalism.

Executive Committee

The Executive Committee is the Cavagna Group's **main operational governing body**. Established by the Board of Directors, to which it reports directly, the Committee exercises the delegated powers needed to ensure the continuous and consistent management of the Group, translating the strategic directions approved by the Board into concrete and timely decisions.

The Committee's scope of responsibility covers the **entire operations of the Group**: from supervising the performance of the individual subsidiaries to coordinating among the company's divisions, from managing resources to overseeing operational risks. In particular, the Committee is called upon to deliberate autonomously on:

- **the acts and decisions** falling within the ordinary management of the company;
- the **operational coordination** of the activities and functions falling within the areas of responsibility of its members;
- the **implementation of** the strategic, industrial, and financial **directions** approved by the Board of Directors;
- the **monitoring of management performance** and of the Group's main operational activities.

A central role of the Committee is to ensure **coordination across the various parts of the Group**: in an organization spread across multiple companies and geographies like Cavagna's, the ability to maintain a **unified vision** and to act with **speed and decisiveness** is a competitive factor that the Executive Committee oversees on an ongoing basis. To this end, the Committee monitors the progress of the main corporate projects, assesses any deviations from budget targets, and proposes to the Board the corrective actions deemed necessary.

ESG Committee

The ESG Committee was founded in 2024 as a concrete organizational response to the launch of the Cavagna Group's structured sustainability journey. Its establishment is not a formal box-ticking exercise, but a deliberate choice: to set up a dedicated body, with a defined mandate and composition, capable of guiding the integration of environmental, social, and governance issues into the life of the Group with method and continuity.

The Committee is tasked with **defining the Group's ESG** objectives and **ensuring that these are consistent with the industrial strategy and with the expectations of the main stakeholders**. In practice, its mandate operates on three distinct levels:

- a **guidance level**, through which the Committee sets sustainability priorities and approves action plans;
- a **monitoring level**, through which it periodically verifies progress against the defined targets, analysing ESG KPIs and assessing any deviations;
- a **reporting level**, through which it supervises the preparation of the Sustainability Report and approves its contents before publication, ensuring the accuracy and completeness of the information disclosed.

The ESG Committee also oversees dialogue with the relevant stakeholders on sustainability issues - industrial customers, lending institutions, supply chain partners, local communities - helping to build and strengthen the Group's reputation as a responsible business.

Goals achieved by the ESG Committee in 2025

- Sustainability Policies
- ESG Plan

The ESG Committee is made up of **3 members**, selected to ensure **cross-cutting representation of the company functions** most directly involved in the sustainability journey. The Committee's members also include the Head of Tax Compliance, who brings specific ESG expertise and contributes to overseeing the economic and financial aspects connected to the company's sustainability strategy.

Alongside the internal members - who bring knowledge of the business, of operational processes, and of the Group's organizational dynamics - Baker Tilly Hidra SB, an ESG consulting firm, serves as an external member.

The Committee meets every two months. During 2024, the first year since its establishment, the Committee met 6 times, focusing its work on defining the strategic framework of the ESG journey, identifying the material topics, defining the Sustainability Plan intended to guide the company's commitments in the following years, and supervising the preparation of this Sustainability Report.


2025
Sustainability
report
cavagna group
Wherever gas is used, we are there

Due Diligence Statements

Sustainability due diligence is the process through which a company **identifies, prevents, mitigates, and reports the negative impacts** - both actual and potential - that its own activities and those of its supply chain partners may generate on people, the environment, and society.

Cavagna Group recognizes and implements this process through a system of processes, policies, and governing bodies that, while still being consolidated, already cover the various issues relevant to the Group. The table below sets out how each fundamental element of due diligence is addressed.

> "Sustainability due diligence is the process through which a company identifies, prevents, mitigates, and reports the negative impacts."

Due diligence dimension	Element / Tool	Reference in the Report
1. Integration into policies and management systems	Sustainability Policy	Policies and Certifications / The Sustainability Policy
	Code of Ethics	Policies and Certifications / The Code of Ethics
	Model 231 and Supervisory Body	Policies and Certifications / Model 231; Supervisory Body (general disclosures)
	ESG Governance (Board of Directors, Executive Committee, ESG Committee)	Governance: Board of Directors; Executive Committee; ESG Sustainability Committee
	Social Media Policy	Policies and Certifications / Social Media Policy (B2)
2. Identification and assessment of impacts	Double materiality analysis (IRO mapping, prioritization, matrix)	Materiality Analysis
	Strategy, business model, and value chain	Strategy, business model, and value chain / The value chain
	Stakeholder engagement	Stakeholder interests and views
	Physical and transition risks related to climate	Physical and transition risks related to climate
3. Prevention and mitigation of impacts	Policies and actions on energy, emissions, and climate	Energy and climate
	Policies and actions on pollution and water	Pollutant emissions; Water consumption
	Circular economy and materials management	Resource use and circular economy

Due diligence dimension	Element / Tool	Reference in the Report
	People management, health and safety, training	Health and safety
	Workers' rights along the supply chain	Rights and protection mechanisms
4. Monitoring of results	ESG Committee	Governance / ESG Sustainability Committee
	Quarterly reporting by the Executive Committee to the Board of Directors and the Board of Statutory Auditors	Governance / Executive Committee; Board of Statutory Auditors
	Ongoing oversight by the Supervisory Body of Model 231	Governance / Supervisory Body
5. Communication	Annual Sustainability Report	Entire document; The Sustainability Journey; Criteria for Preparation
	Publication of policies on the corporate website and intranet	Policies and Certifications
6. Remedy and reporting	Whistleblowing system (Legislative Decree 24/2023)	Whistleblowing system; Policies and Certifications / Whistleblowing
	Reporting channels integrated into the Code of Ethics / Model 231	Policies and Certifications; Whistleblowing system
	Whistleblower protections and procedures for handling reports	Whistleblowing system; Policies and Certifications

Strategy, Business Model, and Value Chain

Cavagna Group operates wherever gas molecules come into contact with people, with industrial processes, and with essential services. As is neatly summed up by the Vision: **Wherever gas is used, we are there**.

The range of applications the Group oversees covers the entire universe of gases: from energy gases - LPG, Bio LPG, natural gas, biomethane, hydrogen - to medical gases - oxygen, nitrogen, helium, and specific mixtures for diagnostics and therapy - through to the technical and process gases used in metallurgy, electronics, food, fine chemicals, and scientific research. For each of these gases (and for many others), the Group **designs** and **produces** the components that guarantee their safety, sealing, control, regulation, and measurement: from valves to pressure reducers, **from measurement systems to safety devices**.

The different molecules bring different priorities with them. For medical and high-purity gases, control of the product hinges on the **safety of the end user** and on the quality of the gas delivered. For industrial and technical gases, the added value lies in **process continuity**, the **precision of flows**, and **compatibility with operating conditions** that are often extreme - high pressures, corrosiveness, out-of-the-ordinary temperatures. For energy gases, finally, safety is overlaid with a dimension that has gained increasing force in recent years: that of the **contribution to the decarbonization** of the energy system.

Energy Evolution: The Role of Gas

Energy gases are at the center of one of the major debates of our time: the role of gas molecules in an energy system that is evolving and that must guarantee security of supply and the affordability and economic sustainability of energy for billions of people. It is in this context that Cavagna Group's strategy on the energy front takes shape.

The Group's underlying thesis is that **gas is part of the solution**. In a world that must reduce CO_2 emissions while ensuring reliable access to energy - particularly in rural areas and emerging economies, where energy poverty remains a pressing reality -renewable and low-emission gases will serve as an **essential energy carrier** throughout the transition to a fully decarbonized energy system. Far from defending the status quo, this approach lays the foundation for a forward-looking industrial strategy.

The Three Strategic Pillars

The Group's strategy unfolds along three lines, combining the consolidation of the core business, product innovation and materials compatibility, new business models, and cross-cutting digitalization.

1. Consolidate and evolve the core business

The Group continues to invest in Research and Development and in the quality, safety, and efficiency of its solutions for conventional gases - LPG, natural gas, industrial and medical compressed gases - which will continue to play a fundamental role in access to energy and healthcare worldwide, and in those areas where demand growth is structural. The approach is one of scalable growth, calibrated to the development of individual geographic markets.

2. Enable the evolution toward renewable gases and new business models

Cavagna Group positions itself as a technological partner for the biomethane, bioLPG, and hydrogen ecosystem: valves for high-pressure H_2 applications, systems for alternative fuels in heavy mobility, solutions for multi-fuel refueling stations. These are not products of the future: they are product lines already in development or on the market, in which the Group invests on an ongoing basis.

3. Accelerate process and product digitalization

Digitalization is a strategic pillar in its own right, one that cuts across all the Group's business areas. Cavagna Group invests in IoT solutions, advanced sensor technology, and digital tools to support its internal production processes - from predictive maintenance of plants to in-line quality control. Digitalization enables new service models for customers and increases the safety and reliability of products across all application segments, regardless of the molecule being handled.

These three pillars do not operate independently: they find **concrete expression** in the way the Group creates and distributes value. The consolidation of the core business provides the economic and reputational foundation upon which innovation investments are built; the transition toward renewable gases expands market opportunities while leveraging established expertise; and digitalization serves as a cross-cutting driver, amplifying the impact of both. It is in this interplay that the Group's business model takes shape.

The Business Model Canvas

The Business Model Canvas is a visual strategic tool widely used to describe, analyse and design business models in a simple, intuitive and structured way.

It provides a graphic representation of the fundamental elements that make up an enterprise, making it easier to understand the business as a whole and to align its different components around a shared strategic direction.

Thanks to its concise and intuitive structure, the Business Model Canvas enables organizations to:

- visualise a business model clearly and effectively, providing an immediate overview of how value is created, delivered and captured;
- assess the consistency and alignment of its various components, highlighting the relationships between strategic choices, resources and activities;
- identify strengths, critical areas, opportunities and risks, supporting more informed decision-making and continuous improvement;
- foster dialogue and collaboration across the organisation, creating a shared framework that facilitates discussion, alignment and collective understanding among teams.

The Business Model Canvas is structured around nine interconnected building blocks, each representing a fundamental element required for the effective operation of the business model.

The Business Model Canvas

Key partners

Identifies the external stakeholders that contribute to the creation and delivery of value, including suppliers, strategic partners, collaborators, networks and alliances that support the company's activities and long-term development.

Key activities

Describes the core activities the company must perform to deliver its value proposition, maintain its competitive position and ensure the effective operation of its business model.

Key resources

Includes the critical resources required to support operations and generate value. These may include physical assets, people, intellectual property, technologies, know-how and financial resources.

Value proposition

Defines the value the company delivers to its customers and the distinctive benefits that differentiate its offering in the marketplace. It represents the reason why customers choose the company over alternative solutions.

Cost structure

Analyses the most significant costs associated with operating the business model, including the resources, activities and investments required to create and deliver value.

Customer relationships

Explains how the company establishes, manages and develops relationships with each customer segment, from initial engagement through to retention, loyalty and long-term value creation.

Customer segments

Identifies the different groups of customers served by the company, highlighting their characteristics, needs, expectations and the specific value they seek.

Distribution channels

Describes the channels through which the company reaches its customers and delivers its value proposition, ensuring accessibility, efficiency and a consistent customer experience.

Revenue stream

Identifies the sources of revenue generated by the company and explains how value is translated into economic returns through products, services and other business activities.

Cavagna Group's The Business Model Canvas

Key partners

- Suppliers of raw materials and semi-finished metal products
- Subcontractors for specialized processing
- International certification bodies (CE, UL, CSA, AGA)
- Distributors and local agents in key markets
- Consultants and professionals who complement internal expertise

Key activities

- Vertical integration of production
- Research and development of new solutions
- Management of the global sales network

Key resources

- Employee know-how built over decades of experience
- Testing and certification infrastructure
- Patents and intellectual property
- Vertically integrated production network

Value proposition

Safe, certified, and reliable solutions for gas control across every application- from residential to industrial, and from traditional gases to hydrogen and ammonia.

Safety and regulatory compliance

Products certified in accordance with the highest international standards.

Specialist expertise and in-depth industry knowledge

Technical know-how and full control of the production supply chain.

Customization capabilities

In-house R&D for traditional and renewable energy sources.

Global presence and continuous technical support

Reliability and customer support in every market.

* List by way of example, not exhaustive.

Customer relationships

- Direct technical support and pre-sales consulting
- Dedicated after-sales support
- Development according to OEM specifications
- Technical training for distributors and installers

Distribution channels

- 14 subsidiaries worldwide
- Network of authorized local distributors
- Coverage in more than 165 countries
- Direct sales force and OEM customers

Customer segments *

- Private individuals and domestic use
- Leisure (outdoor & barbecue)
- Food & Beverage
- Industry and industrial processes
- Utilities and energy
- Healthcare and medical use
- SCBA / Safety and rescue
- Alternative mobility and energy transition
- EPC contractors and system integrators

Value Proposition

Cavagna's value proposition rests on a number of core strengths. The first is **safety and regulatory compliance**. In an industry where a defective product can endanger human lives, the ability to consistently meet the highest quality standards-verified through in-house and accredited laboratories and certified in accordance with the regulations of each country-is a fundamental prerequisite for any commercial relationship. The second is **specialist expertise and deep industry knowledge**. Decades of experience in the design and certification of gas control solutions enable the Group to understand customers' technical requirements and translate them into reliable solutions that meet the specific standards of each market. The third is **customisation**. Alongside standard products for broadly homogeneous markets, Cavagna Group is able to develop solutions tailored to the specific needs of individual customers and local markets. The fourth, and more recent, strength is its **digital capability**. IoT technologies embedded in metering products enable remote monitoring and predictive maintenance. These strengths are further reinforced by the Group's **capacity for innovation**, supported by in-house research and development activities that also focus on emerging energy carriers, as well as by the **reliability** provided through its global presence and ongoing technical support in every market in which it operates.

As described in greater detail in the Group Profile section, Cavagna's portfolio is organised into **seven focus areas**: LPG Solutions, Healthcare Solutions, Compressed Gas Solutions, Natural Gas Solutions, Alternative Fuel Systems, Gas Metering Solutions and Industrial Process Management. Each area addresses distinct markets and customer needs and has its own technical characteristics.

What unites these focus areas is not a single product category, but a **shared technological capability**: the ability to design, manufacture and certify solutions for controlling, regulating, distributing and measuring gases under a wide range of operating conditions. This enables the Group to ensure safety and reliability across applications ranging from domestic kitchens and operating theatres to hydrogen refuelling and urban natural gas distribution.

This diversity does not result from a fragmented approach, but from a **common body of expertise**: a deep understanding of how gases behave under different pressures, temperatures and operating conditions. This knowledge enables Cavagna to serve markets and applications that differ significantly in both purpose and technical requirements.

From a social-responsibility perspective, the Group's most immediate impact concerns **people's safety**. Every valve, regulator and medical system manufactured by the Cavagna Group is designed to reduce the risk of accidents, explosions and gas leaks when correctly produced, installed and used.

The quality and reliability of these components become even more important in markets where distribution networks are more complex and supply-chain controls are less widespread, particularly in rural and remote areas. In such contexts, the product itself often represents the first and most direct safeguard for the end user.

The Group's social contribution, however, extends beyond product safety. It is particularly significant in **developing countries, where access to safe and cleaner forms of energy remains an urgent challenge**. According to estimates by the International Energy Agency, around two billion people worldwide still lack access to clean cooking solutions and rely on polluting fuels such as wood and coal. This issue is especially pronounced in rural communities, where many households remain beyond the reach of conventional energy networks and are more exposed to the health and environmental effects associated with solid-fuel use. In these settings, switching to LPG can represent a **significant improvement** not only in access to energy, but also in public health, quality of life and the reduction of geographical inequalities. Cavagna Group's products therefore serve not merely as industrial components, but as part of the **technical infrastructure** required to make this transition safe and reliable. This is particularly important in remote areas, where ease of use, product reliability and continuity of operation are essential to maintaining stable access to energy.

The same principle applies to **healthcare**. In countries with fragile or developing health systems, the safe control and distribution of medical gases are essential to the delivery of basic care. In rural areas, distance from hospitals, limited healthcare infrastructure and restricted access to services increase the risks associated with interruptions in treatment. Cavagna Group's Healthcare Solutions support the safe delivery of care in settings where equipment failures or gas leaks may have immediate consequences for patients.

The acquisition of **GasLive Brasil**, completed in 2024, is aligned with this approach. GasLive specialises in respiratory care and digital healthcare solutions, including oxygen therapy, ventilation and sleep-apnoea treatment. Its integration strengthens the Group's presence in Latin America and adds **remote patient-management capabilities** to its portfolio. Real-time monitoring, clinical reporting and ongoing support help connect patients with healthcare professionals, reducing the risks associated with geographical distance and interruptions in treatment. These solutions are particularly valuable in rural and underserved areas, where digital connectivity can improve continuity of care and access to healthcare services.

Customers segment

Segment	Main applications *	Relevant products / solutions
Private individuals and domestic use	Cooking, heating, hot water with LPG and natural gas	Valves, kits and O-rings for LPG cylinders and tanks, residential natural gas regulators, smart domestic meters
Leisure (outdoor & barbecue)	Portable gas appliances, camping, caravanning, outdoor cooking, portable outdoor heating	Regulators, valve kits for LPG cylinders, components to power outdoor appliances, caravan kits
Food & Beverage	Professional catering, industrial cooking, food production plants using gas	Commercial and industrial regulators, systems for technical gases and food refrigerants
Industry and industrial processes	Welding, heat treatments, chemical processes, automation, management of technical, pure, and specialty gases	Valves and regulators for industrial compressed gases, VIPR, systems for specialty, pure, and cryogenic gases
Healthcare and medical use	Oxygen therapy, assisted ventilation, sleep therapy (CPAP/APAP), medical gases in hospitals and homecare	Systems for medical gases, medical VIPR, devices for oxygen therapy and sleep therapy
Utilities and energy	Natural gas and biomethane distribution, network management, metering, REMI stations	Governors, industrial and commercial regulators, turbine and ultrasonic IoT meters
SCBA / Safety and rescue	Personal protection for firefighters, operators in confined environments, professional diving	Valves and regulators for high-pressure air/O_2 cylinders, SCBA systems, diving equipment
Alternative mobility and transition	LPG, CNG, hydrogen vehicles; EVs, refueling stations for alternative fuels	Engine systems, high-pressure H_2 valves, components for conversion and new powertrains
EPC Contractors and System Integrators	Upstream, midstream, and industrial process applications	Process engineering

* List by way of example, not exhaustive.

Private individuals and domestic use

Leisure (outdoor & barbecue)

Food & Beverage

Industry and industrial processes

Healthcare and medical use

Utilities and energy

SCBA / Safety and rescue

Alternative mobility and transition

EPC Contractors and System Integrators

Key Resources

Cavagna's business model is built on a set of resources and capabilities that cannot be replicated quickly and that represent a key source of competitive advantage for the Group. The first and most strategic is the **know-how** of its people: decades of experience accumulated in metalworking, in the design of products certified for critical applications, and in the management of complex production processes. This know-how is distributed among people - technicians, engineers, specialized workers - and cannot be fully codified into procedures or information systems. Protecting it and passing it on to younger generations is one of the most concrete strategic challenges the Group faces.

The second key resource is the **testing and certification infrastructure**: accredited internal test laboratories, with standard and customized machinery developed in part by Cavagna Engineering, which make it possible to test products according to the regulations of each market without depending on third-party laboratories. This asset - often invisible to outside eyes - is what guarantees the **speed of development** and the **quality level of the products**.

These are complemented by two further strategic assets: the Group's **portfolio of patents and intellectual property**, which provides formal protection for the technical solutions developed in-house, and its **vertically integrated manufacturing network**, comprising proprietary production facilities and in-house manufacturing lines. Built over many years through sustained investment and accumulated expertise, this network represents a valuable long-term asset for the Group.

Key Activities

From an operational perspective, the model is built around the **vertical integration of manufacturing**. This spans the entire production process-from product design and engineering to raw material processing and final assembly-and includes painting, heat and chemical treatments, electroplating, testing and certification, as well as the in-house production of moulds and assembly lines. Keeping most production stages in-house, rather than outsourcing them to third-party suppliers, requires significant investment and adds operational complexity. However, it also provides tighter **quality control, greater flexibility in product customisation and more stable margins.**

This is complemented by a structured and ongoing commitment to **research and development**. The Group's activities extend beyond new product development to include regulatory engagement, with active participation in international technical committees that shape industry standards, as well as the protection of proprietary know-how through the filing and management of patents, designs and trademarks.

The model is further strengthened by the **direct management of the Group's global sales network**, ensuring a strong presence in key markets and close customer relationships throughout the entire sales cycle.

Key Partners

Cavagna's business model is supported by a broad network of external partners that extends and enhances the Group's capabilities. **Suppliers of raw materials and semi-finished components**-particularly brass, aluminium and steel suppliers-are long-standing partners with whom the Group has established enduring relationships, underpinned by rigorous qualification procedures and regular audits. This network also includes **international certification bodies**, which verify product compliance with the regulatory requirements of different markets and enable global commercialisation. The Group also relies on **specialist subcontractors for selected activities**, particularly precision machining processes that require dedicated equipment or highly specialised turning expertise. In many cases, these suppliers derive a significant share of their business from Cavagna Group, creating clear responsibilities for the Group in terms of continuity, fairness and the sound management of these relationships.

From a commercial perspective, **local distributors and agents in key markets** extend the Group's reach beyond its direct sales network, ensuring close customer proximity and an in-depth understanding of local market dynamics.

The network is further strengthened by c**onsultants and professional advisers** in legal, tax, technical, regulatory and sustainability matters. Their specialist expertise complements the Group's internal capabilities, supporting the development of innovative solutions and contributing to the company's long-term growth.

Distribution Channels

The Group distributes its products through a combination of direct and indirect channels. Its **direct distribution network** is a key strength: through **14 wholly owned distribution companies**, the Group maintains a strong presence in its main markets and is able to respond promptly to customer needs. This network is complemented by **third-party distributors**, specialised resellers and local partners, extending the Group's geographic reach to **more than 165 countries**. Direct sales to major industrial customers and utilities are often secured through competitive tenders, a channel that requires dedicated technical expertise and strong commercial capabilities. Another important route to market is the **OEM channel**, which includes manufacturers that integrate Cavagna components directly into their finished products and work closely with the Group from the earliest stages of product development.

Customer Relationship

Customer relationships are built around a **continuous support** model spanning the entire product lifecycle. This includes **direct technical support and pre-sales advisory services** to guide customers towards the solution best suited to their specific requirements; dedicated **after-sales assistance** to ensure long-term operational continuity; **bespoke product development for OEM customers**, involving close technical collaboration from the earliest design stages; and **technical training** for distributors and installers, ensuring that product quality translates into safe and correct use throughout the value chain.

The Value Chain

Cavagna's value chain is the scope within which the Group's material impacts are generated - and must be overseen. According to the ESRS framework, this scope is not limited to direct production activities but includes everything upstream - the supply chain - and everything downstream - distribution, customers, and the final use of the products. It is within this broader view that the Group's sustainability reporting is built.

UPSTREAM Sourcing and supply	**OPERATIONS** Production and R&D	**DOWNSTREAM** Distribution and end use
• Raw materials suppliers: aluminium, brass, steel, technical polymers • Suppliers of components and semi-finished products (mainly European) • Technology partners for R&D and production processes • Energy suppliers (electricity, gas, renewables) • Logistics and transport service providers	• 8 integrated production facilities in Italy (7 international production sites across 4 continents) • In-house design, machining, assembly, and testing • Centralized R&D function and certification laboratories • Quality, safety, and regulatory compliance management	• 14 wholly owned distribution companies worldwide • Network of resellers and distributors • OEM customers (cylinder, gas appliance, and vehicle manufacturers) • Utilities, hospitals, industrial and pharmaceutical companies • End consumers (residential, mobility, homecare)

Upstream

Cavagna's value chain begins with the sourcing of raw materials and components. The main materials used in production include **aluminium, Zamak, brass, steel and technical polymers**, which are purchased primarily from suppliers located in the Brescia industrial district and with whom the Group has established long-term relationships.

The vertical integration of most production activities reduces the Group's dependence on complex external supply chains. However, it does not eliminate its exposure to fluctuations in raw-material availability and prices, nor its responsibility to assess and monitor sustainability practices throughout the supply chain.

Operations

Production lies at the core of Cavagna's business model. The Group's Italian plants-particularly the main production hubs in Calcinato and Calvisano-form the centre of its manufacturing expertise, bringing together advanced capabilities in **metalworking, precision engineering and safety testing**.

Cavagna's vertically integrated production model covers the entire process, from raw-material processing to the finished product. This represents a key source of competitive differentiation, while also increasing the Group's direct responsibility for the environmental impacts associated with its operations. Energy consumption, emissions, water use and industrial waste management are therefore largely influenced by the operational decisions taken at its production sites.

Downstream

The downstream portion of Cavagna's value chain is extensive and highly diversified. The Group's products are estimated to reach around one billion users worldwide through three main channels: **14 wholly owned distribution companies**, which provide a direct commercial presence in the Group's key markets; a **network of third-party distributors and resellers covering** more than 165 countries; and **OEM customers**-including manufacturers of gas appliances, alternative-fuel vehicles, tanks and cylinders-that integrate Cavagna components into their own finished products.

The Group serves an equally **diverse customer base**, ranging from major multinational gas companies and utilities operating urban gas networks to automotive manufacturers developing hydrogen- and CNG-powered vehicles, pressure-vessel manufacturers and healthcare facilities using Cavagna systems for the management of medical gases.

This diversity strengthens the resilience of the business model, while also increasing the complexity of managing downstream impacts. The environmental and health-related effects associated with the use of Cavagna products can vary significantly depending on the specific application and geographic context.

The Materiality Analysis: toward a Greater Awareness of the Business Model's Impacts

The materiality assessment, through which the Group **identifies its material sustainability topics**, provides the foundation for its ongoing sustainability programme.

The thematic sections that follow-covering the environment, people, the supply chain and governance-are structured around these topics, ensuring that the Report focuses on the matters most relevant to the Group and its stakeholders.

Material topics not only define the scope of sustainability reporting, but also **support strategic and management decision-making**. They help guide priority investments, the adoption and further development of corporate policies, and the inclusion of improvement objectives in the business plan. For Cavagna, the materiality assessment represents the first stage of a process that will continue to evolve and become more comprehensive over time.

Although the Group reports in accordance with the VSME Standard, it has chosen to conduct its materiality assessment using the methodology set out in the European Sustainability Reporting Standards (ESRS). This voluntary approach reflects the Group's ambition to establish a robust sustainability management and reporting framework, aligned with leading European practices and capable of evolving in response to more demanding reporting requirements in the medium term.

The concept of **double materiality** - which lies at the heart of the ESRS framework - reads the relationship between business and sustainability from two complementary angles.

- The first is **impact materiality** (the inside-out perspective): what effects - positive and negative, actual and potential - does the Group generate on the environment and on society along its entire value chain?
- The second is **financial materiality** (the outside-in perspective): which environmental, social, and governance dynamics can influence the Group's ability to create value over time, exposing it to risks or opening up strategic opportunities?

Only by looking in both directions at once does a complete picture of what truly matters emerge.

The Materiality Analysis Process

To approach the double materiality analysis thoughtfully, and not as a mere box-filling exercise, Cavagna Group set out on a structured path with a precise aim: to **understand in depth its own corporate identity**, the way it operates, and the role it plays in the context in which it acts. The path was developed through an integrated approach, combining internal and external analyses, quantitative and qualitative tools, and the perspectives of both management and stakeholders.

Phase 1
Mapping impacts, risks, and opportunities (IRO)

The first phase involved mapping the Group's impacts, risks and opportunities (IROs) through an analysis of its operating context, conducted in parallel from both top-down and bottom-up perspectives.

The top-down analysis began with the list of sustainability matters and related subtopics set out in **Application Requirement 16 (AR 16) of ESRS 1**. This framework provided a structured basis for the assessment and helped ensure that all potentially relevant environmental, social and governance matters were considered.

The bottom-up analysis focused on the evidence emerging from the assessment of the Group's specific operating context. This evidence was then mapped against the sustainability matters listed in AR 16, establishing a clear connection between the Group's activities and business relationships and the ESRS framework.

The assessment was not limited to the Group's direct operations, but covered the entire value chain, including upstream activities, particularly the supply chain, and downstream activities, including distribution, customers and the end use of products. It also considered the specific characteristics of the geographical areas in which Cavagna operates.

To develop a more detailed understanding of its impacts, the Group used two key internal tools:

ESG Rating	Triple Layer Business Model Canvas (3P)
The diagnostic tool provided an overview of the Group's maturity across environmental, social and governance matters through more than 200 questions organised by topic. The assessment identified both strengths to build on and areas requiring further improvement, providing a quantitative basis for the subsequent prioritisation phase.	The Triple Layer Business Model Canvas supported a structured assessment of the Group's business model across its three dimensions: economic, environmental and social. It enabled the Group to examine value creation, resource use, stakeholder relationships and impacts across the value chain from each of these perspectives, thereby integrating sustainability considerations directly into the analysis of the business model.

The process in this phase involved the heads of the various company functions and the ESG Committee. The results of the analysis were subsequently shared with the Executive Committee, ensuring transparency and participation at all the relevant decision-making levels.

Phase 2
Prioritizing impacts, risks, and opportunities

The second phase transformed the qualitative mapping into a **quantitative and comparative assessment** of the topics identified, following the EFRAG guidelines and adopting a due diligence process. In parallel, the Group carried out a sector benchmark, comparing its own strategies and its exposure to ESG topics with those of other market players, in order to identify emerging trends and position its analysis within the relevant competitive context.

Criteria for assessing impact materiality

For the assessment of impact materiality (the inside-out perspective), the Group applied the methodological criteria set out by the ESRS, differentiating the assessment between negative and positive impacts and between actual and potential impacts:

Criterion	Applies to	Operational definition
Scale	Negative and positive impacts	The severity of the impact (if negative) or its significance (if positive): it measures how severe or significant the impact is in the way it manifests.
Scope	Negative and positive impacts	The extent of the impact in terms of the people, territories, activities, or ecosystems involved: it measures the breadth of the area affected.
Irremediability	Negative impacts only	The ability to remedy the impact: it measures how reversible a negative impact is or, on the contrary, how permanent and difficult to repair.
Likelihood	Potential impacts (not yet occurred)	The probability that the impact will occur: it applies only to potential impacts, to distinguish the more likely ones from the remote ones.

In short: actual negative impacts were assessed by combining scale, scope, and irremediability; potential ones by also adding likelihood. Actual positive impacts were assessed on the basis of scale and scope; potential ones by also including likelihood.

Criteria for assessing financial materiality

For the assessment of financial materiality (the outside-in perspective), the Group applied the Enterprise Risk Management (ERM) methodology, assessing risks and opportunities along two dimensions: scale - understood as the percentage impact on revenue - and scope, referring to how widely the effect spreads within the organization and its surrounding context.

The assessment scale

For both perspectives - impact and financial - the assessment of each variable was expressed on a five-level scale. A topic is considered material when at least one of its impacts, risks, or opportunities reaches a level of at least “moderate”:

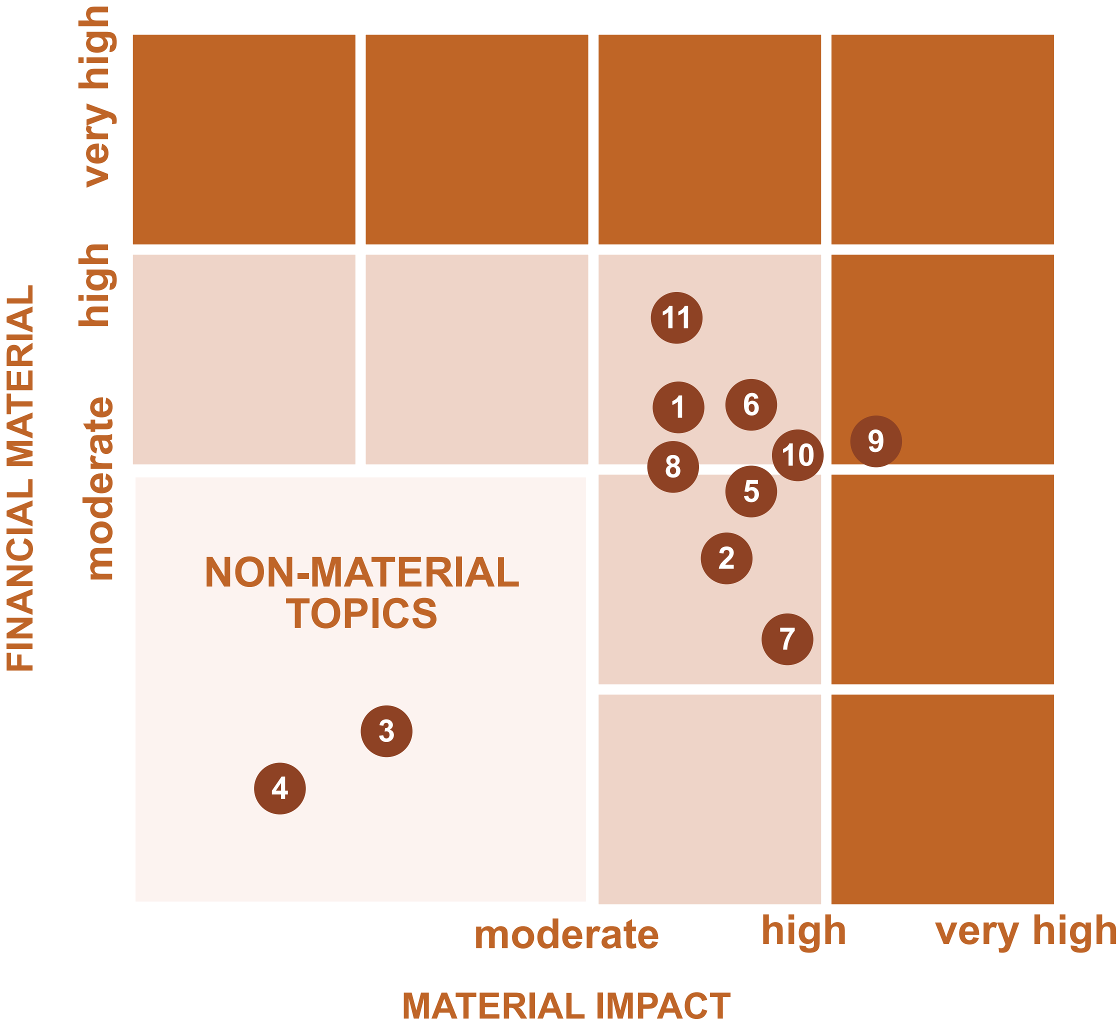
Very low	Low	Moderate	High	Very high
Not material		Material -> materiality threshold from “Moderate” upward		

Phase 3
Building the double materiality matrix

The entire path concluded with the construction of the **double materiality matrix**: a visual tool that simultaneously represents the relevance of each sub-topic from both the impact and the financial standpoints, allowing the Group's priorities to be read at a glance.

In the matrix, the horizontal axis represents the **relevance of impacts** (inside-out materiality), while the vertical axis represents **financial relevance** (outside-in materiality). The sub-topics that fall in the lower-left area of the matrix - with scores below the "moderate" threshold on both axes - are not considered material for the purposes of this Report. The sub-topics that exceed the threshold on at least one of the two axes are instead considered material and are the subject of specific reporting in the thematic sections of the document.

The double materiality matrix



LEGEND

1. Climate change
2. Pollution
3. Water and marine resources
4. Biodiversity and ecosystems
5. Circular economy
6. Own workforce
7. Workers in the value chain
8. Affected communities
9. Consumers and/or users
10. Conduct of business
11. Innovation

Stakeholder Interests and Views

Cavagna Group recognizes dialogue with stakeholders as an essential element in understanding the expectations, needs, and concerns coming from the context in which it operates. Over time, the Group has built **solid and ongoing relationships** with its key stakeholders, helping to guide its everyday choices and to consolidate a path of responsible growth.

2025 marked a significant turning point: for the first time, the Group carried out a structured stakeholder engagement activity dedicated to sustainability issues.

The process unfolded in three phases. First, a **mapping of internal and external stakeholders** was carried out, identifying those who influence the Group's activities or are influenced by them. For each category, the type of relationship, the engagement objectives, and the level of interest and influence with respect to ESG issues were defined.

Next, within each category, the **most representative stakeholders** were selected, on the basis of their strategic relevance and the quality of the relationship already in place with the Group.

Finally, for each priority stakeholder, the **most suitable form of engagement** was defined, taking into account the characteristics of the category, sensitivity to sustainability issues, and the communication channels already established.

The first stakeholders involved were **members of management**, through dedicated interviews. These discussion sessions besides helping to spread a foundational awareness of ESG issues, allowed the Group to gather an internal perspective on the assessment of impacts, risks, and opportunities directly from those who oversee the various company areas.

Subsequently, the internal perspective was complemented by involving external stakeholders through a **questionnaire**, designed to gather their views on the ESG issues considered relevant for the Group.

Specifically, more than **250 stakeholders** were involved through the various tools.

Below is a summary of the Group's main stakeholder categories, together with the methods and tools for engagement and listening adopted to gather their needs, expectations, and contributions.

Key stakeholder	Engagement
Employees	Periodic meetings, Whistleblowing platform
Regulatory bodies	Ongoing dialogue to comply with regulatory requirements
Workers in the value chain, including suppliers and consultants	Periodic meetings, Whistleblowing platform
Affected communities	Local community engagement initiatives, Whistleblowing platform
Customers	Questionnaires and interviews, Industry events and trade fairs, Satisfaction assessment system, Technical support channels, Periodic meetings, Whistleblowing platform

Policies and Certifications

Corporate policies are one of the primary means through which a company translates its values and sustainability commitments into practical rules and standards of conduct. They define the Group's commitments, set clear expectations for everyone working for or on its behalf, and provide a framework for consistent decision-making. Without formal policies, sustainability commitments may remain largely aspirational; when policies are formally adopted, approved and communicated, they become an integral part of the **governance system**.

The Cavagna Group has structured its policy framework around five key documents: the **Sustainability Policy, the Code of Ethics, the Organisation, Management and Control Model adopted pursuant to Legislative Decree No. 231/2001, the Social Media Policy and the Whistleblowing Policy**. Together, these documents address the Group's main ESG-related areas, including environmental matters, workers' rights, business ethics and anti-corruption, responsible communication and whistleblower protection.

The Sustainability Policy

The **Sustainability Policy** is the cornerstone of the Cavagna Group's ESG management framework. Developed as part of the sustainability programme launched in 2024, it provides a common reference point for strategic and operational decisions with environmental, social and governance implications.

The Policy applies across all Group functions, processes and operational, administrative and support activities. It guides strategic decision-making, including the management of sustainability-related impacts, risks and opportunities, and is aligned with the Code of Ethics, the 231 Model and the Group's other corporate policies.

The full Policy is made available to all employees through the Company intranet and is published on the Group's website for external stakeholders.

Content and areas of commitment

The Policy sets out the Group's commitments across six main thematic areas:

Human rights and working conditions

Promotion of an inclusive working environment, protection of fundamental rights, and rejection of all forms of discrimination and abuse. The Group adheres to the principles of the UN Global Compact, including those relating to the protection of human rights at the international level, the right to collective bargaining, and the rejection of all forms of forced or child labour.

Diversity and equal opportunities

Guarantee of an environment free from discrimination at every stage of the employment relationship, with active promotion of a culture of diversity in selection, hiring, and career development processes.

Health and safety

A systematic and regulated approach with proactive identification of risks, ongoing training and targeted training programs, and measurement and verification of the effectiveness of the measures taken.

Product efficiency and safety

Continuous improvement of the product portfolio in terms of safety, quality, regulatory compliance, and environmental performance, with attention to ecodesign and the use of recycled raw materials.

Business ethics and integrity

Transparency and accountability as pillars of governance, an anti-corruption culture, active listening to stakeholders, regulatory compliance, and clear and reliable reporting of ESG performance.

Environmental protection

Minimization of the ecological footprint through GHG monitoring according to international standards, energy efficiency, self-generation from renewables, progressive decarbonization of the value chain, responsible management of water resources, Ecodesign, and circular economy.

Commitments required of supply chain partners

Extension of the Group's ethical and environmental standards to suppliers and business partners, with a request to adhere to the Code of Ethics and the promotion of ESG practices along the entire supply chain.

The Code of Ethics

The **Code of Ethics** is the document through which the Cavagna Group formally sets out its values and the standards of ethical conduct expected of all those who act for, on behalf of or in connection with the Group, including employees, agency workers, interns, consultants, directors, shareholders and business partners. The Code was prepared by the Legal Department and approved by the Board of Directors, which oversees its implementation and compliance.

The Code applies to **all individuals and entities working with or for the Group**, in Italy and abroad, within the scope of their respective roles and responsibilities. Compliance with its provisions constitutes an integral and essential part of the contractual obligations governing relationships with Group companies. The Group seeks to establish and maintain business relationships only with third parties that share and comply with the principles set out in the Code of Ethics.

Structure and content

The Code is organised into **nine thematic** sections covering the Group's founding principles and values; standards of conduct towards employees, including individual rights, equal opportunities, training, health and safety; standards of conduct towards customers and suppliers, including an explicit prohibition of all forms of corruption; compliance with competition law in dealings with competitors; relations with institutions and public authorities; commitment to local communities and the environment; and implementation and oversight mechanisms.

The Code's fundamental ethical principles are expressly inspired by the International **Bill of Human Rights and the principles of the United Nations Global Compact relating to human rights, labour, the environment and anti-corruption.** Respect for the law extends beyond compliance with the legislation applicable in the countries where the Group operates and also encompasses adherence to internal rules and procedures. The pursuit of business objectives can never justify dishonest or unlawful conduct. The Group has zero tolerance for corruption and prohibits anyone acting on its behalf from offering, promising, giving, requesting or accepting bribes, either directly or indirectly.

Communication and training

The Group promotes awareness of the Code through communication initiatives and, for employees, dedicated training activities. The Code is published on the corporate website and communicated to all relevant stakeholders. The Group also encourages stakeholders to provide comments and suggestions to support its periodic review and continuous improvement.Suppliers are expressly required to comply with the principles set out in the Code. Such compliance is a condition for establishing and maintaining business relationships with the Group.

Organization, Management and Control Model (Legislative Decree 231/01)

The Organisation, Management and Control Model adopted pursuant to Legislative Decree No. 231/2001 (the “231 Model”) is the framework through which the Cavagna Group seeks to **prevent offences** that could result in the administrative liability of Group companies.

Although adoption of the Model is not mandatory, it reflects a **deliberate choice by the Group**. As expressly stated in the document, Cavagna believes that legal compliance and ethical conduct are not only necessary and inherently right, but also essential to the responsible and effective management of the business.

Risk areas overseen

On the basis of the analysis of sensitive activities carried out during the construction of the Model, Cavagna Group identified three macro risk areas to oversee:

1. **Workplace health and safety offenses** (art. 25-septies of Legislative Decree 231/01)

Manslaughter and serious or very serious negligent injuries committed in breach of accident-prevention regulations. Particularly relevant for an industrial manufacturing group with eight production facilities in Italy.

2. **Environmental offenses** (art. 25-undecies of Legislative Decree 231/01, as amended by Legislative Decree 121/2011 and Law 68/2015)

Including pollution, environmental disaster, and waste trafficking. Their relevance is high given the industrial activity and the chemical treatments connected to production.

3. **Money laundering, receiving stolen goods, and self-laundering offenses** (art. 25-octies of Legislative Decree 231/01)

The use of money, goods, or benefits of illicit origin, as well as self-laundering.

The Supervisory Body
The Model provides for the establishment of a Supervisory Body (SB) endowed with autonomous powers of initiative and control. The SB is tasked with **overseeing the functioning and observance of the Model**, overseeing its updating, and reporting periodically to the Board of Directors and the Board of Statutory Auditors on the implementation of the Model. The SB is appointed by the Board of Directors and operates in full autonomy, free from internal hierarchical authority.

Model 231 is published in the Corporate Policies and Reports section of the website. The version available is the General Part updated to 28/04/2023.

Social Media Policy

The Social Media Policy, drawn up by the Marketing and Communication Department, is the code of conduct that **governs the behaviour of all "Promoters"** - a term that includes employees, distributors, and consultants - whenever they publish, share, or comment on content concerning Cavagna Group, regardless of whether the interaction takes place through an official Group account or through a personal account. It establishes that the management and monitoring of all official accounts is the responsibility of the Marketing Department, which is tasked with verifying the consistency of content with the Group's communication strategy and with monitoring the Group's reputation on social networks.

Key Principles

Content published on official accounts must **meet precise requirements**: it must be truthful, verified, and respectful of others' copyright; it must be consistent with the values of the Code of Ethics; it must relate to topics of interest to stakeholders; and it must not contain comparative publications. Content relating to patents, product innovations, or company know-how in general requires prior approval from the Marketing Department.

Whistleblowing

Cavagna Group has structured its internal reporting system in an integrated and consistent way across the various governance tools: the Code of Ethics and Model 231 both govern the reporting channels, each with its own specificities.

Reporting channels

Reports can be made through a **dedicated web platform**, accessible from the Group's corporate website, configured to ensure the confidentiality of the whistleblower, of the parties involved, and of the contents submitted. The procedure also allows, at the whistleblower's request, for reports to be made orally through a direct meeting with a member of the **Supervisory Body**. The handling of reports is entrusted to the Supervisory Body, which sees to the stages of receipt, preliminary verification, assessment, and any investigation and ascertainment. The company guarantees the utmost confidentiality at every stage of the process and also allows anonymous reports to be submitted.

Guaranteed protections and regulatory compliance

The system for protecting reports is considered, in both documents, a fundamental tool for the effective application of the prevention system. The guarantees provided include:

- **Objective assessment of the facts** and application of appropriate sanctions in the event of an established violation
- **Confidentiality of the whistleblower's identity** throughout the report-handling process
- **An absolute prohibition of retaliation** of any kind against those who report possible violations of the Code of Ethics, Model 231, or the relevant procedures - in compliance with art. 17 of Legislative Decree 24/2023
- **Sanctions against those who violate the measures** protecting the whistleblower, applied according to the disciplinary system of Model 231 depending on the category of party involved (employees, managers, directors, Board of Statutory Auditors, third parties, members of the SB)


Social Media
Facebook
Linkedin
YouTube

Environmental Information

3

Designs and manufactures valves, regulators and gas control systems in an industrial sector that, by its very nature, has a **complex environmental profile**. Precision machining of metal alloys, the use of lubricants and process fluids, surface treatments, and the international distribution of products generate direct and indirect environmental impacts across the value chain. At the same time, the Group contributes to the **global energy transition**. Its technologies for alternative and lower-carbon gases, including biomethane, compressed natural gas (CNG) and hydrogen, together with the development of infrastructure and solutions for the use of conventional gases in areas with limited access to energy infrastructure, can support the decarbonisation of a range of industrial activities and mobility.

The 2025 reporting cycle marks the first time the Group has consolidated its environmental information using a **structured methodology**. Comprehensive quantitative data on energy consumption, greenhouse gas emissions, water consumption, material use and waste generation are not yet available and will be incorporated progressively into future editions of the Report.

Energy and Climate

Energy and climate are among the most significant topics identified through the Group's materiality assessment. Cavagna Group generates **direct impacts** through the energy consumption of its plants and **indirect impacts** across the value chain, particularly in connection with raw material sourcing and the use of its products by end customers. Since 2025, the Group has implemented a **structured process for measuring and reporting greenhouse gas (GHG) emissions**, supported by a certified platform that will provide the basis for setting progressive, measurable emissions-reduction targets in the coming years.

The Cavagna Group has formalised its commitment in this area around **four key priorities: monitoring and transparency**, through the adoption of international standards for measuring and reporting emissions; **energy efficiency**, pursued through plant upgrades and periodic energy audits; the **transition to renewable energy sources**, with an increasing contribution from on-site photovoltaic generation and electricity purchased from certified renewable sources; and the **decarbonisation of the value chain**, through the integration of sustainability criteria into procurement policies. Group companies with an **ISO 14001**-certified environmental management system manage these areas in accordance with the relevant procedures and controls. For the remaining companies, the Sustainability Policy provides the reference framework for progressive alignment with the Group's environmental management approach.

The Organization's Carbon Footprint

To provide a clear picture of where an organisation's emissions arise, the GHG Protocol-the internationally recognised framework for greenhouse gas accounting and reporting-distinguishes between three categories, commonly referred to as **Scope 1, Scope 2 and Scope 3**. Scope 1 and Scope 2 cover emissions directly associated with the Company's operations and energy consumption, while Scope 3 includes all other indirect emissions generated upstream and downstream across the value chain.

The Group has adopted the GHG Protocol Corporate Standard as its reference methodology for calculating greenhouse gas emissions and uses internationally recognised emission factors. For fuel consumption, it applies the factors published by the UK Department for Energy Security and Net Zero and, where relevant, by the former Department for Business, Energy & Industrial Strategy. For purchased electricity, it uses the factors published by the Association of Issuing Bodies (AIB), applying both location-based and market-based calculation methods, including the relevant production and residual mixes. This approach reflects the same principle that guides the Group's management of **quality and safety**: adopting rigorous standards and ensuring that the underlying **data is transparent and verifiable**.

> **"Energy and climate are among the areas of greatest significance identified in the Group's materiality analysis."**

The 2025 results
Scope 1 and 2

The figure that defines the 2025 financial year tells the story of the journey made in the clearest of terms: **Scope 2 emissions** calculated according to the market-based approach are **close to zero**.

Total Scope 1 and Scope 2 emissions under the market-based approach coincide almost entirely with **direct emissions** alone: 1,485.24 tonnes of CO_2 equivalent.

2015

The story behind this result has roots that reach back further than one might think. **As early as 2015**, Cavagna Group had begun a **first measurement** of its carbon footprint - an exercise still rudimentary in its methods, but significant in its intent: the desire to understand, even before it was required, what its own impact was.

It is from that early awareness that the structured path arose, beginning with the **first formal calculation in 2023**, when the analysis had brought to light a significant weight of Scope 2, at the time attributable entirely to the conventional electricity mix. That initial snapshot acted as the trigger for the strategic choice that followed.

2023

Today that choice translates into concrete results: all the companies included in the scope operate with contracts covered by **Guarantees of Origin (GO) from renewable sources**, with the sole exception of one subsidiary for which the alignment process is still under way. The indirect emissions linked to electricity consumption, for the purposes of market-based reporting, have been brought to zero. It is a direction the Group intends to maintain and strengthen in the coming years, through the expansion of installed photovoltaic capacity.

2025

The same scope read through a location-based lens - which applies to the electricity consumed the average emission factor of the national grid, regardless of the Group's procurement choices - brings the total to 3,612.51 tCO_2e, with a Scope 2 of 2,163.36 tonnes. The 2,127-tonne difference between the two methodologies directly reflects the impact of the Group's decision to procure electricity backed by Guarantees of Origin. Without these certificates, those emissions would continue to be allocated to Scope 2, as they were in the 2023 baseline assessment.

GHG Protocol area	Emissions (tCO_2e) 2025	% of total	Emissions (tCO_2e) 2023
Scope 1 – direct emissions	1,449.15	100.0%	1,259.11
Scope 2 – market-based (100% energy from renewable GO)	36,09	0,0%	5597,33
Total Scope 1 + Scope 2 (market-based)	**1485,24**	**100,0%**	**6856,44**
Scope 2 – location-based	2.163,36	58,74%	2663,65
Total Scope 1 + Scope 2 (location-based)	**3.612,51**	**100,0%**	**3922,76**

Scope 1
Direct emissions

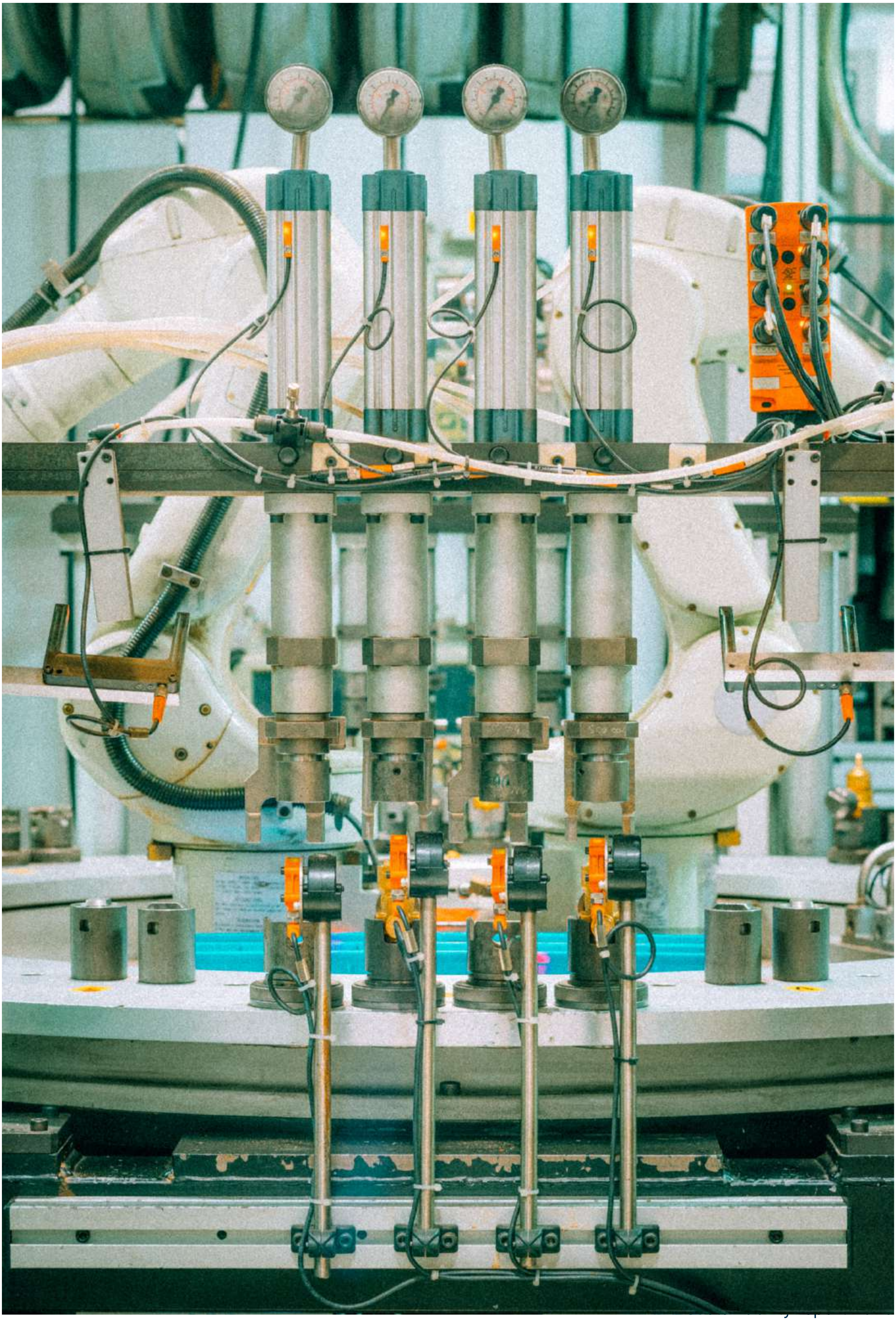
With market-based Scope 2 close to zero, it is on direct emissions that the entire carbon footprint reported by the Group for the Scope 1 + Scope 2 scope is concentrated. 97.9% of the **1,449.15** tCO_2e of Scope 1 comes from stationary combustion at the plants, in particular from the natural gas and LPG used for thermal and process purposes. The remaining 2.1% is attributable to the company-owned fleet.

Scope 2
100% coverage with Guarantees of Origin

The **sharp reduction** in market-based Scope 2 is the result of an established choice: the electricity purchased from the grid by **almost all** the Group companies that **fall within the reporting scope is entirely covered** by certified Guarantees of Origin (GO), issued on the basis of actual production from renewable sources. Read in retrospect, it is the most visible difference compared with the first carbon footprint calculation in 2023, when electricity was still drawn from the grid according to the conventional mix and contributed significantly to the total of the Group's carbon footprint.

Scope 3
The preliminary mapping

For this first exercise, the quantification of Scope 3 emissions was not finalized, but the Group has taken an equally important preliminary step: the **mapping of the GHG Protocol categories most relevant** to its business model. These are the purchase of goods and services (cat. 1), with a specific focus on metallic raw materials; upstream and downstream transport (cat. 4 and 9); waste generated in operations (cat. 5); employee business travel and commuting (cat. 6 and 7); and the use of sold products (cat. 11), with initial attention dedicated to alternative-fuel products and metering systems. The quantification of these categories is planned for future reporting exercises, in line with the principle of gradualness that characterizes the Group's entire sustainability journey.
2025 captures the starting point of the Group's structured reporting journey, but it does not represent Cavagna Group's first encounter with measuring its own carbon footprint. The 2023 calculation made it possible to identify clearly the **main area for action** - Scope 2 - and to translate it into a concrete choice that can now be read in the numbers. Measuring, after all, is not the finish line but the prerequisite for action: the 2025 figure is the benchmark from which Cavagna Group intends to assess, year after year, the consistency between its climate strategy and its results.



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Energy Consumption B3

Energy is an essential resource for the Group's industrial operations, powering machine tools, thermal processes, compressed-air systems and plant infrastructure. **Monitoring energy consumption** and progressively **reducing its environmental impact** are key pillars of the Cavagna Group's decarbonisation strategy.

To support this commitment, the Group's Sustainability Policy sets out **guidelines for energy management**, including the principles and objectives governing energy consumption across the organisation. The Policy commits the Group to improving energy efficiency in its production processes, increasing the use of energy from renewable sources and promoting a culture of responsible energy use across all business functions. Approved by senior management, the Policy provides the overarching framework for the Group's energy-related initiatives.

In 2025, the Group recorded total energy consumption of **12.690,2 MWh**, comprising electricity purchased from the grid and electricity generated on site.

9.319,85	+	3.370,34	=	12.690,2
Electricity purchased from the grid		Self-generated electricity from photovoltaics		Group's total energy consumption

2025 consumption (MWh)

In 2025, almost all the companies included in the reporting scope **purchased electricity from renewable sources**, certified through Guarantees of Origin. During the year, the Group also completed the installation of a **new photovoltaic array** on the roofs of the plants, which will come fully on stream in **2026**, helping to further strengthen self-generation capacity from renewable sources.

> "Energy is an essential resource for the Group's industrial operations, powering machine tools, thermal processes, compressed-air systems and plant infrastructure."

Physical and Transition Risks Related to Climate C4

During the reporting period, the Cavagna Group did not carry out a formalized quantitative analysis of physical and transition climate risks according to standardized scenarios. However, as part of the double materiality analysis process, the Group identified and assessed the **main climate exposures** relevant to its business model and to its operating sites. The results of that assessment are described below and form the basis for developing, in the coming years, a more structured scenario analysis.

Physical risks

Physical risks are associated with the direct effects of climate change on the Group's infrastructure, operations and business continuity. The materiality assessment identified two categories of physical climate risk as particularly relevant to the Cavagna Group.

Extreme weather events (acute risks)

The Group's production facilities in the Po Valley are exposed to **extreme weather events**, particularly flooding, river overflow and severe storms. Such events may result in production disruptions, damage to infrastructure and delays in deliveries, with potential financial and reputational consequences. The Group monitors changes in its exposure to these risks and considers infrastructure adaptation measures as part of its investment planning.

Rising temperatures (chronic risks)

Rising average temperatures and the increasing frequency of heatwaves pose a chronic risk to working conditions at production sites, particularly in operational areas without air conditioning. Heat stress may reduce productivity, increase health and safety risks for employees and lead to higher energy consumption for space cooling. The Group considers this risk as part of its occupational health and safety management and when planning energy-efficiency measures for its buildings.

Transition risks

Transition risks arise from changes in the regulatory, technological and market landscape associated with the shift towards a low-carbon economy. The materiality assessment identified two areas of transition risk as particularly relevant to the Group.

Regulatory developments and carbon pricing

The progressive tightening of European environmental regulations-including the potential expansion of emissions trading and carbon-pricing mechanisms, as well as the introduction of reporting requirements across the value chain-may expose the Group to additional costs associated with its carbon footprint and to more stringent compliance obligations. In response to these regulatory developments, the Group is strengthening its **emissions measurement and monitoring system** to generate reliable and comparable data and support proactive risk management.

Reputation and stakeholder expectations

The increasing attention paid by customers, investors and business partners to the sustainability performance of their suppliers presents both a reputational and a commercial risk for the Group if it is unable to demonstrate a credible, measurable commitment to reducing its climate impact. The Group addresses this risk through the publication of this Report and the progressive development of **verifiable targets and actions** aligned with market expectations and applicable standards.

> "The Cavagna Group did not carry out a formalized quantitative analysis of physical and transition climate risks according to standardized scenarios."

Pollution and Water

Pollutant emissions to air, water, and soil - B4

Alongside greenhouse gas emissions, the Group also monitors other **atmospheric emissions** that, although they do not directly contribute to climate change, may affect air quality in the areas surrounding its production sites.

The main sources of atmospheric emissions are concentrated in two production areas: surface treatments, particularly **electroplating and nickel-plating processes**, and machining operations involving the use of lubricants and mineral oils.

The management of these emissions is governed by the Group's Sustainability Policy, which requires all Group companies to comply fully with applicable environmental legislation, prevent pollution and continuously improve their environmental performance. In line with this approach, the Group has adopted internal guidelines for the safe management of chemicals used in its production processes and, where technically feasible, promotes their replacement with alternatives that have a lower environmental impact. The production sites subject to **environmental authorization** operate in compliance with the requirements of the Single Environmental Authorization **(AUA)**, which defines the applicable emission limits and the methods of periodic monitoring. Group companies with an ISO 14001-certified environmental management system also identify atmospheric emissions as significant environmental aspects subject to monitoring, control and continuous improvement.

At the operational level, authorised emission points are equipped with **abatement systems** that meet the applicable AUA requirements. Their proper operation is periodically verified through emissions monitoring campaigns carried out by accredited laboratories. Potentially polluting substances are stored, handled and disposed of in accordance with dedicated internal procedures and applicable health, safety and environmental requirements. Periodic sampling of channelled emissions forms an additional part of the monitoring system, and the results are submitted to the competent authorities within the prescribed time limits.

Water consumption B6

Water is used by the Group in relatively limited, but nevertheless relevant, quantities. It is required for washing and degreasing metal components, surface treatment and testing processes, plant cooling circuits and domestic and sanitary purposes at production sites.

The responsible use of water is one of the commitments set out in the Group's Sustainability Policy, which provides for the systematic monitoring of water withdrawals and the adoption of technologies designed to reduce consumption and prevent polluting discharges. The Group's production processes are not water-intensive. Water is sourced almost entirely from the industrial water supply network and is used primarily for domestic and sanitary purposes, together with limited technical applications. The Group does not operate any water-intensive production processes and does not generate significant industrial discharges into surface water or groundwater.

In 2025, the Group's total water withdrawal amounted to **165,118 m^3**.

Given the relatively limited significance of water use within the Group's overall environmental impact profile, current measures focus on monitoring withdrawals at site level and complying with the discharge requirements established by the applicable environmental authorisations.

As part of these efforts, an **evaporator system** has been installed at the Omeca production site to treat emulsified wastewater generated by the production departments. The system significantly **reduces the volume of waste** generated by separating the aqueous component from the residual fraction, which is subsequently managed and disposed of safely as waste. With a treatment capacity of up to 1,320 litres over a 24-hour period, the system provides a practical example of **improved water and waste management** at production-site level.

Resource Use and Circular Economy

The Group's entire value chain depends on the efficient use of materials and energy. High-precision manufacturing requires metal alloys, including brass, stainless steel and aluminium, as well as technical polymers. Managing these resources responsibly supports both environmental sustainability and industrial competitiveness. The main waste streams generated at the Group's plants include cardboard, plastic and wooden packaging, together with hazardous waste arising from the lubricants and mineral oils used in machining operations.

Resource use, waste management, recycling percentage B7

The Group's Sustainability Policy identifies the responsible use of resources and waste minimisation as fundamental environmental commitments. The Group aims to optimise its processes in order to reduce waste generation, promote the reuse of by-products and increase the recovery of waste materials, while ensuring compliance with applicable legislation in all countries in which it operates. In practice, this commitment is reflected in a systematic approach to waste classification, traceability and recovery, with recycling and other recovery routes prioritised over landfill disposal and incineration without energy recovery.

Materials used

In 2025, the Group used approximately 13,800 tonnes of raw and auxiliary materials, the majority of which consisted of **metals** used in machining processes. **Brass-** in the form of bars, billets, profiles and semi-finished products-was by far the most widely used material, accounting for more than 11,000 tonnes during the year and supporting the production of valves, pressure regulators and fittings. Other significant materials included Zamak, a zinc alloy used in die-casting, aluminium profiles and stainless steel used in metering applications. Smaller quantities of technical polymers, including polycarbonate, polypropylene, PBT, Bakelite and NBR, were used in electrical components, seals and applications in which their specific properties could not readily be replaced by alternative materials. Packaging materials, including wooden pallets, cardboard and plastic film, together with auxiliary process materials such as inert welding gases, sealants and thinners, accounted for the remaining material inputs.

Material category	Quantity 2025 (t)
Brass (bars, profiles, semi-finished products)	11.062
Zamak	1.871
Aluminum	381
Steel sheet (FePO4)	52
Stainless steel (AISI 304)	43
Technical polymers and rubbers	45
Electronic components (mixed)	15
Packaging (wood, cardboard, film)	357
Total	**13.826**

Metals account for more than 97% of the Group's total material inputs by weight, with brass alone representing approximately 80%. This composition reflects the nature of the Group's operations, which are primarily focused on the precision machining of copper alloys. The Group's main raw material is also inherently highly recyclable. Incoming metals already contain a significant proportion of **recycled material**, particularly brass and aluminium. This reflects both the characteristics of the European copper and alloy supply chain, where semi-finished products commonly include recycled content, and the use of secondary alloys supplied by foundries that process certified scrap. When selecting raw-material suppliers, the Group gives preference to operators that can ensure traceability of material origin, compliance with applicable environmental legislation and, where available, certification of recycled content.

Circular economy strategies applied to products

The Group has integrated the principles of the circular economy into the design of its products, adopting an ecodesign approach that considers the entire life cycle of the components, from the choice of materials to end of life. The approach unfolds along three lines:

1. Durability

Durability is pursued through the selection of materials with high resistance to corrosion and wear - first and foremost brass and its alloys - and through rigorous qualification and testing processes before market launch. 100% of products are tested to guarantee sealing and the absence of gas leaks, a requirement the Group approaches not only as a regulatory constraint, but with a deliberately precautionary design: the safety ratios adopted systematically exceed the minimums required by regulations, sometimes by a factor of three or more. The reason is that no production process generates components perfectly identical to the theoretical design - variations in materials, in processing, and in operating conditions are an inherent reality, along with possible contamination from the gases being handled. The result is a longer service life for the components, with a lower frequency of replacement and lower material consumption over time.

2. Reduction of components

The reduction of components and ease of disassembly are pursued through design choices that facilitate the maintenance, repair, and replacement of parts subject to wear, avoiding the replacement of the entire device. In this area, the Group has developed and filed patents on magnet-based sealing solutions, which make it possible to manage the movement of a part inside the product without resorting to welding or to seals made of polymer material. The choice eliminates elements that are difficult to recycle and simplifies disassembly operations.

3. Reduction of materials

The reduction of materials is a daily practice for the Group, motivated by environmental, cost, and product-functionality reasons alike: for the same performance, lighter and more compact components are easier for the end customer to use. The research and development activity works constantly on the geometric and functional optimization of parts, supported by advanced simulation tools: computational fluid dynamics (CFD) software, finite element analysis (FEM), and molding simulators for the hot plastic deformation of metallic materials. This toolkit makes it possible to intervene from the design stage onward, reducing machining waste and the overall footprint of the product.

Process Innovation: Flashless Forging

Over the past two years, the Group has introduced a flashless hot-forging technology for brass, applied progressively to the products with the highest production volumes. In the traditional process, the flash - the excess material needed to make the brass flow inside the die - is removed at a later stage and recovered within the production process. Flashless forging eliminates this excess at the source, reducing the raw-material requirement per piece and the number of

processing steps. The Group is working on quantifying the benefits of this technology in terms of material saved and emissions avoided, as part of a broader project to develop the environmental performance indicators of its operations.

Innovative Solutions toward Circularity and Durability

The Group's research and development activity is geared toward identifying technical solutions capable of improving the performance, safety, and durability of products, with attention also to reducing the materials used and simplifying product architectures. One of the main areas of focus is the design of valves and components for use with high-purity or highly corrosive gases, applications that require particularly high levels of reliability, material compatibility and leak-tightness. In this context, the Group's research has led to the development of dry-sealing solutions that achieve leak-tightness through direct metal-to-metal contact, without the use of polymer seals. Achieving the required performance under these conditions involves work in two main areas. The first concerns the **geometric design** of the mating surfaces, which is optimised using advanced simulation tools to ensure an even distribution of pressure, including in the presence of minor deformation and thermal expansion. The second concerns **surface treatment**, with the surfaces engineered to achieve controlled roughness, high hardness and chemical inertness through thin coatings of silver and nanomaterials.

Solutions initially developed for specific gas applications are progressively being extended to other product lines intended for high-purity technical, medical and industrial gases. In these applications, eliminating polymer seals reduces both the risk of fluid contamination and the proportion of difficult-to-recycle materials used in the product.

In the medical sector, the Group is also participating in an **IoT project** funded by the Lombardy Region in partnership with the University of Brescia and other organisations. The project focuses on the development of the communication electronics and software used in medical devices, with particular attention to improving the management of their integrated lithium batteries. Launched in 2024 and scheduled for completion in 2027, the initiative aims to develop solutions with the potential for near-term industrial application. The results are currently being assessed and, once validated, may contribute to extending device lifespans and reducing the generation of electronic waste and end-of-life batteries.

Closing the Loop: the Valve Brass Recovery Project

Valves typically have a long service life, but eventually reach the end of their useful life. At present, valves that can no longer be used are generally sold by customers to scrap dealers, who purchase them by weight and direct them to non-specialised recovery streams. As a result, the value associated with their high-quality, precision-machined brass content is not fully retained, and the connection between the manufacturer, the product and the material recovered at end of life is lost.

To address this issue, the Group is developing a project with selected customers to recover brass from end-of-life valves. Under the proposed model, Cavagna would buy back unusable valves from customers under dedicated agreements and manage them as waste in accordance with applicable environmental legislation.The valves would then be transferred to a social cooperative responsible for dismantling them. In this way, the Group would transform an activity traditionally handled through the scrap market into an initiative that also creates social value by providing employment opportunities for people with disabilities and other individuals facing barriers to employment. Once dismantled, the brass can be separated from the other components and sent for recovery as a clean, segregated material stream. This helps preserve its value and reduces the material-quality losses commonly associated with conventional scrap recovery processes.

The project is expected to generate both environmental and social value. From an environmental perspective, it would help close the loop for an inherently recyclable material, while preserving information on its origin and extending its useful life within the copper value chain. From a social perspective, it would support the activities of a cooperative that promotes the employment inclusion of vulnerable people. For customers, the initiative could offer a more favourable buyback price than conventional market alternatives, while also providing a tangible contribution to their ESG commitments and reporting.

The traceability of the initiative across the product life cycle may also enable customers to communicate its environmental and social benefits in a credible and verifiable manner. The Group has already established the organisational and authorisation framework required to manage the project, including the relevant waste-management arrangements, and is currently finalising commercial agreements with the first participating customers. The initiative represents an important element of Cavagna's circular economy strategy. It extends the Group's responsibility beyond the point of sale by introducing a genuine product-stewardship approach to end-of-life management, integrating environmental and social considerations within a single operating model.

Management of Waste and Production Scrap

Given their high potential for recovery as secondary raw materials, brass chips and offcuts are managed as **by-products**, provided that they meet the applicable legal requirements, rather than as waste. They are transferred to specialist operators for **recovery** and **remelting**. In addition to managing these materials downstream, the Group has launched specific projects to **reduce machining scrap at source** by optimising process parameters, including cutting speeds, tool geometry and operating sequences. These initiatives aim to minimise the volume of chips generated per component, while improving production efficiency and reducing lubricant consumption.
In 2025, the Group generated approximately **680 tonnes of waste**, including around 300 tonnes of hazardous waste, mainly consisting of spent emulsions, mineral oils and machining sludge generated by machine-tool operations. The remaining 380 tonnes consisted of non-hazardous waste, primarily packaging, office waste and other non-hazardous production residues.

Type of waste	Quantity 2025 (kg)
Total hazardous waste generated	300.162
Total non-hazardous waste generated	379.695
Total waste generated	679.857


REDUCE
REUSE
REFILL

The Plastic-Free Journey

In 2020, the Group launched an effort aimed at the progressive **reduction of plastic use** within the company premises, which continued in the following years as well. Among the main actions introduced is the installation of automatic water dispensers, which made it possible to reduce the consumption of plastic bottles with an estimated saving of 14.4 kg of plastic (about 0.08 tCO_2e). Hot-drink dispensers with paper cups were also installed to replace plastic ones, for a further saving of 123.2 kg of plastic (about 0.72 tCO_2e).

Finally, the Group promoted the elimination of plastic cups by distributing a water bottle to all employees, with an estimated saving of 66 kg of plastic (about 0.4 tCO_2e). Overall, the initiatives of the plastic-free journey made it possible to avoid the use of around 200 kg of plastic, equivalent to about 1.2 tCO_2e. In 2025, the Group reaffirms its commitment to maintaining and strengthening these measures, including within the canteen service.

Social Information

4

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People have always been central to the Cavagna Group. In an organisation operating across several continents and bringing together precision manufacturing, commercial activities, and research and development, supporting and developing its people is essential to the Group's long-term success.

The values and governance framework for people

Over time, the Cavagna Group has developed a comprehensive framework that brings together values, rules and processes within a coherent approach applicable across all Group companies.

At the core of this framework is the **Group Sustainability Policy**, which recognises human capital as a key driver of the organisation's growth and development. The Policy sets out the Group's commitment to fostering an inclusive, safe and constructive working environment; promoting employment stability; supporting employees through corporate welfare measures and work-life balance initiatives; and upholding the United Nations principles on human rights, collective bargaining and the elimination of forced and child labour. The Policy is aligned with the Code of Ethics and the Organisation, Management and Control Model adopted pursuant to Legislative Decree No. 231/2001. It also provides a common reference framework for quality, environmental, health and safety, and social matters across Group companies with certified management systems. For operations that do not yet have certified systems in place, the Policy provides the basis for progressively introducing equivalent principles, procedures and safeguards.

The **Group Code of Ethics** is a cornerstone of its people-governance framework and is binding on all Group companies. It applies to everyone who works for or on behalf of the organisation and sets out the principles of conduct governing the performance of their roles, both in internal dealings and in relationships with external stakeholders.

The Code provides clear guidance on:

- the Group's founding **principles and values**;
- the **rules of conduct toward employees**, which include the protection of the person, equal opportunities, training, health and safety, and physical and moral integrity;
- the **rules of conduct toward customers and suppliers**, with an explicit prohibition of any form of corruption;
- **antitrust compliance** in relations with competitors;
- **relations** with institutions and the public administration;
- the **commitment to the territory** and the environment;
- the **system of implementation and control**.

At the operational level, human resources management across the Group's Italian companies is governed by the **Group HR Manual**. The Manual sets out the key processes covering the employee life cycle, including recruitment, selection and onboarding; the planning and delivery of training; annual performance reviews and biennial potential assessments; internal communications and employee updates on the Company's performance;

and exit interviews. Overall responsibility lies with the HR Manager, while implementation is shared across the organisation. General Management, Business Area Managers and Function or Department Managers work closely with the HR function to ensure that the procedures set out in the Manual are applied consistently and effectively.

The Workforce: Composition and Dynamics

Across its Italian sites, the Group employs **683 people**, of whom 670 are on permanent contracts and 13 on fixed-term contracts. The high proportion of **permanent employment** reflects the Group's long-standing commitment to **retaining expertise and building lasting relationships** with its employees. The Group considers workforce continuity a key factor in maintaining the quality of both its operations and its products. The workforce is made up of 381 men and 302 women. This gender distribution also reflects the historical characteristics of the metalworking industry, a sector in which women continue to be underrepresented, although their participation is gradually increasing.

During the year, 46 employees left the Group, compared with an opening workforce of 675 employees, resulting in a turnover rate of 6.77%. This relatively low rate reflects the **stability of the workforce and the Group's ability to retain expertise**, which is particularly significant in a labour market where attracting and retaining skilled employees remains a major challenge for industrial companies.

Alongside the employee workforce are 9 self-employed workers who collaborate exclusively with the Italian subsidiaries and around 51 agency workers, employed to support specific operational needs. These additional workforce arrangements provide the Group with the flexibility needed to respond to changing production demands.

Indicator	Value**
Total employees	683
- of which permanent	670
- of which fixed-term	13
Male employees	381
Female employees	302
Turnover rate	6,77%
Self-employed workers*	9
Agency workers (FTE)	50

** The data reported in this chapter refer to the Group's Italian subsidiaries, in line with the reporting scope described in the methodological note. While representing a part of the Group, the **Italian subsidiaries** make up the historic and operational heart of the organization and offer a meaningful reading of Cavagna Group's approach to managing people.

* The figure reported refers only to those parties under a single-client arrangement, that is, those who carry out their work activity mainly or exclusively for the Group. Consultants and occasional employees are not included.

Pay, Equity, and Collective Bargaining

Across the Group's Italian subsidiaries, all 683 employees are covered by **collective bargaining agreements**, representing 100% of the workforce. The **gender pay gap is 20.87%**. The Group reports this figure transparently, recognising its importance and the need to interpret it in light of the underlying workforce structure. The gap largely reflects the historical distribution of employees across professional categories and functions. The metalworking industry has traditionally had a higher proportion of men in technical and senior roles, which are generally associated with higher levels of remuneration. Acknowledging this context does not mean accepting the disparity. The Group is committed to **monitoring the indicator over time** and **addressing its structural causes**, beginning with measures to support women's access to technical and managerial positions.

At executive level, the Italian subsidiaries currently have 4 male executives and no female executives. This figure should, however, be considered alongside the significant leadership role **played by women** in the organisation. Several senior functions, including Human Resources, Marketing and Legal, are led by women who hold recognised positions of responsibility within the Group.

	2025
Collective bargaining coverage	100%
Average gross hourly pay - men	25,64 €
Average gross hourly pay - women	20,29 €
Gender pay gap	20,87%

Health and Safety

For Cavagna Group, protecting the health and safety of its employees is the first form of respect toward people. In a production setting like the Group's, made up of precision machining, complex machinery, and intricate processes, the **prevention of risks** is not a formality, but a **daily commitment** that involves everyone, from senior management to those who work in the plant every day.

In 2025, the Group's Italian subsidiaries recorded **10 work-related injuries. The recordable work-related injury rate was 9.13 per million hours worked**. No fatalities resulting from occupational injuries or illnesses were recorded These are figures the Group monitors systematically, site by site, with the aim of thoroughly understanding the causes of each event and progressively strengthening prevention measures. Every accident is considered a **signal to be analyzed carefully**, because reducing these numbers means concretely improving the lives of people in the company.

The Group's commitment to employee wellbeing extends beyond accident prevention. The Italian subsidiaries provide employees with **supplementary healthcare services**, including periodic medical examinations, access to affiliated healthcare and dental facilities, and programmes promoting healthy lifestyles. These initiatives reflect a broader approach to employee wellbeing, recognising and supporting people beyond their immediate working responsibilities.

Roles, Assessment, and Development of People

The Cavagna Group supports its employees throughout their professional journey, from onboarding to career development, through tools designed to ensure role clarity, recognise individual contributions and develop each person's potential.

Each position is supported by a **formal Job Profile**, defined according to the role rather than the individual holding it. The document specifies the job title, organisational position, key responsibilities, tools used and minimum entry requirements. Employees receive their Job Profile when they join the Group, and it is updated whenever the role undergoes significant structural changes. **This approach ensures transparency and a shared understanding** of expectations from the outset. The Job Profiles are complemented by function-specific skills matrices, which provide a practical overview of the capabilities available within each team.

These matrices enable the Group to identify skills gaps and training needs accurately and to plan appropriate development initiatives. The performance management system operates alongside **the skills matrices** and is structured around three stages during the year: objective setting, an interim review and a final assessment. It applies to office-based employees, **employees in key production roles** and managers across all business functions. Every two years, the performance review is supplemented by a potential assessment, which evaluates characteristics such as openness to change, organisational thinking, risk orientation, entrepreneurial mindset, collaboration and leadership.

The combined results are plotted on a matrix that supports **individual development planning**, enabling the Group to recognise each employee's contribution and tailor development opportunities to their aspirations and potential.

The same care with which the Group invests in its workforce is reflected in the way it engages with the future talent. The Cavagna Group has increasingly invested in **employer-branding initiatives** and **engagement with local communities**, with the aim of attracting younger generations and presenting the Group as an organisation in which they can build a rewarding career. As part of this approach, the Group has participated in several initiatives involving local technical and vocational schools, including an open day at the Cerebotani Institute in Lonato and a speedrecruiting event at the Vantini Institute. These initiatives create valuable opportunities for students and Company representatives to meet and exchange perspectives. Their purpose extends beyond recruitment. They also provide opportunities for the Group to listen to and better understand the expectations and aspirations of younger generations, while strengthening its relationships with local educational institutions.

The Group also participates in **careers fairs and recruitment events** organised by public and private organisations in the local area, combining candidate-selection activities with an authentic presentation of the Company and its working environment. Employees from different departments take part voluntarily, sharing first-hand accounts of their professional experience. This approach provides a more authentic picture of everyday life within the Group and helps the Company connect more effectively with people entering the labour market for the first time.

Training and Skills Development

In a sector of high technical specialization, the quality of the product and the reliability of processes depend on people's skills and on the ability to renew them over time. This is why the Italian subsidiaries consider **training** a genuine **strategic investment**, capable of responding both to the operational needs of the present and to the growth ambitions of the medium term. The onboarding of every new employee is accompanied by an individual training plan, tailored to the role and to the skills to be developed. For those already on the staff, the Group promotes **continuous training paths** that range from technical and regulatory areas - with particular attention to safety, quality, and product regulation - through to the development of cross-cutting and managerial skills.

The training offering unfolds along several lines, designed to cover the entire spectrum of skills needed by those who work at Cavagna Group: **health and safety training**, with the related periodic updates required by regulations; **language training**, in support of the international relations that characterize a Group present on a global scale; **role-specific technical training**, dedicated to the updating and deepening of the specific skills of each position; and **managerial training**, aimed at those with responsibility for leading teams and processes.

In 2025, the Italian subsidiaries delivered a total of **40,614.00 hours of training**, of which 20,120.94 for men and 20,493.06 for women. The average comes to 91.27 hours per employee: a significant figure, which tells of a concrete investment in skills and a substantial parity in access to training between men and women, a sign of conscious attention to equal opportunities for development.

	2025
Training hours delivered - men	20.120,94
Training hours delivered - women	20.493,06
Total training hours delivered	40.614,00
Average training hours per employee	91,27

Focus
A training path dedicated to ESG topics

To these established lines was added, over the most recent period, an important **training path dedicated to ESG topics**, aimed in particular at the Group's management and at people directly involved in the ESG area. The aim is twofold: on the one hand, to give managers the tools to govern with awareness a subject that is becoming ever more central to the competitiveness and legitimacy of companies; on the other, to instill a structured ESG perspective in those who, in many cases, already operated according to these values spontaneously, but without being aware of it. It is an important step, because it helps to bring to the surface and reinforce actions and lines of work that have long been part of the company culture, giving them a name, a method, and recognizability within the Group's governance system.

Focus
A Lesson in Wellbeing: 24 hours to learn how to feel good

A training plan carried out as a pilot project for the employees of some of the Group's Italian companies, with the aim of raising awareness and educating the company population on topics connected to wellbeing. Organized into several training modules, for a total of 24 hours, the course touched on various facets of **wellbeing, from physical to mental, from relational to financial**. The training, begun in the second half of 2024 and concluded over the course of 2025, involved around 325 employees, providing valuable food for thought and moments of learning and exchange.

Protecting Wellbeing and Initiatives for Employees

In recent years, the company has launched a comprehensive set of initiatives geared toward promoting the wellbeing of its employees, with the aim of concretely supporting people at the various moments of their lives.

In particular, programs dedicated to health and psychophysical wellbeing were introduced, such as the training path already mentioned, along with various **fitness courses** entirely funded by the company, aimed at promoting healthy lifestyles and improving the quality of working life. Added to these is the annual participation in the **Brescia Art Marathon (BAM)**, one of the most important international road-running events, held every spring in Brescia, which employees can join free of charge. The day, which has by now become an unmissable appointment, has a strong charitable character, involves thousands of participants, and supports fundraising for projects of local associations such as AIL, AVIS, and ADMO.

Projects aimed at combating violence against women have also emerged from the combination of support for local associations and internal awareness-raising and training initiatives. Specifically, on the occasion of the “**International Day for the Elimination of Violence against Women**”, the Group created, in collaboration with the Butterfly association, a “collection of ideas and reflections” with special red boxes in which the employees of the various companies could express their views on the subject, and those very notes became the raw material for a magnificent work of art. In addition, free participation was allowed in the theatrical performance “Trattami Benese,” staged at a local theater at the end of November.

On the health prevention front, the company periodically organizes **vaccination campaigns**, facilitating access to tools for protecting individual and collective health. Particular attention is dedicated to **supporting parenthood**. Through a specific policy for new parents, the company provides for the delivery of a baby kit and the disbursement of a welfare contribution intended to supplement the income of new mothers, offering concrete support at a particularly significant stage of personal and family life.

Furthermore, every year the Group commits to setting up and maintaining **agreements with local businesses** in order to promote the local economy and to offer employees services on favourable terms. The agreements cover various areas, including airport parking, insurance, pet care services, dental services, family photography services, as well as retail and dining establishments.

Rights, Conduct, and Protection Mechanisms

For Cavagna Group, respect for people's fundamental rights is a non-negotiable principle, within its own organization and along the entire supply chain. The Code of Ethics, binding for all employees and also required as a condition of suppliers, explicitly addresses the issues of child labor, forced labor, human trafficking, non-discrimination, and the prevention of accidents. Alongside it is a **human rights policy** covering its own workforce, consistent with the principles of the United Nations Global Compact, to which the Group is a firm signatory.

Completing the picture, an **internal whistleblowing system** is in place: a concrete tool that offers anyone who becomes aware of a violation of the Code a confidential channel for making reports, with full protection of anonymity and protection from any form of retaliation.
It is an important safeguard, because it helps to build a working environment in which people feel free to speak up and where transparency is considered a value, and not an exception.

Governance Disclosures

5

Anti-Corruption Management

The Cavagna Group considers respect for **legality and ethical integrity** an essential prerequisite for the responsible conduct of business. The Group sees the **prevention of corruption** and any other unlawful conduct not as a mere regulatory requirement, but as a concrete expression of the values that guide the way it does business: the Group is convinced that compliance with the law and ethical conduct are not only necessary and morally right, but also a sound basis for long-term business success.

Policies and regulatory framework of reference

Cavagna Group's **corruption prevention system** rests on two complementary instruments, formally adopted and closely integrated with each other: the Organization, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001 (hereinafter "**Model 231**" or the "Model") and the **Group Code of Ethics**, an annex forming an integral part of the Model.

The adoption of the Model was a voluntary and deliberate decision. Although not required by the Decree, the company recognized that such a system offers a valuable opportunity to strengthen corporate governance and establish a structured framework for preventing offenses committed in the interest or to the benefit of the entity.

The Code of Ethics, which is inspired by the **International Bill of Human Rights** and by the principles of the **United Nations Global Compact** in the areas of human rights, labor, the environment, and the fight against corruption, translates those principles into concrete rules of conduct.

The Group does not tolerate any form of corruption and expressly prohibits anyone acting on its behalf from giving or accepting bribes, directly or indirectly, whether in dealings with the **Public Administration** or in the private sphere.

Both instruments have a broad scope of application: their provisions apply to Directors, Statutory Auditors, managers, employees, consultants, suppliers, business partners, and any other individuals or entities acting, in any capacity, on behalf of or in the interests of the Company. Compliance with the **Code of Ethics** is an express condition for entering into and maintaining business relationships with third parties.

Risk assessment and areas overseen

Prior to developing the Model, the Group mapped its **risk-sensitive activities** by reviewing company documentation and conducting a series of interviews with key personnel.

Based on this analysis, and taking into account the nature of the Company's business, the Model was developed to address three categories of offences identified as posing a potential risk within the Cavagna Group's operating context:

1. **Offences committed in breach of occupational health and safety regulations** (Article 25-septies of Legislative Decree No. 231/2001)

   Manslaughter and serious or very serious bodily injury caused by negligence and resulting from breaches of occupational health and safety regulations. These offences are particularly relevant to an industrial manufacturing group.

2. **Environmental offences** (Article 25-undecies of Legislative Decree No. 231/2001, as amended by Legislative Decree No. 121/2011 and Law No. 68/2015)

   These offences are relevant in light of the nature of the Group's industrial operations and the chemical processes used in production.

3. **Offences relating to the receipt of stolen goods, money laundering, the use of money, assets or other economic benefits of unlawful origin, and self-laundering** (Article 25-octies of Legislative Decree No. 231/2001)

The Model is designed to allow for ongoing updates. The General Part, which sets out the applicable general legal principles, is expected to remain largely unchanged, while the Special Part and its Annexes may be periodically revised in response to regulatory developments and the Company's operational and organisational needs. The **Supervisory Body** is specifically responsible for proposing to the **Board of Directors** any amendments or updates that may be required.

Governance structure and responsibilities

Responsibility for overseeing the operation of, and compliance with, the Model lies with a **Supervisory Body** (SB) appointed by the Board of Directors. The SB has autonomous powers of initiative and control and operates with complete independence, without being subject to the hierarchical or disciplinary authority of any corporate body or department. The members of the SB must in all cases meet the requirements of autonomy, independence, professionalism, and continuity of action laid down by the applicable rules and by best practice.

The SB reports to the corporate bodies at least once a year, submitting to the **Board of Directors** and the **Board of Statutory Auditors** a written report on the implementation of the Model. The corporate bodies may summon the SB at any time, and the SB may itself request a meeting to report on specific matters. Ultimate responsibility for the effectiveness of the Model remains with the Board of Directors, which oversees the adequacy of the SB's activities.


UNIVET

Control Safeguards and Operating Procedures

The Model sets out a **structured system** of internal controls based on key principles applicable to all risk-sensitive areas. These principles include the requirement that **all relevant transactions be verifiable and properly documented**; compliance with the principle of **segregation of duties**, whereby no individual may have sole control over an entire process; the alignment of delegated authority with **assigned organisational responsibilities**; and the establishment of appropriate **reporting obligations** to the Supervisory Body.

At the operational level, the control system is supported by internal procedures, established practices, the administrative and accounting system, and the rules governing the Company's hierarchical and functional structure. Although these instruments are not described in detail in the General Part of the Model, they constitute an essential and integral part of it.

With regard to relationships with third parties, the Model requires contracts with business partners, consultants and suppliers to include **specific clauses** designed to ensure **compliance with the principles set out in the Model and the Code of Ethics**. Where a third party breaches these principles and its conduct results in the Company failing to comply with the Model, the relevant contract may be terminated with **immediate effect**, without prejudice to the Company's right to claim compensation for any resulting loss or damage.

Disciplinary system

The Model includes a **disciplinary system** applicable to all individuals and entities having a contractual relationship with the Company, irrespective of whether criminal proceedings are initiated and regardless of their outcome. The Company establishes its rules of conduct independently, and any breach may therefore give rise to disciplinary consequences that are separate from any criminal or administrative liability.

The disciplinary measures vary according to the category of person concerned. For non-managerial employees, the applicable sanctions range from a verbal reprimand and a written warning to a financial penalty, suspension from work without pay and, in the most serious cases or in the event of repeated breaches, dismissal. For managers, the measures imposed take into account the particular relationship of trust associated with their role. In the case of Directors, sanctions may include a written censure recorded in the meeting minutes, the suspension of remuneration or removal from office for just cause by the Shareholders' Meeting. With regard to members of the Board of Statutory Auditors and the independent auditors, the Supervisory Body reports the matter to the Board of Directors, which takes any action it considers appropriate.

The specific sanction is determined in accordance with the **principle of proportionality**, taking into account factors such as the **seriousness** and **intentional nature of the conduct**, the extent of the resulting damage, any repeated breaches, and the role and level of responsibility of the person concerned. The Supervisory Body monitors the implementation and effectiveness of the disciplinary system.

Training, dissemination, and updating

The company, in close cooperation with the SB, promotes **initiatives to raise awareness of the Model** and ensure that it is widely understood and consistently applied at all organisational levels. The Model is published on the company intranet and news of its adoption is made public through suitable means. Employees are informed through periodic reminders.

Training is mandatory, and failure to attend the required courses constitutes a breach of the Model and may result in the disciplinary sanctions provided for therein. The courses cover the Model, the Code of Ethics and other topics relevant to compliance with the Decree. Participation is monitored using appropriate tracking systems and, depending on the type of training provided, **knowledge assessments** may be administered to inform **future training initiatives**.

The Company provides **specific training** whenever the Model is amended or updated. The effectiveness and practical implementation of the Model are periodically assessed by the Supervisory Body using procedures and methods determined by it, including interviews with a representative sample of personnel.

Monitoring and Updating of the System

The Model is designed to be a **dynamic framework** and is reviewed and updated periodically. The Board of Directors is responsible for adopting, amending and updating it, while the Supervisory Body is responsible for proposing any updates that may be required whenever it identifies significant breaches of the Model, material changes to the Company's organisational structure or operating environment, or developments in the applicable regulatory framework. No amendments may be introduced that would undermine the effectiveness of the Model.

The control system is designed to ensure the **timely identification of irregularities and areas of concern**. The Company's internal procedures and process documentation set out the activities, organisational arrangements, procedures and controls applicable to risk-sensitive areas. Reports submitted by the Supervisory Body concerning the implementation of the Model, the actions taken and any identified risk situations are carefully reviewed by the Company.

> **"The Cavagna Group considers respect for legality and ethical integrity an essential prerequisite for the responsible conduct of business."**

Reporting Mechanisms (Whistleblowing)

Cavagna Group has established an integrated internal reporting system across its governance framework. The Code of Ethics and the 231 Model set out the applicable reporting channels, each within its respective scope and subject to its own procedures, in accordance with Legislative Decree No. 24/2023.

The system provides for **separate reporting channels** depending on the nature of the alleged violation. Reports concerning employment relationships or internal personnel matters are submitted to the Head of Human Resources via a dedicated email address or by post. Reports concerning other provisions of the Code of Ethics or the 231 Model are submitted to the Head of the Legal Department or directly to the Supervisory Body via the dedicated email address.

The **whistleblower protection system** ensures the confidentiality of the reporting person's identity throughout the report-handling process, imposes a strict prohibition against any form of retaliation against individuals who report suspected violations, and provides for sanctions against anyone who breaches the applicable protection measures, in accordance with Article 17 of Legislative Decree No. 24/2023. Reports are assessed objectively and impartially, and appropriate sanctions are imposed where a violation is substantiated.

Separate from the whistleblowing reporting process, the Model establishes **specific obligations** requiring all persons subject to it to provide the Supervisory Body with relevant information. Such information includes orders, notices and other communications received from judicial or law-enforcement authorities concerning investigations that may involve the Company; requests for legal assistance in connection with proceedings relating to offences covered by the Decree; information concerning the application of the disciplinary system; and decisions or measures relating to public funding.

> **"The system provides for separate reporting channels depending on the nature of the alleged violation. Reports concerning employment relationships or internal personnel matters are submitted to the Head of Human Resources."**

Cybersecurity Management

Any unauthorized access to information systems could compromise the confidentiality of the Group's intellectual property or of customer and supplier data, exposing the Group to legal risks and reputational damage. For these reasons, **information security** has always been at the center of the Group's attention and is considered a structural element of corporate governance.

Policies and governance

The Cavagna Group has established an internal information security framework structured around three dimensions: organisational, technological and procedural. At the organisational level, the Group has appointed an internal officer with responsibility for cybersecurity and established a dedicated **cybersecurity function** with formally defined authority and responsibilities. This function reports directly to the Executive Committee, in line with the applicable requirements and principles of the NIS2 Directive and the GDPR. This reporting structure ensures continuous oversight and clear lines of accountability in the event of a security incident.

The cybersecurity team meets monthly to review ongoing activities and the findings of assessments and audits. Annually or semi-annually, the results of these activities and the overall status of information security oversight are reported to the relevant corporate governing bodies, ensuring that information security remains a standing priority for senior management.

At the procedural level, the Group has adopted a **set of internal policies** governing employees' use of the

Company's digital tools. These policies include, among other provisions, strict password and access-credential requirements, a ban on installing unauthorised software on Company devices and a ban on using personal devices for work-related activities.
These measures are intended not only to establish clear rules, but also to foster a strong, organisation-wide **security culture** in which everyone within the Group understands their role in protecting the Group's shared information assets.

Defense, Detection, and Incident Response

To protect its systems, promptly detect threats and respond effectively to security incidents, the Group has implemented a **multi-layered security framework**. Access to the Company's network is protected by perimeter firewalls, while all devices and servers are secured through regularly updated antivirus and endpoint protection solutions.
Network traffic is monitored in real time using Extended Detection and Response (XDR) solutions, supported by an external Security Operations Centre (SOC) operating 24/7. This arrangement combines internal knowledge of the Company's systems and operating environment with the expertise of a specialist provider responsible for continuous threat monitoring.

All Company mobile devices, including smartphones and tablets issued to employees, are managed through a **Mobile Device Management (MDM)** solution. This enables centralised control, consistent enforcement of security

policies and remote management if a device is lost or compromised. Access to information systems is granted based on each employee's role and level of responsibility. Access rights are automatically reviewed and revoked as soon as Human Resources provides notification of an employee's departure. This mechanism avoids the delays associated with periodic access reviews and significantly reduces the period during which former personnel might retain access to Company systems.

The Group also regularly and promptly updates its **operating systems and servers**, deploying the latest appropriate and supported versions.
As part of its security testing activities, the Group conducts annual vulnerability assessments and penetration tests. The process is structured in three phases and carried out by three separate providers. The first performs the initial penetration test, the second remediates the vulnerabilities identified-an activity that may require several months and dedicated investment-and the third, which is independent of the other two, conducts a follow-up penetration test to verify the effectiveness of the remediation measures.
This separation between the parties responsible for identifying vulnerabilities, implementing corrective measures and independently validating the outcome helps ensure the independence and objectivity of the process.

Finally, the Group has developed a structured **information security investment plan** that is reviewed and updated regularly. This enables the Group to move from a reactive approach to a proactive one by planning the allocation of the technological, organisational and training resources required to maintain a level of protection appropriate to the evolving threat landscape.

Business continuity and incident management

The ability to respond effectively to a cyber incident and to quickly restore full operability is an integral part of the Group's approach to cybersecurity. The Group has adopted a formal **cyber incident response plan** setting out service recovery procedures, internal escalation processes and communication protocols for notifying any affected customers and business partners.

The plan is tested annually through a **disaster recovery exercise** lasting three to four days. At the end of the exercise, an independent external provider prepares a detailed report on the activities performed and the outcomes achieved. This approach enables the Group to assess the effectiveness of its procedures in practice under controlled conditions and identify any weaknesses before they emerge during an actual crisis.

The Group's **backup strategy** maintains three copies of its data across separate environments-in the cloud, on local infrastructure and at a remote site-together with an additional offline backup that is physically isolated from the network. This architecture helps ensure that data can be restored even following a ransomware attack by protecting backup copies from the encryption or deletion attempts commonly associated with this type of threat.

Maintaining a structured and regularly tested plan serves not only a technical purpose, but also reflects the Group's commitment to its stakeholders to respond to crises promptly and transparently, limit potential damage and demonstrate the strength of its digital governance framework.

Cybersecurity in the Supply Chain

The security of the Group's systems depends not only on internal controls, but also on the security posture of the partners and suppliers whose systems connect to or interact with its infrastructure. For this reason, the Group has established a formal **supplier information security assessment process**, supported by structured questionnaires, internal policies, dedicated contractual clauses and periodic audits. The assessment process is currently being further developed as part of the Group's continuous improvement programme.

This approach extends the Group's **security standards** across the digital supply chain and reduces the risk that third-party vulnerabilities may provide an entry point into its systems. In markets with particularly stringent security and compliance requirements, especially Europe and North America, the ability to demonstrate robust and structured supply-chain controls has become both a competitive requirement and a demonstration of responsibility to customers who entrust the Group with their data.

Training and awareness

Technology alone is not sufficient to ensure information security: human behaviour plays a critical role in preventing security incidents. For this reason, the Group invests in **ongoing employee training** as a key element in fostering a strong, organisation-wide security culture.

Cybersecurity training **is mandatory for all new employees** and covers phishing risks and key information security principles. The Group also organises two company-wide training sessions each year, focusing on credential theft, impersonation attacks and phishing techniques. The training programme further includes two **phishing simulation campaigns** each year. Specially designed simulated phishing emails are sent to employees, and the percentage of recipients who engage with them is monitored. The results provide a measurable indication of employees' awareness of cyber risks and help inform future training initiatives.

Generative Artificial Intelligence

The Cavagna Group has **adopted a structured approach to exploring and implementing generative artificial intelligence**, recognising that the technology presents both strategic opportunities and risks that require careful oversight. The Group is therefore taking a gradual and risk-aware approach. Before proceeding with large-scale deployment, it has invested in training and in developing a thorough understanding of the potential benefits and risks of generative AI. Senior management has been involved from the outset, while small-scale pilot projects have been launched across several business functions, including Marketing and Legal. The Group aims to implement its main planned initiatives during 2026.

As part of its **training programme**, the Group's senior decision-makers attended a dedicated two-day session designed to raise awareness of the opportunities and risks associated with generative AI. The programme covered the main applications of generative AI in industrial and business settings, as well as technical and operational risks, including hallucinations, algorithmic bias and limitations in transparency and explainability. It also addressed the implications of AI for data security and corporate governance. The purpose of the training was not only to provide information, but also to equip senior leaders with the understanding required to make informed and responsible strategic decisions concerning AI.

To complement its internal training programme, the Group participated in **external workshops and practical learning initiatives**. In June 2025, a team from the Group attended a two-day workshop on Microsoft Copilot organised in collaboration with Telecom Italia. The workshop explored the tool's features within Microsoft 365, relevant security, compliance and governance considerations, and its potential extension and integration into day-to-day business processes. The Group also participated in initiatives organised by SAP and Regesta to identify generative AI use cases in the manufacturing sector. In both 2024 and 2025, Regesta organised in-depth webinars on artificial intelligence, providing the Group with an opportunity to examine practical examples of technology adoption in comparable manufacturing environments.

The Group plans to further develop its approach during 2026 through a series of initiatives that have already been scheduled.

2024

Regesta AI webinar (on premises)

2024 - 2025

Gen AI decision-maker training (2 days: risks and opportunities)

June 2025

Microsoft Copilot workshop with Telecom Italia (2 days)

2025

Regesta AI webinar (on premises) + SAP and Regesta events for Gen AI in manufacturing + 2026

These include the **development of a corporate policy** establishing a comprehensive framework for the use of generative AI tools, including acceptable-use criteria, operational boundaries and clearly defined responsibilities. The Group also plans to **assess the customer care process** to identify areas in which AI could enhance operational efficiency and service quality. Finally, **targeted training** will be provided to the ICT and Marketing functions, equipping the business areas most directly involved in technological innovation with the skills required to use AI tools effectively and responsibly.

Personal data protection

The Cavagna Group processes with the utmost care the personal data of the individuals and organisations with which it interacts in the course of its business activities. Such data is processed in full compliance with Regulation (EU) 2016/679, **the General Data Protection Regulation (GDPR)**, and **Legislative Decree No. 196/2003**, as subsequently amended. The Group collects only the personal data that is strictly necessary for the purposes for which it is processed and ensures that data subjects can exercise all rights and safeguards afforded to them under applicable law.

Goals and future improvements

The Group's information security management system continues to evolve. One of its key challenges is achieving the right balance between the rigour **required** to protect the Company's information assets and the need to maintain **operational agility**. Achieving this balance requires not only appropriate technical tools, but also a mature, security-aware organisational culture.

As part of this process, the Group plans to begin the **ISO/IEC 27001 certification process** in **2026**. ISO/IEC 27001 is the internationally recognised standard for information security management systems. Achieving certification would provide independent, structured assurance regarding the effectiveness of the controls implemented and would offer customers, partners and financial stakeholders tangible evidence of the maturity of the Group's approach to cyber-risk management.

> **"The Cavagna Group processes with the utmost care the personal data of the individuals and organisations with which it interacts in the course of its business activities."**


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Wherever gas is used, we are there

Cavagna Group S.p.A.

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