



SUSTAINABILITY REPORT 2024



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ESRS 2: BP-1 BP-2

BASIS FOR PREPARATION

This Sustainability Report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) 2022/2464/EU – amending Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU – and in compliance with the European Sustainability Reporting Standards (ESRS) set out in Commission Delegated Regulation (EU) 2023/2772.

This directive was transposed in Italy by Legislative Decree No. 125 of 6 September 2024.

Although the company is not currently required to prepare a Sustainability Statement under the current regulatory framework, it has decided to do so voluntarily. This decision reflects the company's intention to prepare in advance for the future introduction of mandatory sustainability reporting. Accordingly, this document aims to align with regulatory requirements while maintaining the flexibility appropriate to the voluntary nature of the initiative and the evolving character of the sustainability journey undertaken.

REPORTING BOUNDARY

The reporting boundary of this Sustainability Statement is limited to the company:

- **Krino srl**
- Via Italia Unita, 21 – 23876 Monticello Brianza (Lecco – Italy)
- Companies Como-Lecco Business Register no. 05063110158
- Tax Code 05063110158 - VAT number 01465730131

The other companies in the group are not included in this Sustainability Report, although some data and information will still be reported so that some key aspects of the corporate value chain can be explained. The aim of future sustainability reports is to extend the reporting boundary to include the other Group companies.

VALUE CHAIN

Krino has initiated a process aimed at including upstream and downstream value chain data within this Sustainability Statement. In assessing the significance of impacts, risks and opportunities, the relationships and interdependencies arising from the entire value chain were taken into account. However, in order to ensure compliance with the required quality characteristics, the information reported on environmental and social issues is limited. In the absence of a sufficient level of data granularity relating to the value chain, the company has chosen, where possible, to aggregate information according to geographical or product-based criteria, thereby ensuring greater clarity and understanding. In line with the deadlines provided for in the regulatory frameworks, the company commits to extending the coverage of the value chain in order to fully comply with the reporting requirements in future editions.

OMISSION OF INFORMATION

The company has availed itself of the option of omitting confidential and sensitive information relating to intellectual property, know-how, innovation results or strategic directions affecting competitive and market balances, and has pledged to disclose all other information necessary to comply with the disclosure obligation in question.

TIME HORIZONS

The reference time horizon is the financial year 2024. In order to report on the progress achieved, where possible, the data are compared with figures for the years 2022 and 2023.

The definition of short-term (one year), medium-term (up to five years) and long-term (over five years) time horizons is consistent with regulatory requirements. Where no forward-looking data on impacts, risks, opportunities, actions or objectives are not available, or are available for different time horizons, the company explains the reason and pledges to meeting this preparation requirement in the future.

ESTIMATION AND CALCULATION

METHODS

The information concerning estimates and proxy variables used is explained together with the relevant disclosure requirements. The calculation methods used are described in relation to the respective data. Calculation factors and further details can be found in the appendix.

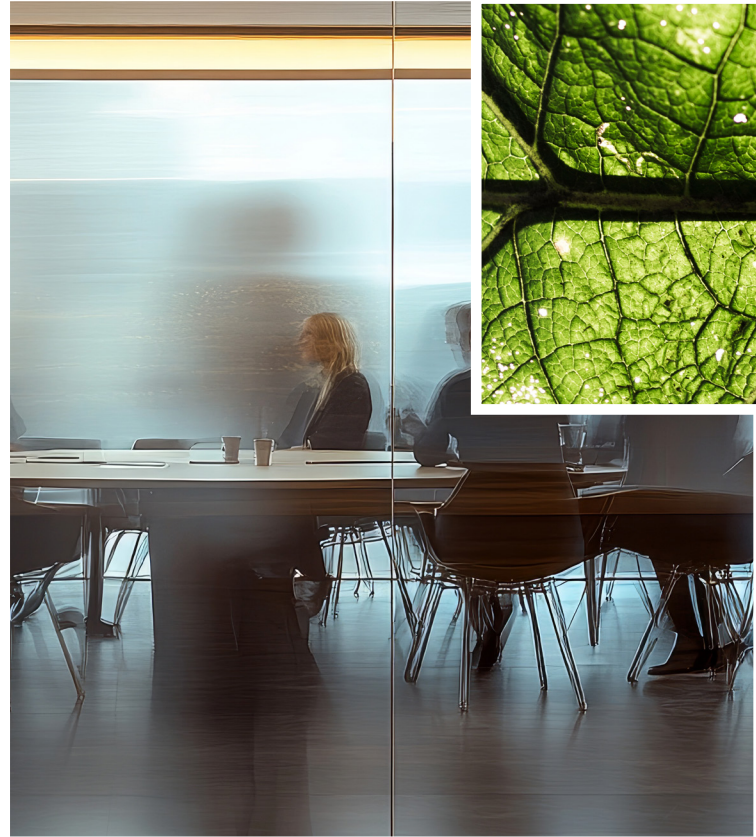
INTRODUCTION

Adopting a sustainability-oriented approach for a company means choosing measurable actions aimed at understanding, preventing and mitigating the impacts of business operations on the planet and on people, thereby guiding the company towards a new development paradigm.

Sustainable development therefore requires a detailed analysis of all implications arising from each activity along the value chain, from a long-term perspective of social and environmental protection, in order to ensure that the needs of present and future generations are met.

The need to transform the concept of sustainability into a real and coherent action plan – avoiding empty and superficial slogans – is now beyond question. A sustainable company is characterised by a strategy aimed at promoting a radical shift in structural approach, and by an understanding of the importance of an in-depth analysis of the implications arising from every activity along the value chain, with a focus on long-term social and environmental protection. Our decision to prepare this Sustainability Report stems from the awareness that sustainability represents not only a responsibility, but also a valuable and forward-looking opportunity for growth that goes beyond traditional economic and financial objectives.

This perspective will enable us to further





strengthen our leadership and positioning in the tooling market, guiding corporate decisions towards a more resilient and forward-looking future.

This Report aims to provide an in-depth analysis of the context in which we operate, while at the same time offering a clear and accessible tool for identifying priorities along our path towards sustainable growth.

The structure of the document reflects the journey we are undertaking to develop a robust and effective sustainability strategy: it opens with a complete overview of the organisation, continues with a description of the business model and strategy, and then sets out the initiatives undertaken across the three ESG dimensions (Environment, Social and Governance).

Innovation and excellence require a strategic, focused and integrated commitment. For this reason, this Report describes our dedication to building, with passion and determination, a path that will guide us towards increasingly solid sustainability.

We are fully aware of the challenges that lie ahead, but we face the future with determination, confident in our ability to innovate and to continue progressing.

Our objective is to develop an integrated approach to sustainability, grounding our corporate culture in values that promote respect for the environment and for people.

LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

Today, sustainability is a fundamental objective for every business, and at Krino we firmly believe it is our responsibility to play an active role in driving change by **adopting responsible practices and creating lasting value for people and for the community.**

We are therefore pleased to present our new Sustainability Report, a document that reflects our tangible commitment to a more responsible future, where growth goes hand in hand with respect for the environment and the communities we serve. This new edition marks a further step forward in our sustainability journey. It has been prepared in line with the requirements of the CSRD and the relevant ESRS, even though our organisation is not yet subject to mandatory reporting.

We have chosen to pursue this path through a collaborative approach, actively involving not only the entire company but also all our stakeholders. Sustainability is founded on the creation of shared value and, for this reason, we see this Report as an opportunity to further strengthen alignment around the values that guide us, and also to emphasise the importance of this new strategic direction.


The preparation of this Report is more than a formal exercise; **it marks a genuine turning point in our journey towards a more sustainable business model.** We firmly believe that **transparent reporting on our activities not only fulfils our commitment to responsibility, but also offers a valuable opportunity to examine our operations in depth, identify areas for improvement and set clear, measurable objectives for the future.**

This document represents a further step towards a business model that is more mindful of the needs of both the planet and people. We recognise that today, **it is no longer enough to focus solely on product quality and competitiveness: companies must take an active role in driving change and help shape a future in which sustainability and innovation go hand in hand.** For us, this means embedding sustainability principles across every aspect of our operations, from resource management and energy efficiency to the well-being of our people, as well as the creation of value for our clients and the communities in which we operate.

This Report is not simply a reporting document, **but a commitment to all our stakeholders: a measurable step towards building a company that excels not only in the quality of its products, but also in its positive impact on the environment and society.** We do not see this Report as an end point, but as the start of a journey that will guide us towards an increasingly sustainable development model, rooted in the values of transparency and responsibility that have always defined us.

We are certain that, through careful monitoring of our progress, we will continue to improve, increasing our positive impact not only within the company but also beyond it.

We would like to sincerely thank you for your support and the trust you have placed in us. By working together, we are confident that we can successfully address future challenges and contribute to building a more sustainable world.

A photograph of two men standing in a modern, circular interior space. The man on the left is wearing a light blue and white striped shirt and glasses, with his arms crossed. The man on the right is wearing a light purple striped shirt and dark trousers, also with his arms crossed. They are standing on a light-colored stone floor. Above them is a large, circular skylight with a green frame, through which bright light is streaming. The walls are made of light-colored, textured panels. A blue rectangular box is overlaid on the lower left of the image, containing white text.

Today, sustainability is no longer a choice driven by emotion; it has become an essential guide for the evolution of companies. Our commitment must be increasingly aimed at combining business growth with the well-being of all stakeholders.

Pietro Novati





IDENTITY, STRATEGY AND BUSINESS MODEL

KRINO GETS YOU DRILLING

Krino gets you drilling is more than just a slogan; it is the tangible expression of a commitment that has guided us for over forty years in providing professional tools for cutting, fastening and drilling metal, wood and construction materials.

We are an Italian company with an international outlook, operating along a global value chain to deliver reliable, high-performance and accessible solutions to operators and professionals in the construction and manufacturing sectors.

In an ever-evolving context, we stand out for our focus on quality, innovation and sustainability, which we interpret as a shared responsibility towards the environment, people and the communities in which we operate. This Sustainability Report reflects our commitment to transparency and to clearly communicating the path we have embarked upon, with a forward-looking perspective.

1.1_ ABOUT US

Our company was founded in 1982, driven by the entrepreneurial vision and determination of Pietro Novati and Roberto Crippa, the founders of this ambitious project.

Our many years of experience in the tooling sector enable us to offer a wide range of cutting and fastening tools, suitable for metal, wood and other construction materials. This long-standing tradition is strengthened by our ongoing commitment to technological innovation, allowing us to combine the know-how rooted in our origins with increasingly advanced, high-performance and reliable solutions.

It is precisely this continuous pursuit of product quality that the Crippa and Novati families – who still lead the company today – identify as the key to our success. The research into, and selection of excellence-driven products, together with the optimisation of processes and workspaces, have raised our quality standards, securing our progressive growth in both the Italian and international markets.

In 2009, increasing commercial volumes made it possible to build a new industrial facility in Monticello Brianza, a strategic step towards expanding our production capacity while preserving the highest Italian-made quality standards and a growing focus on environmental sustainability.

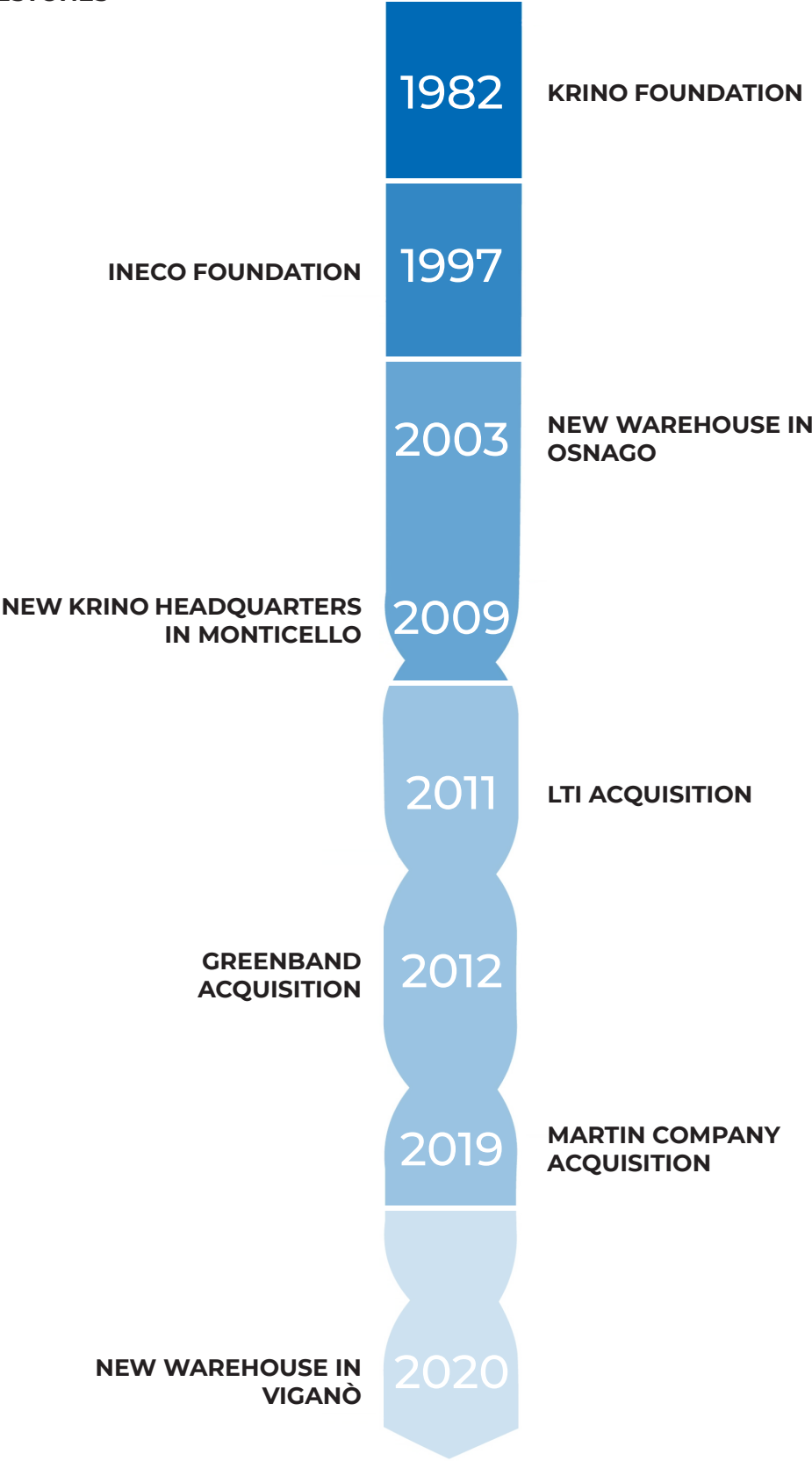
In 2012, we completed the major acquisition of the historic Milan-based company LTI, allocating a dedicated production space for this line within our operational headquarters and reaffirming our commitment to investing in Italian quality.

In 2020, we further expanded our operational capacity through the acquisition of a new warehouse in Viganò, in response to growing market demand. Finally, in 2022, we successfully completed the merger with Martin, further strengthening our market standing.

We are part of the Krino Group, together with LTI, Greenband and INECO, and continue to represent its core and primary point of reference.

With 150 employees, we continue to drive steady revenue growth while maintaining an order fulfilment rate close to 100%. We earn our clients' trust through the excellence of our products and maintain it over time through reliability and transparency.

OUR MILESTONES



... TO BE CONTINUED

OUR OFFICES

BRANCH OFFICES

Via L. Santagata 10 (warehouse), Turin

Via G. Marconi 2 (deposit), Viganò - Lecco

REGISTERED AND OPERATIONAL OFFICE

Via Italia Unita 21, Monticello Brianza - Lecco



1.2_ VISION, MISSION, VALUES

VISION

"The ability to predict what will happen and what could happen"

At Krino, we have always been committed to anticipating future developments in demand and in the market, with the aim of maintaining a leading position in our sector.

For this reason, a strong focus on innovation and the ability to analyse client and market needs lie at the heart of our strategic vision.

Our pursuit of excellence gives us flexibility and agility, enabling us to anticipate future changes and to help drive the development of the sector. By anticipating developments in the cutting tools market, we have built a competitive advantage that continues to evolve over time, allowing us to proactively respond to our clients' needs.



MISSION

Our mission is to place client satisfaction and safety at the centre of everything we do. Reliability and excellence form the foundation of our product design, while high quality standards are the driving force behind our success. Our clients trust in our passion for innovation and the quality of Krino tools, supported by strict quality control processes in our in-house laboratories, ensuring high performance and maximum safety in use. For this reason, transparency and detailed information have always been central to our approach, allowing clients to recognise and appreciate the quality of our offering.

VALUES

“Our products and our company are a reflection of our actions and business ideas.”

ENTREPRENEURSHIP – Entrepreneurial spirit is the driving force of the company, and innovative ideas define the path towards success. **TRANSPARENCY** – We practise full transparency with clients, suppliers and employees, believing it to be a key factor in optimising products and processes.

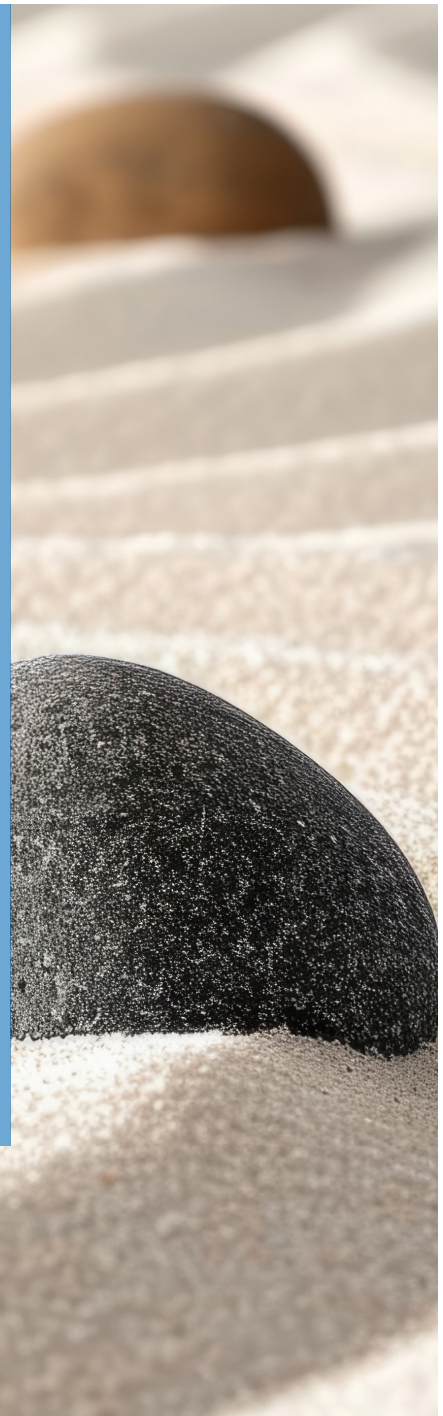
RELIABILITY – The strength of our brand is built on the trust our clients place in us. The quality of our products is reflected in their performance and in the level of safety they provide to end users.

EVOLUTION – The constant pursuit of improvement guides our daily actions. We critically assess our organisation and take action to refine it, striving for excellence and pushing beyond the goals already achieved.

INTEGRITY – Consistency between values and behaviour ensures the integrity of the company. Our actions are guided by ethics, with a strong commitment to responsibility and mutual respect.

ENVIRONMENTAL SUSTAINABILITY – We continuously monitor the environmental impacts of our operations and work on innovative solutions to minimise them.

GENDER EQUALITY – We believe in equal opportunity as a fundamental value and recognise its positive impact in generating shared value for the company and its stakeholders. We are firmly committed to building an inclusive corporate culture by promoting specific initiatives in line with UNI PdR 125:2022.



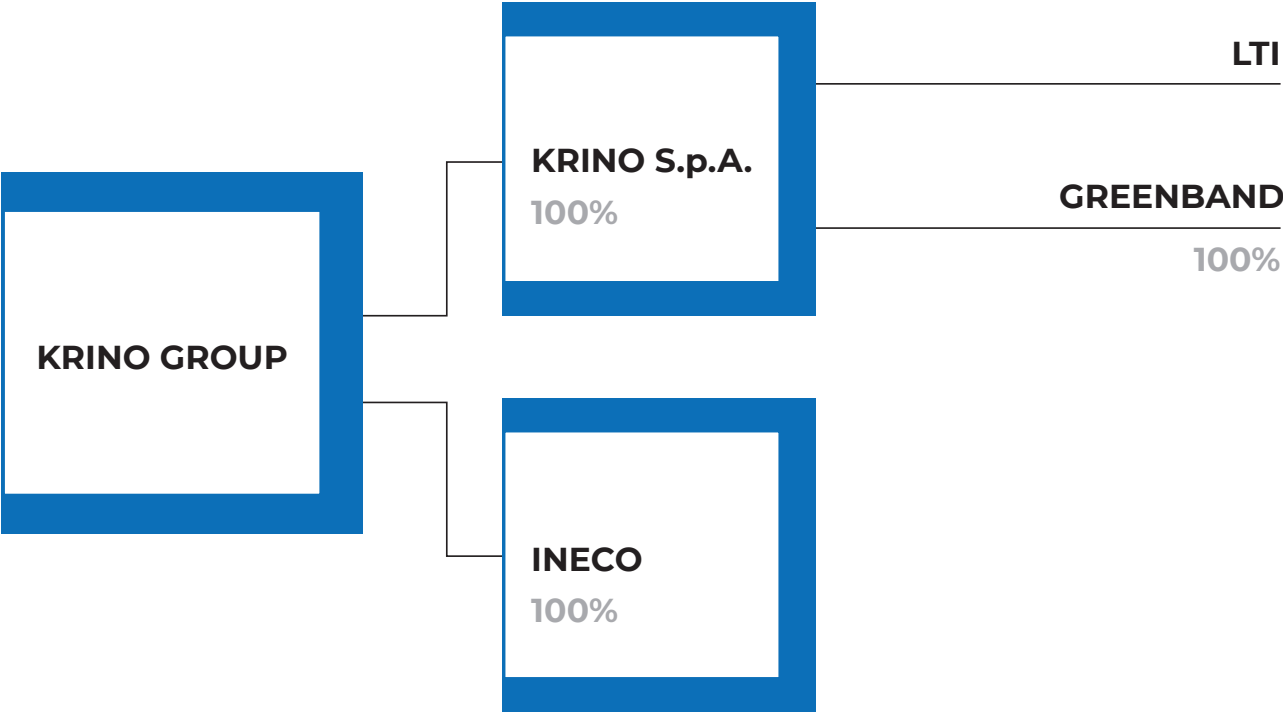
1.3_ THE GROUP

The Krino Group is composed of Krino S.p.A. and Ineco. Founded in 1998, Ineco is among the leading companies in the specialised tools and hardware market. Ineco aims to offer a wide catalogue of measuring instruments, cutting tools and accessories for machine tools.

In 2011, Krino S.p.A. incorporated the LTI brand, which has been active for over 60 years in the production of specialised tools for screwdrivers and fastening systems. The following year, it also acquired Greenband S.r.l., a prestigious manufacturer and distributor of band saw blades.

In 2022, Krino S.p.A. continued its growth strategy through the merger with Martin S.r.l., a Turin-based company and a leader in the production and distribution of small metal tools and components. Through this transaction, the company acquired a well-established national brand and broadened its client base, further strengthening its market presence.





ESRS 2: SBM-1

STRATEGY AND BUSINESS MODEL

At Krino, we believe that the strength of our business model lies in the balance between strategic vision, operational expertise and the ability to adapt. We operate in a highly technical and competitive sector, and every day we are committed to delivering reliable solutions for cutting, fastening and drilling, meeting the needs of professionals working with metal, wood and construction materials.

Our strategy is built on three pillars: **product quality, client relationships and integrated sustainability**. Through a carefully selected global supply chain and a widespread distribution network, we successfully balance industrial efficiency with a strong focus on local contexts. For us, sustainability is not an add-on, but a core driver that underpins business resilience, shapes our decisions and supports innovation, always with respect for people and the environment.

2.1 OUR PRODUCTS AND OUR MARKETS

Our extensive catalogue includes not only ISO-compliant products, but also a comprehensive range spanning from traditional tools to innovative solutions, meeting the needs of professional and hobby users alike, as well as those of more

complex industrial applications. Each product is subjected to strict quality control, ensuring consistently high performance. In addition, we offer the possibility to develop customised tool sets and cases, tailored to the specific requirements of our clients.

PRODUCTS AND THEIR APPLICATIONS

METAL	CONSTRUCTION	WOOD
Drill bits	Drill bits	Drill bits
Tapered tools	Chisels	Auger bits
Milling cutters and saws	Milling cutters	Milling cutters
Reamers and face mills	Discs	Blades and jigsaws
Taps and dies	Special tools for porcelain stoneware	

We operate on an international scale, with a particular focus on the Italian market. Nevertheless, **foreign markets** account for a significant share of our distribution (20%),

supported by **dedicated local importers** in each country served, particularly in Europe, North Africa, South America and the United Arab Emirates, often with tailored product lines.

TOTAL TURNOVER [VALUES IN EUROS]

	2022	2023	2024
Italy	20,686,652	21,347,204	20,830,829
Year-on-year difference		+3%	-2%
Abroad	3853274	4,438,974	4,697,000
Year-on-year difference		+15%	+6%
Total	24,539,926	25,786,179	25,527,829
Year-on-year difference		+5%	-1%

Our **client base** is broad and diversified, ranging from wholesalers to specialised hardware retailers, from industrial clients to direct buyers via specialised digital channels, as well as large-scale retail and private-label clients.

The **end users** of our tools include professionals in the wood, metal, HVAC and electrical sectors, as well as industrial users, particularly in the automotive and household appliance industries. We also cater to private customers and DIY users through a dedicated segment, maintaining the same high standards of quality.

TURNOVER BY SECTOR - ITALY

	2024	% SECTOR OUT OF TOTAL (2024)
Detail	9871420.70	47.39%
Wholesalers	4487821.34	21.54%
Large-scale retail	3011383.84	14.46%
Distributors in artisan sector/ industries	2014281.27	9.67%
National products	1094263.09	5.25%
Industry	261630.11	1.26%
E-commerce	76561.78	0.37%
Other	13466.93	0.06%
Total	20830829.06	100.0%

2.2_OUR VALUE CHAIN

2.2.1_ CORE PROCESSES

At Krino, we are not a traditional manufacturing company. Our core business is not focused on the direct production of cutting tools; rather, it lies in their **selection, customisation and distribution** for a wide range of application sectors, including wood, steel and other materials used in construction, mechanical engineering and industry.

We maintain a constant focus on quality and sustainability, acting as a strategic and operational hub within an articulated and international value chain.

From the outset, the entire process is built around the development of an extensive network of strategic relationships with **carefully selected suppliers and trading companies** – often international – which form the foundation of our product offering.

These strategic partnerships are supported by ongoing scouting, selection and monitoring of supply chains, with a strong focus on ethical and environmental standards within the manufacturing industry, as well as oversight of logistics, packaging and supporting components.

Once bulk products are received, the key part of the process begins: the core activities that embody the very essence of Krino's values.

A system of internal and external operations is set in motion to transform standard tools into high value-added products, ready to be placed on the market.

This process includes:

- **the technical and commercial selection of tools**, based on the type of material and field of application;
- **procurement and in-house processing**, including packaging, customisation and branding, either under the Krino brand or other brands;
- **the management of specialised external processes**, such as surface treatments or functional coatings;
- **direct production** in certain specific segments, such as fastening tools.

A significant part of our business also involves **customised and client-branded (private label) products** intended for a diverse client base, ranging from heavy industry to professionals in the wood, metal and HVAC sectors, as well as the DIY market. In support of our core activities, we have established an **in-house laboratory for technical and quality control**, complemented by a system of ongoing product testing and verification.

This is integrated with careful management of packaging and customisation, and of technical and promotional production.

A further distinguishing feature is our commitment to offering a broad product portfolio, which enables us to effectively diversify our range and address a wide variety of client needs. Thanks to thorough regulatory and market analysis, we are able to anticipate trends and respond promptly and effectively to client needs.

The final stage of the process involves a structured **distribution** network, through which logistics are entrusted to specialised carriers, with a more fragmented organisational model for international distribution.

We position ourselves as a highly specialised key player in product management and enhancement, combining flexibility, operational control, and a strong customer

focus across the entire value chain – from raw material selection to delivery of the finished product to the end consumer.

Our company is supported by a set of **complementary activities** which, while not directly part of the core operations described above, generate significant added value for both clients and distribution partners.

Particular attention is also afforded to regulatory and certification matters. We remain constantly informed of regulatory developments, ensuring that our products comply with the standards required by the destination markets.

This is complemented by the preparation of technical and promotional documentation, designed to support clients in the selection and correct use of tools.



2.2.2_ UPSTREAM PHASE

The supply chain is a critical factor in ensuring both operational efficiency and the quality of our offering.

From the earliest stages, the entire process is built around key activities such as research, selection and **sourcing** of materials, working closely with import/export and trading companies, which may act either as direct manufacturers or as intermediaries for third-party producers.

We invest in the long-term engagement of **strategic suppliers**, maintaining stable relationships with partners who guarantee continuity, quality and compliance with required standards.

We oversee this part of the value chain through dedicated scouting and selection activities, exercising **direct control over the supply chain** to ensure not only product quality, but also **compliance with social and**

environmental criteria.

Looking ahead, we also plan to integrate Business Intelligence tools applied to supply data, enabling us to anticipate and optimise sales strategies based on the analysis of historical purchasing behaviour. We therefore rely on a network of selected and reliable partners to ensure excellence.

We collaborate with:

- tool manufacturers;
- packaging suppliers;
- label printers;
- international carriers responsible for logistics management and customs clearance.

Inbound logistics are mainly handled by major container shipping operators, with air freight options for urgent requirements, while European suppliers manage deliveries independently.

2.2.3_ DOWNSTREAM PHASE

The downstream phase includes all activities related to **outbound logistics**, distribution and market relationship management, up to the final end user.

Distribution logistics are managed through qualified carriers in the Italian market, while internationally the network is more fragmented and adapted to specific geographic areas. Distribution coordination is supported by a network of dedicated **B2B sales agents** and includes both Krino-branded products and client-branded solutions.

We serve a broad and diversified **client base**, including:

- traditional resellers through long distribution channels (wholesalers and retailers);
- specialised hardware stores and industrial suppliers via more direct channels;
- buyers operating through specialised digital platforms;
- industrial clients requiring customised supplies;
- large-scale retail and private-label clients, including major competitors and specialised chains.

2.3_THE COMPOSITION OF OUR WORKFORCE

This section presents, as required by the reporting framework, summary data relating to the composition of our workforce in 2024.

In 2024, the company’s workforce comprised a total of 114 people. The breakdown by professional category shows a clear predominance of manual workers, who account for approximately two thirds of the total, with 77 units. This is followed by clerical staff, with 31 people, and middle management, with 6 units.

This composition reflects a strongly operational organisational structure, consistent with a business model focused on the technical execution of activities.

Further analysis and disaggregated data are available in the “People” section.

	2024
Executives	0
Middle managers	6
Clerical staff	31
Workers	77
Office apprentices	0
Worker apprentices	0
Total	114



2.4_SHARED VALUE

The adoption of sustainability principles represents a key strategic choice, capable of generating deep and transformative change. Such change requires the development of a new, implementable and clearly defined action plan, together with a revision of the company's underlying business paradigm. It also entails rethinking the way economic and financial results are interpreted, as well as relations with the local area and stakeholders, in order to align with sustainability objectives and ensure the responsible management of resources.

A sustainable company therefore focuses on profit generation while nonetheless reassessing performance through a lens that highlights the value created and distributed for the benefit of all those who contribute to it. In this context, we are committed to recognising and valuing the contribution of every stakeholder across the entire value chain, establishing a strong link between business success and collective well-being. This vision is inspired by the CSV (Creating Shared Value) approach. Within this model,



stakeholder interests are incorporated into strategic business decisions, as they are considered essential to the achievement of both economic and operational objectives.

Stakeholders therefore play a central role in the development of a sustainability strategy, directly benefiting from the value generated by the company.

Moreover, purchasing activities are viewed not merely as costs, but as investments that support the growth and development of other businesses, thereby creating a virtuous cycle involving all stakeholders.

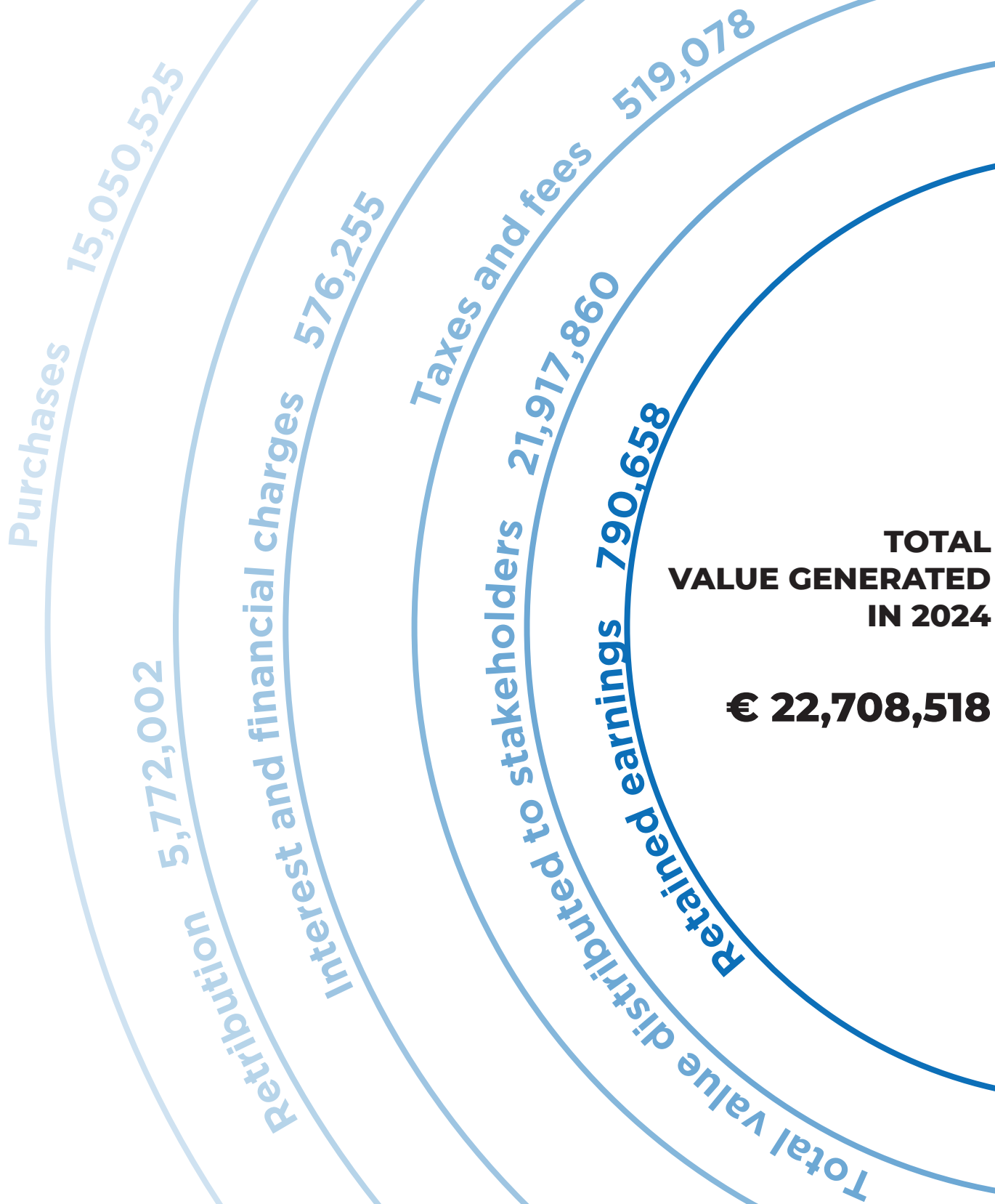
Remuneration represents a direct form of recognition for the commitment and contribution of the company's workforce.

Financial charges support the credit system, while taxes ensure the proper functioning of public infrastructure and the services on which the company consistently relies.

Undistributed profits, in turn, represent a key element in strengthening and growing the company, ensuring long-term resilience and continued alignment with strategic objectives, thereby contributing to the creation of shared value for all stakeholders involved.

VALUE IN EUROS

	2023	2024	DIFFERENCE
Purchases	15050525	17,901,433	+19%
Salaries	5772002	5,759,327	0%
Interest and financial charges	576255	564,196	-2%
Taxes and duties	519078	605,797	+17%
Total value distributed to stakeholders	21917860	24,830,753	+13%
Retained earnings	790658	1,029,153	+30%
Total value generated	22708518	25,859,906	+14%



OUR APPROACH TO SUSTAINABILITY

For us, sustainability is an essential component of our corporate strategy and a key lever for creating long-term value. Operating in a global market and locally distributing cutting, drilling and fastening tools, we are fully aware of the impact our choices have on the environment, on people and on communities.

We believe in a development model that combines industrial efficiency, social responsibility and environmental protection. For this reason, we integrate sustainability principles across all our activities: from the careful selection of suppliers throughout our global supply chain, to our commitment to the well-being of our workforce, and the development of transparent, long-lasting relationships with our stakeholders.

Our aim is to evolve towards a more responsible future, while remaining firmly anchored to the values that define our identity: quality, reliability and close proximity to those who work with our tools every day.

3.1_ OUR SUSTAINABLE COMMITMENT

For us, committing to a corporate strategy geared towards sustainable initiatives and practices means creating long-term value not only for the company, but for the entire economic, social and environmental ecosystem in which we operate. Aligning our sustainability and business objectives is a key step in embedding sustainability as a structural and distinctive component of our business model.

In our industry – the distribution of drilling and cutting tools – characterised by global supply chains and highly interconnected markets, sustainability translates first and foremost into heightened attention on the **environmental and social responsibility of supply chains**.

We are committed to selecting partners and suppliers who share our values, operating in compliance with human rights, working conditions and environmental protection. We continuously monitor practices across the entire supply chain – from raw material traceability to compliance with environmental regulations – to ensure alignment with our principles and to guarantee that every stage of the process is transparent and responsible.

We also pay particular attention to our environmental footprint, making informed and responsible choices, such as optimising transport to reduce emissions, rationalising packaging and promoting low-impact logistics practices.

Where possible, we collaborate with partners that adopt certified environmental standards, thereby contributing to a more circular and low-carbon economy.

At the same time, we place **people at the heart of our corporate commitment**. For us, social sustainability is expressed through care for employee well-being, the development and enhancement of skills, and the promotion of a positive, inclusive and safe work environment. We invest in continuous training programs, encourage dialogue and active listening, and adopt policies that promote a healthy work-life balance.

We firmly believe that a healthy and motivating workplace is built on mutual respect, recognition of merit, equal opportunity and professional growth. The satisfaction and engagement of our people are key indicators of organisational well-being and crucial levers for successfully addressing the challenges of the future.

For all these reasons, we view sustainability as an integrated vision that guides every decision we make: from day-to-day operational management to the definition of long-term strategies. Only through a systemic approach – engaging every business unit and all external relationships – can we build an authentic pathway towards a fairer, more transparent and more sustainable future.

3.2_KRINO AND THE SDGs

Sustainability is no longer a simple idea, but a practical approach that redefines the traditional paradigms of economic growth, in which profit generation is combined with environmental protection and the social well-being of present and future generations.

In order to identify the main areas of action and promote change, in September 2015 the governments of the United Nations Member States adopted the 2030 Agenda for Sustainable Development, structured around 17 Goals and 169 targets designed to monitor progress achieved. The Agenda directly involves countries and civil society stakeholders in the adoption of a new sustainable model, encouraging broad participation and active engagement.

Companies that embrace sustainability recognise the way it benefits the entire value chain, driving innovative strategies and generating a competitive advantage while respecting the planet and people.

At Krino, we believe in sustainability as a driver of positive change and are committed to integrating it into the way we operate. Below we present the SDGs most relevant to our operations, together with the tangible actions we implement on a daily basis to improve our impact on the environment and society.



HEALTH AND WELL-BEING

IMPORTANT GOALS FOR KRINO	OUR ACTIONS
<p>3.4: Promoting mental health and well-being.</p> <p>3.5: Prevention and treatment of substance abuse, including drug abuse and harmful use of alcohol.</p> <p>3.9: Substantially reducing the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<ul style="list-style-type: none">• We are committed to ensuring the highest level of well-being for our workforce, fostering a safe and stimulating work environment.• We are committed to increasing awareness of workplace safety risks related to the use of alcohol and drugs, implementing specific and targeted prevention campaigns.• We are committed to optimising our production processes with the aim of minimising environmental impacts and emissions.

Our approach to sustainability



QUALITY EDUCATION

IMPORTANT GOALS FOR KRINO

- 4.3:** Ensure equitable access to quality technical and vocational education.
- 4.4:** Increase the number of young people and adults with specific skills for employment and decent work.
- 4.7:** Ensure the knowledge and skills necessary to promote sustainable development.

OUR ACTIONS

- We are committed to offering continuous and specialised training opportunities to all employees and collaborators, supporting their professional development.
- We are committed to training young workers and promoting their career development within the company.
- We are committed to raising awareness among all employees on sustainability issues, providing them with the knowledge and skills needed to contribute to the creation of a sustainable business development model.



GENDER EQUALITY

IMPORTANT GOALS FOR KRINO

- 5.1:** End all forms of discrimination against women and girls everywhere.
- 5.5:** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

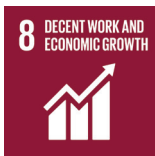
OUR ACTIONS

- We are committed to building and promoting a culture of equality within the company, creating an inclusive environment and ensuring equal opportunities for professional growth and personal development.
- We are committed to eliminating pay gaps, ensuring equal remuneration for all employees, regardless of gender.
- We are committed to guaranteeing equal access to training and professional development pathways, offering every employee the same opportunities for growth.
- We are committed to eliminating all forms of discrimination, whether based on gender or on any other potentially discriminatory criteria.



CLEAN AND AFFORDABLE ENERGY

IMPORTANT GOALS FOR KRINO	OUR ACTIONS
<p>7.2: Significantly increase the share of renewables in the energy mix.</p> <p>7.3: Improved energy efficiency.</p>	<ul style="list-style-type: none"> • We are committed to increasing the share of energy derived from renewable sources, contributing to the energy transition. • We are committed to optimising energy efficiency across our entire value chain, minimising waste and optimising consumption.



DECENT WORK AND ECONOMIC GROWTH

IMPORTANT GOALS FOR KRINO	OUR ACTIONS
<p>8.1: Sustain per capita economic growth in accordance with national circumstances.</p> <p>8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.</p> <p>8.4: Progressively improve the efficiency of resource consumption.</p> <p>8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<ul style="list-style-type: none"> • We are committed to generating shared value for our local area by creating stable and long-term employment opportunities. • We are committed to redefining our economic growth model by adopting a sustainable approach aimed at reducing negative impacts and promoting positive externalities for stakeholders and the local community. • We are committed to keeping innovation at the heart of our operations in order to ensure efficiency, reliability and high quality standards. • We are committed to strengthening our relationship with the local area and our stakeholders, ensuring fair employment opportunities and aligning our economic growth with the development of the wider community.

Our approach to sustainability



BUSINESS, INNOVATION, INFRASTRUCTURE

IMPORTANT GOALS FOR KRINO

9.2: Promote inclusive and sustainable industrialisation.

OUR ACTIONS

- We are committed to becoming a benchmark for companies in our sector, not only for the quality of the products we offer, but also for the continuous improvement of our business model, which is based on inclusivity and sustainability and geared towards the creation of shared value.



REDUCE INEQUALITIES

IMPORTANT GOALS FOR KRINO

10.2: Empowering and promoting the social, economic and political inclusion of everyone, irrespective of age, gender, disability, race, ethnicity, origin, religion or economic or other status.

OUR ACTIONS

- We are continuously committed to creating a corporate environment in which the entire workforce feels welcomed and equally involved, in line with SDGs 5 and 8.
- We are committed to developing every individual's talent, regardless of age, gender, race, ethnicity or religion.



SUSTAINABLE CITIES AND COMMUNITIES

IMPORTANT GOALS FOR KRINO

11.6: Reduce the negative environmental impact of cities, paying particular attention to air quality and the management of municipal and other waste.

OUR ACTIONS

- We are committed to minimising the impacts derived from our processes, maximising our energy efficiency, reducing waste of resources and paying attention to the life cycle of our products.
- We are committed to investing in the circularity of our operations, with a particular focus on recyclable packaging solutions and materials with a lower environmental impact.



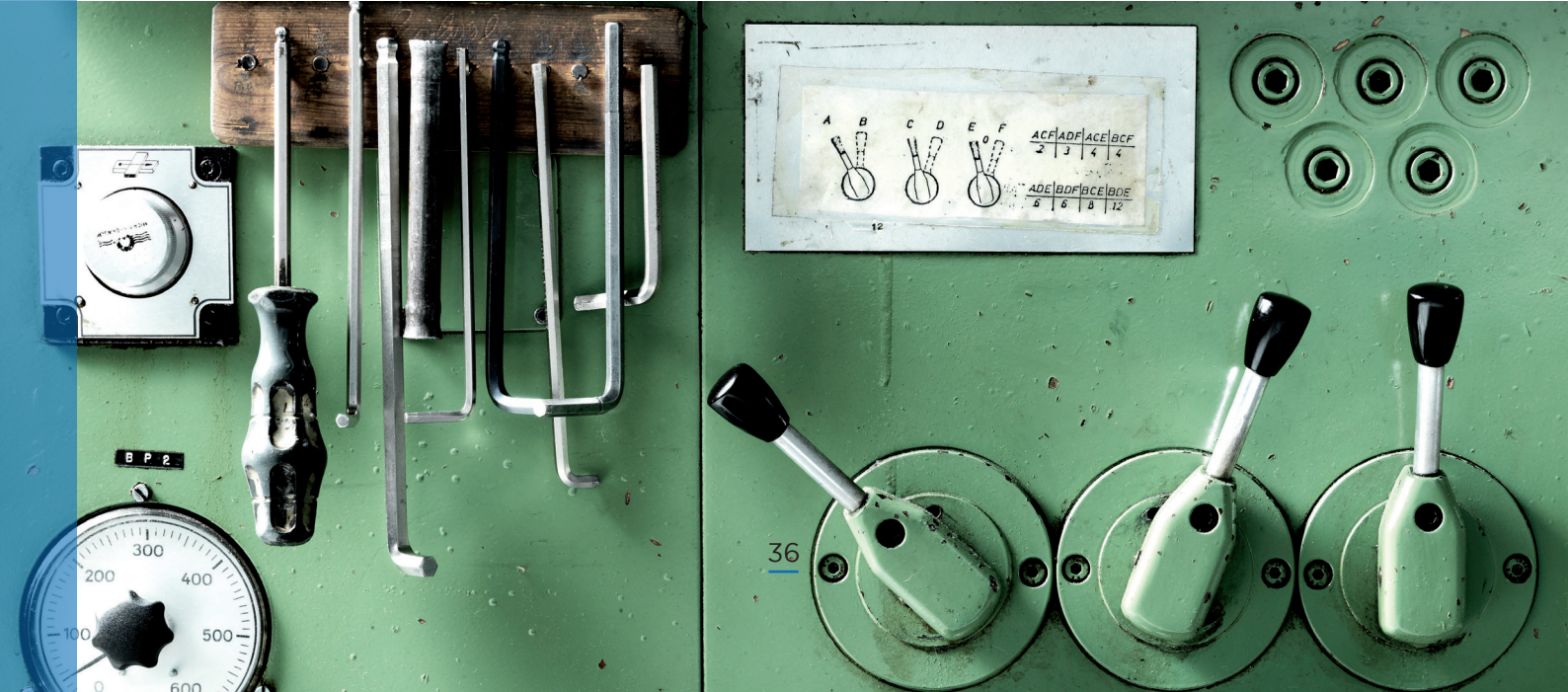
RESPONSIBLE CONSUMPTION AND PRODUCTION

IMPORTANT GOALS FOR KRINO	OUR ACTIONS
<p>12.2: Achieve the sustainable management and efficient use of natural resources.</p> <p>12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6: Adopt sustainable practices and integrate sustainability information into annual reports.</p>	<ul style="list-style-type: none">• We are committed to improving the sustainability of our processes by ensuring an ongoing commitment to optimising them.• We are committed to enhancing the sustainable management of our waste, increasing recycling and reuse practices within our infrastructures.• We are committed to implementing an integrated sustainability reporting system, while at the same time strengthening communication with all our stakeholders.



COMBATING CLIMATE CHANGE

IMPORTANT GOALS FOR KRINO	OUR ACTIONS
<p>13.2: Integrate climate change measures into policies, strategies and planning.</p>	<ul style="list-style-type: none">• We are committed to promoting an integrated business growth strategy that places sustainable development at its core, balancing the reduction of environmental impacts with the creation of a high-quality offering.



3.3_OUR CERTIFICATION

For over 40 years, we have been synonymous with quality, innovation and reliability in the cutting tools sector. Each of our products is the result of a process involving research, development and production that complies with the highest international standards, ensuring excellent performance and maximum durability.



INTERNATIONAL QUALITY MANAGEMENT STANDARD ISO 9001:2015

We have always placed excellence and reliability at the centre of our operations and we are committed to intervening at every level of the organisation to ensure the highest quality of the offer. For this reason, we are certified in accordance with ISO 9001, the international standard that recognises the adoption of a structured and efficient quality management system, aimed at optimising the company's organisational structure. The aim of this certification is to ensure full client satisfaction through the excellence of the products offered and the continuous improvement of business performance. A certified quality management system enables greater efficiency in internal processes, enhances productivity and reduces the risk of failing to meet market expectations.

ENERGY PERFORMANCE CERTIFICATION

In 2023, we appointed a certified professional to issue a new Energy Performance Certificate for our production facilities. The certification, issued on 6 February, assigned the buildings an energy efficiency class D, highlighting the need for targeted interventions to improve the energy efficiency of our facilities and related systems. This outcome further strengthened our awareness of the importance of reducing both operating costs and the environmental impact of our activities. With this in mind, we have decided to initiate a short-term investment plan aimed at modernising our electrical and climate control systems. Although this involves a significant investment, we are confident that it will deliver tangible benefits in terms of energy savings and sustainability. Our objective is to significantly upgrade our corporate infrastructure by acting on multiple fronts, including the installation of LED lighting systems, the adoption of high-efficiency HVAC technologies, and the integration of renewable energy sources such as photovoltaic systems.



Our approach to sustainability

2025 GOAL: GENDER EQUALITY CERTIFICATION

We firmly believe in a work environment in which every individual feels welcomed, valued and protected, while actively promoting inclusion and equal opportunities.

As tangible evidence of this commitment, we have decided to lay solid foundations by initiating the gender equality certification process in accordance with the UNI PdR standard, which we aim to achieve by 2025.

Our objective is to embark on, establish and actively promote a cultural transformation within the company, by formally and systemically structuring processes designed to safeguard and enhance inclusivity and gender equality.

To this end, we will involve all internal and external personnel, providing targeted and proactive training tailored to specific needs, and implementing continuous improvement actions aimed at making Krino an increasingly inclusive organisation for everyone.

Our principles can be summarised as follows:

- combating stereotypes, unconscious bias and non-inclusive language;
- ensuring balanced gender representation at events, conferences and, more generally, among speakers participating in panels or training courses;
- promoting an open culture based on listening, enabling the identification, analysis and handling of any form of non-inclusivity;
- guaranteeing fair and equal access to training and development pathways, with the inclusion of both genders and particular attention to the promotion of female leadership;
- ensuring internal mobility and succession planning for managerial roles in line with the principles of an inclusive organisation;
- paying close attention to onboarding activities, in order to ensure fair, non-discriminatory selection processes;
- protecting employment and ensuring equal pay upon return from maternity leave;
- recognising and enhancing parenthood as a source of personal enrichment within the organisation;
- committing to the prevention of all forms of discrimination, violence and harassment.



CORPORATE GOVERNANCE

At the core of our governance model lies the belief that people make the difference. At Krino, we believe that effective governance depends not only on formal structures, but also on the quality of the skills, experience and vision of those who lead the undertaking.

We believe that strong governance is rooted in a shared corporate culture that focuses on people's contributions and promotes a form of leadership capable of generating long-term value.

Our governance bodies – from the Board of Directors to the main strategic departments – are composed of individuals with a solid professional background, capable of guiding corporate decisions with responsibility, consistency and a strong focus on sustainability issues. We believe that constructive dialogue between departments, effective risk oversight, and adherence to ethical and regulatory principles are essential to ensuring sound and transparent management.

ESRS 2: GOV-1

4.1 CORPORATE GOVERNANCE BODIES

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AVERAGE AGE OF THE MEMBERS OF THE BOD

BOARD OF DIRECTORS (UPDATED AS OF 31.12.2024)

NAME	ROLE	GENDER	AGE
Pietro Novati	Chairman	M	75
Pierfrancesco Novati	Managing Director	M	42
Francesco Crippa	Managing Director	M	41

Term of office of the members of the Board of Directors: until approval of the financial statements 31/12/2025.

BOARD OF STATUTORY AUDITORS (UPDATED ON 31.12.2023)

NAME	ROLE	GENDER	AGE
Giorgio Corti	Statutory auditor	M	65

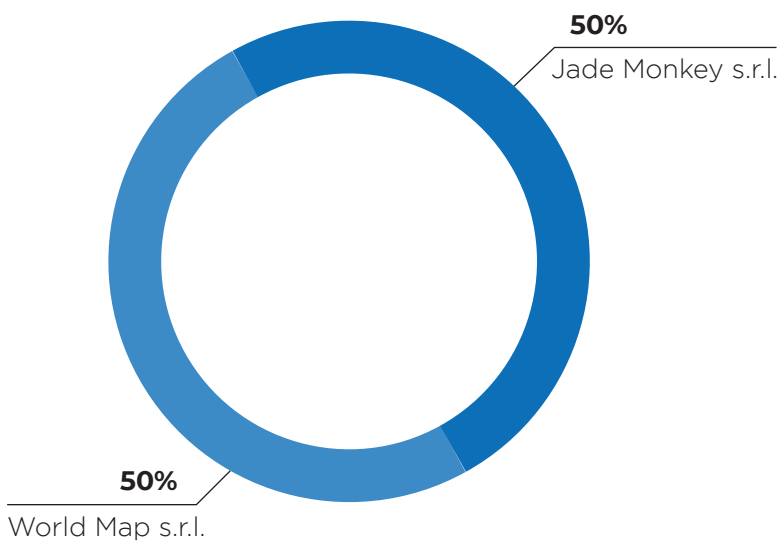
Term of office of the members of the Board of Statutory Auditors: until the approval of the financial statements 31/12/2026

BOARD OF STATUTORY AUDITORS (UPDATED ON 31.12.2024)

NAME	ROLE	GENDER	AGE
Gianfranco Novati	Special Prosecutor	M	50
Massimo Novati	Special Prosecutor	M	40

Term of office until revocation.

CORPORATE STRUCTURE



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AVERAGE AGE OF GOVERNANCE BODIES



ESRS 2: GOV-2

4.2_ SUSTAINABILITY GOVERNANCE THE ROLE OF THE BOARD OF DIRECTORS AND OVERSIGHT MECHANISMS FOR SUSTAINABILITY ISSUES

Within our governance structure, the Board of Directors plays a key strategic and steering role, not only in defining corporate guidelines and objectives, but also in the overall supervision of activities, including those related to environmental, social and governance (ESG) matters.

As the company's highest governing body, the Board of Directors is responsible for the organisation's long-term vision and for ensuring alignment between economic growth, organisational soundness and the creation of sustainable value. This entails not only guiding strategic decisions in line with market opportunities, but also structurally integrating sustainability principles into decision-making processes, industrial plans and operational policies.

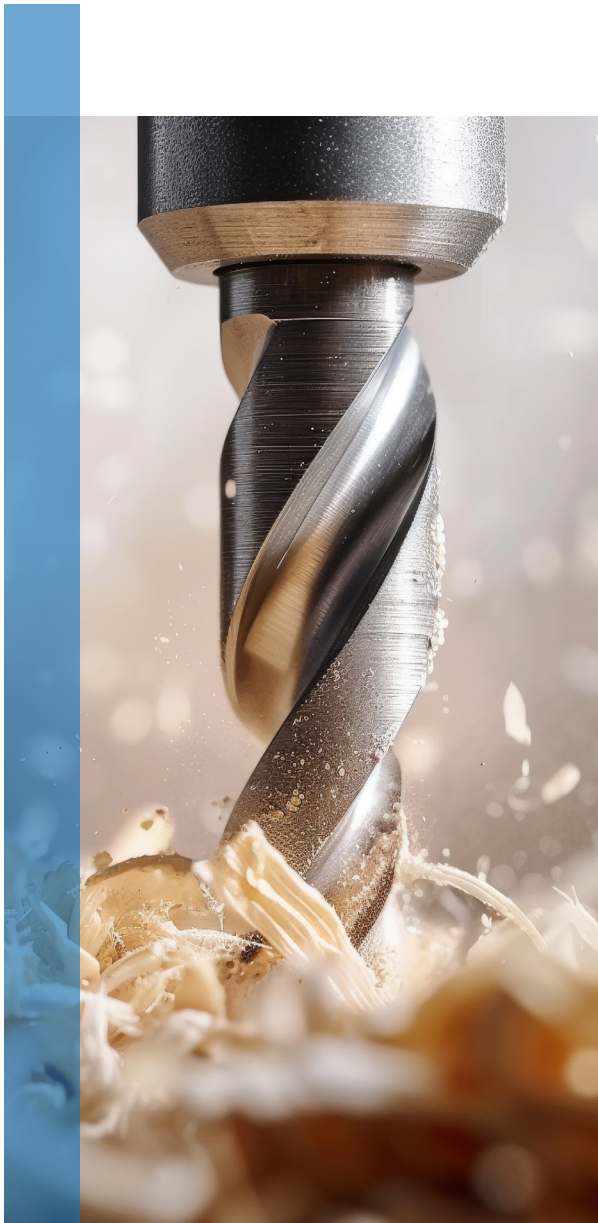
The Board is committed to ensuring coherence between economic and financial objectives and ESG commitments, promoting a culture of responsibility that involves all corporate departments. In this context, it monitors the evolution of material topics, assesses sustainability-related risks and opportunities, and promotes the development of a governance framework that is increasingly transparent, inclusive and innovation-oriented.

For us, the progressive integration of sustainability into corporate governance mechanisms represents a strategic lever to strengthen stakeholder trust, enhance the resilience of our business model, and make a tangible contribution to the transition towards a fairer and more responsible economy.



ESRS 2: GOV-3

4.3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES



While sustainability is an increasingly strategic pillar of our development model and there is growing commitment across departments to implementing projects aligned with our ESG vision and policies, we currently do not have incentive schemes specifically linked to sustainability objectives or performance.

Nevertheless, the integration of sustainability into decision-making processes is continuously evolving. Several areas are already incorporating environmental, social and governance indicators into their operational activities as part of a broader cultural and organisational transition. In this context, we recognise the importance of defining evaluation and reward mechanisms that reflect the effective commitment of people and organisational structures to advancing sustainability objectives.

In the coming years, the introduction of incentive systems linked to ESG performance may represent a significant step towards further strengthening the integration of sustainability into corporate management and more closely aligning the creation of economic value with that of environmental and social value.

ESRS 2: GOV-5

4.4_RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The operational preparation of our sustainability reports represented a significant step in the journey towards integrating ESG principles into our corporate culture. In order to ensure methodological quality and compliance with the applicable reference standards, we relied on the support of an external specialist firm with proven experience in the field of non-financial reporting.

Overall coordination and supervision of the project were entrusted to one of our Special Attorneys, Pierfrancesco Novati, who played a key role in promoting the active involvement of the various corporate departments and in keeping the Board of Directors continuously informed on the progress of the activities.

The approach adopted for the preparation of the report was strongly collaborative across all departments. From the preliminary stages onwards, all corporate departments were involved in a structured manner, both in contextual analysis and stakeholder engagement activities, and in thematic focus groups dedicated to the identification and assessment of Impacts, Risks and Opportunities (IROs) for the purposes of the double materiality assessment.

Data collection was carried out with the direct contribution of the various operational areas, using an assisted data collection methodology that facilitated the emergence of accurate, consistent and meaningful information. At the end of the process, the heads of department carried out a detailed review of the content prepared by the consultancy firm, verifying its accuracy, relevance and consistency with internal evidence, prior to authorising its publication.

This participatory approach strengthened internal awareness of the importance of non-financial reporting and laid the foundations for an increasingly integrated, transparent reporting process oriented towards continuous improvement.

ESRS 2: IRO-1 SBM-2

DOUBLE MATERIALITY ASSESSMENT

The double materiality assessment represents a fundamental tool for understanding and consciously managing the environmental, social and economic challenges connected with our activities. Through this approach, we analyse both the impacts that our operations generate on the environment and on society, and the external factors that may significantly influence value creation for the company in the medium to long term.

We operate in an industry characterised by regulatory, technological and cultural change, and the double materiality

assessment enables us to more precisely identify the topics that are most relevant for our stakeholders and for the sustainability of our business model. The active involvement of internal and external stakeholders and the integrated assessment of risks and opportunities are key elements of this process.

Through this analysis, we strengthen our ability to take informed strategic decisions, consistent with our values and oriented towards a more responsible, resilient and transparent future.

5.1_ METHODOLOGY APPLIED

With the entry into force of the Corporate Sustainability Reporting Directive (CSRD) as of 5 January 2023, European companies are faced with a new responsibility: not only to report on their ESG performance, but to do so through an approach that places double materiality at its core.

This principle requires an integrated, two-way reading of sustainability: on the one hand, an analysis of the impacts generated by the company on the environment and society; on the other, an assessment of how external changes – climatic, regulatory and social – may influence its economic and financial position.

The **first axis**, referred to as **impact materiality**, looks from the inside out: it measures the effects of corporate activities on ecosystems, communities and stakeholders.

The **second**, known as **financial materiality**, reverses the perspective and analyses external conditions that may put company performance at risk or enhance it: extreme climatic events, regulatory pressures and market developments.

The adoption of this dual perspective, in line with the **ESRS**, guided for the first time a structured process for mapping material topics. The objective is to identify, in a methodical and transparent manner, the relevant matters that warrant detailed reporting, both in terms of responsibility towards society and exposure to risks.

Beyond responding to a regulatory requirement, the double materiality approach represents a strategic choice. It enables us to strengthen our ability to interpret the context, anticipate future vulnerabilities and seize opportunities for sustainable development. In a rapidly changing context, this integrated vision provides the foundation for building resilience and generating long-term value.

An in-depth analysis was carried out through a series of targeted and structured activities, with the aim of defining an order of priority so as to identify the impacts, risks and opportunities (IROs) most relevant to the company and to represent them clearly within the double materiality matrix.



5.1.1 ANALYSIS OF THE CONTEXT, VALUE CHAIN AND STAKEHOLDERS

CONTEXT ANALYSIS

The analysis of the most significant IRO topics began with a detailed examination of the context in which the company operates. This process made it possible to identify the main market developments, regulatory changes and industry dynamics that may influence the company's strategic choices in the medium to long term.

The current context, marked by geopolitical instability and competitive pressures, requires strategic and operational flexibility. Disruptions in supply chains, rising energy and raw material costs, and distortions in the global market affect pricing and competitiveness. In this scenario, the diversification of sourcing and close attention to pricing become priorities. At the same time, ESG topics are taking on increasing strategic relevance and represent a key factor of differentiation. Context analysis enables the identification of the ESG issues most relevant to stakeholders, laying the foundations for an integrated sustainability strategy.

The double materiality assessment is not merely a reporting tool, but a fundamental strategic element for identifying real priorities, guiding corporate decision-making and defining a practical, long-lasting development strategy aligned with the needs of stakeholders and the local area.

Double materiality assessment

VALUE CHAIN MAPPING

On 24 March, a focus group was established involving first-line managers and top management. Among the objectives was the mapping of our value chain. This process helped us to understand which internal activities are most important and how they are interconnected, from sourcing through to production and distribution.

Through direct discussion, we clarified the role of our operations within global supply chains, highlighting the main interdependencies.

Our value chain is described at the beginning of this report, providing a useful basis for more in-depth analyses. In addition, we were able to assess the indirect impacts of our activities on the environment and society.

By analysing the entire value chain, we identified risks, opportunities and critical areas on which to focus our actions.

This approach enabled us to gain a broader perspective and to strengthen our commitment to the sustainable and responsible management of our production system.

STAKEHOLDER MAPPING

As part of the same focus group, a stakeholder mapping exercise was also carried out. In the context of the company's transition to a sustainable business model, stakeholder voices therefore acquire a strategic value. To be sustainable, a company must understand how to pay attention to the opinions and expectations of its stakeholders, listening to and involving them.

A sustainable development model requires the company to review the logic of profit. The financial and economic successes are therefore reinterpreted in order to identify the dynamics of dissemination of the value created by the company and to highlight the positive repercussions of its operations on the communities and the local area.

The purpose of this first activity was to accurately define the relational fabric of the company, both internal and external, starting from the analysis of the operations that make up the value chain and highlighting, through specific tools such as the "power-interest matrix", the significance of the relationships that the company has built with all its stakeholders.

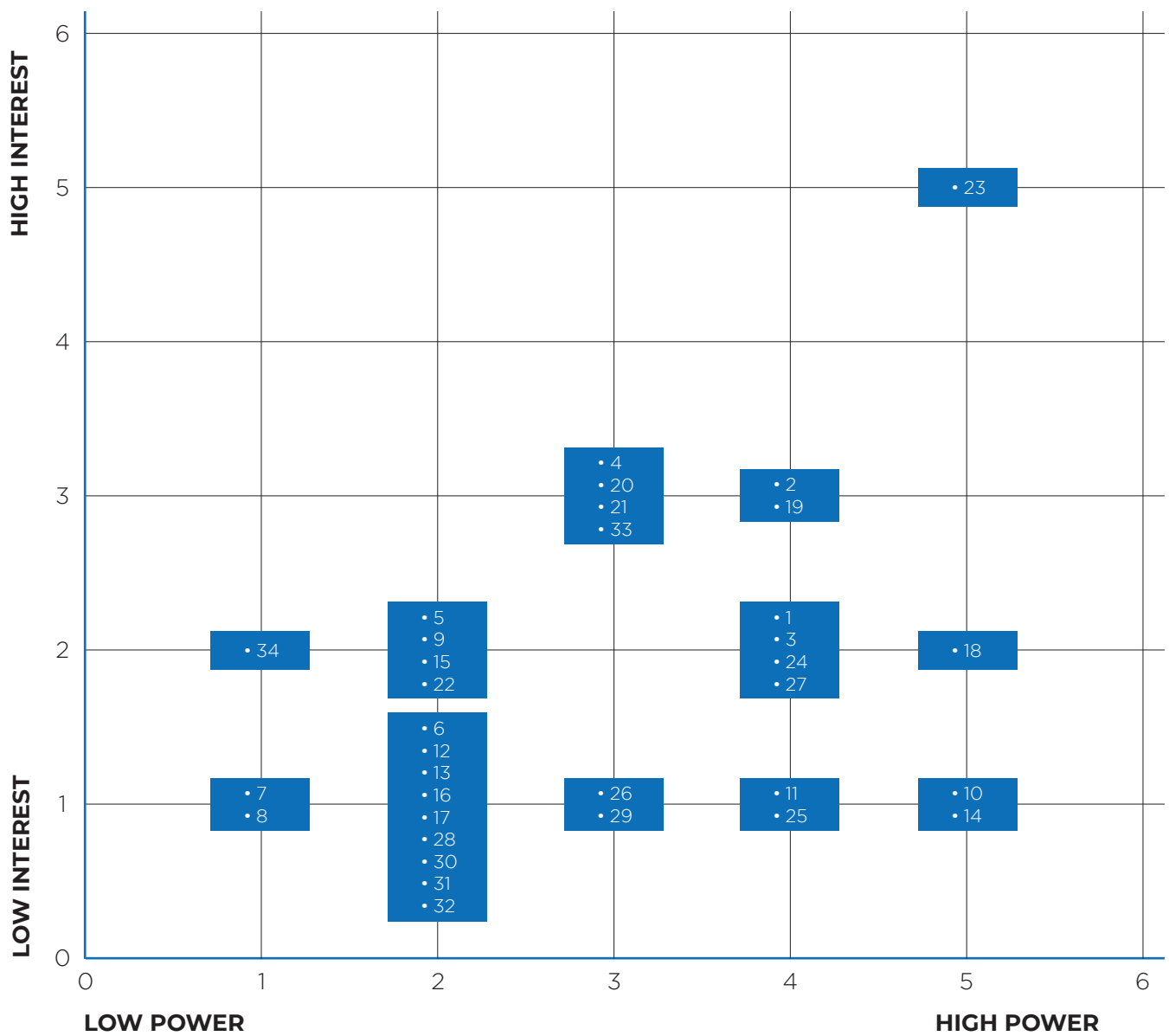
Identifying the degree of importance of stakeholders is fundamental for us to develop a sustainable development strategy that takes into account the needs and demands of stakeholders, weighing their voices against the level of influence and dependence that binds them to our company.

The main corporate stakeholders were therefore placed within four quadrants in relation to their degree of power over the company and their level of interest in its operations.

STAKEHOLDER MAPPING

		X (POWER)	Y (INTEREST)
1	Large-scale retail	4	2
2	Large-scale specialised retail	4	3
3	Hardware and small-scale distribution	4	2
4	Private label	3	3
5	Industry	2	2
6	Marketplace	2	1
7	Private customers	1	1
8	Professional users	1	1
9	EU-based suppliers	2	2
10	Non-EU suppliers	5	1
11	Trading companies	4	1
12	Packaging suppliers	2	1
13	Production system suppliers	2	1
14	Warehouse system suppliers	5	1
15	Label printers	2	2
16	Business consultants	2	1
17	Marketing consultants	2	1
18	IT consultants	5	2
19	Office staff	4	3
20	Warehouse staff	3	3
21	Production staff	3	3
22	Sales agents	2	2
23	Ownership	5	5
24	Freight forwarders and couriers	4	2
25	Banks	4	1
26	Insurance companies	3	1
27	Trade associations	4	2
28	Employment agencies	2	1
29	Trade unions	3	1
30	Certification bodies	2	1
31	Standards bodies	2	1
32	The media	2	1
33	Local community	3	3
34	Local associations	1	2

Double materiality assessment



The following table summarises, in general, the most relevant ESG macro-themes in the current context for the different categories of stakeholders, defining the guidelines for the most in-depth stakeholder engagement activities and, therefore, for the materiality analysis.

These themes emerged from an across-the-board analysis of the trends and priorities shown by business associations in the sector, communities and civil society, and from the changing trajectory of national and international regulations.

DEGREE OF STAKEHOLDER RELEVANCE		MOST RELEVANT ESG TOPICS
Customers	High	<ul style="list-style-type: none"> • Innovation and digitalisation • Carbon footprint reduction • Transparency and ethics
Employees	High	<ul style="list-style-type: none"> • Occupational health and safety • Transparency and ethics • Inclusion and equality
Supply chains	High	<ul style="list-style-type: none"> • Responsibilities along the value chain • Transparency and ethics
Institutions	High	<ul style="list-style-type: none"> • Protection of environmental resources • Carbon footprint reduction • Occupational health and safety • Responsibilities along the value chain • Transparency and ethics
Competitors	Medium	<ul style="list-style-type: none"> • Innovation and digitalisation • Protection of environmental resources • Carbon footprint reduction
The media	Low	<ul style="list-style-type: none"> • Protection of environmental resources • Carbon footprint reduction • Responsibilities along the value chain • Inclusion and equality

RISK ASSESSMENT

Risk management activities are an essential tool in ensuring the company's operational continuity and long-term resilience. The objective is to identify, analyse and assess the main risks that could impact business processes, people, infrastructure and the information managed, and to implement the most appropriate risk treatment measures (elimination, mitigation or transfer), until reaching a level of awareness of the residual risk that remains with the company.

Double materiality assessment

Through a structured approach based on ISO 31000, carried out together with our insurance broker, we were able to understand the nature of threats or hazards, analyse which of these can be considered risks to which we are exposed, and define certain intervention priorities, based on a classification matrix developed through a qualitative-quantitative analysis, in order to optimise the resources dedicated to prevention and control.

In particular, the assessment carried out enabled us to relate the **likelihood of an event occurring** to its **potential severity**, thereby distinguishing the most critical areas from those of lesser relevance. In parallel, the analysis included a review of the status of **existing controls**, in order to understand whether the measures adopted are already adequate, require improvement or are inadequate.

This stage is crucial in transforming the theoretical analysis of risk into a practical operational plan for risk management and mitigation.

In particular, the risk analysis was conducted using a structured methodology that combines three main dimensions.

Severity of consequences

Each risk event was assessed on the basis of its potential impact on the company. Five categories were adopted:

- **catastrophic** - an event capable of jeopardising the very survival of the company or generating extremely serious economic consequences;
- **critical** - an event with very significant impacts on business continuity, safety or reputation, resulting in substantial losses;
- **moderate** - an event generating partial disruptions or limited but still material damage;
- **marginal** - an event with limited impacts that are easily manageable;
- **negligible** - an event with minimal or irrelevant consequences for the organisation.

This scale enabled us to measure the severity of potential losses and to distinguish high-impact risks from those that can be managed without particular difficulty.

Probability of occurrence

In addition to impact, the frequency with which each risk could occur was estimated:

- **frequent** - events that occur regularly or with high recurrence;
- **probable** - events with a genuine likelihood of occurring;
- **occasional** - events that may occur sporadically;
- **remote** - events that are unlikely but nevertheless possible;
- **highly unlikely** - events that are extremely improbable, almost theoretical.

The combination of severity and probability allowed us to position each risk within a matrix highlighting intervention priorities: risks with **high probability and high severity** require prompt action, while those with low probability and low severity can be monitored over time.

Assessment of existing controls

The final step concerned the analysis of the risk management controls already in place within the company.

The categories used were:

- **adequate** - controls already aligned with requirements and sufficient to contain the risk;
- **improvable** - controls in place but requiring strengthening or review;
- **inadequate** - controls insufficient to ensure risk mitigation;
- **no assessment** - situations in which it was not possible to carry out an assessment or where no structured measures are in place.

This framework enabled us to gain a clear view not only of the most significant risk areas, but also of the current level of control and the areas where action is required.

MAIN FINDINGS

The risk analysis focused primarily on operational risks, divided into three main categories:

- natural and environmental risks;
- technological and infrastructural risks;
- risks related to employee safety.

The most significant risk in this category is represented by fire, which could develop within the product warehouse, in areas where certain raw materials are stored, or originating from electrical panels or from the photovoltaic system installed on the roof. A fire in the warehouse could have catastrophic consequences, seriously compromising the company's business continuity.

Smoke detection and compartmentalisation systems are already in place; however, the issue remains a key concern and, for this reason, the installation of advanced automatic fire suppression systems and the study of further compartmentalisation of the premises are currently under evaluation.

Particular areas of concern involve machinery failures, notably those impacting the automated warehouse and the heating and air conditioning systems.

Although the probability is not high and compliance with periodic maintenance controls reduces the impact, such events

could slow down operations.

Other operational risks concern theft or loss of goods, both in storage areas and during transport.

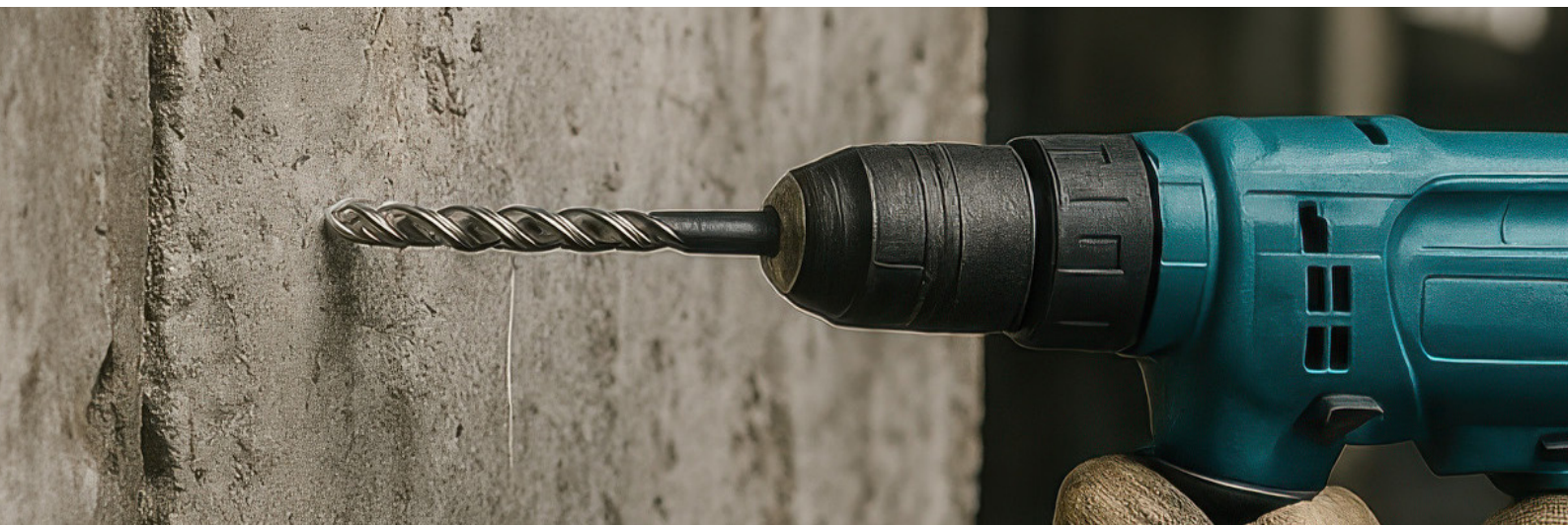
The estimated economic impact is limited thanks to video surveillance systems, alarms and the use of certified couriers, but it remains important to maintain a high level of vigilance. More marginal, by contrast, are the consequences of possible strikes or temporary transport disruptions, which, although they may cause delays, do not substantially compromise operations. One risk of particular significance is the reliance on certain critical suppliers. Supply disruptions from key strategic partners could cause significant losses and halt our ability to ensure continuity of supply to our customers. It is therefore essential to strengthen our supplier diversification strategy and to provide for minimum safety stock levels for the most strategic products.

Natural and environmental risks

Our location in the Monticello Brianza area exposes us, like most industrial companies in the area, to natural events such as earthquakes, floods, hailstorms, or wind and snow storms.

The likelihood of such events is generally remote or occasional, but the potential damage may be significant, particularly in the event of an earthquake or a flood.

However, the most significant risk in this category is represented by fire, which could



Double materiality assessment

develop within the product warehouse, in areas where certain raw materials are stored, or originating from electrical panels or from the photovoltaic system installed on the roof.

A fire in the warehouse could have catastrophic consequences, with estimated losses of up to 5 million, seriously compromising the undertaking's business continuity.

Although smoke detection and compartmentalisation systems are already in place, the issue remains a key concern; for this reason, the installation of advanced automatic fire suppression systems and the study of further compartmentalisation of the premises are currently under evaluation.

Technological and infrastructural risks

From a technological perspective, dependence on IT systems is a relevant factor.

The loss or prolonged interruption of ICT infrastructure and control systems could result in an extended operational shutdown, with significant impacts on order management and shipment traceability. For this reason, we have already invested in cloud solutions and external security measures; however, further hardware and software improvements are also under consideration.

This is compounded by the risk of cyberattacks: while the probability is occasional, the potential damage is not

negligible. Protective measures are already in place, but continuous updating and rapid response plans are essential.

Risks related to employee safety

A distribution company such as ours must also carefully consider risks related to employee safety. First and foremost, there are risks associated with occupational health and safety: despite the implementation of a safety management system compliant with applicable standards, accidents remain a real possibility, particularly in relation to goods handling activities and warehouse operations.

Strategic and compliance risks

One risk of particular significance is the reliance on certain critical suppliers. Supply disruptions from key strategic partners could cause significant losses and halt our ability to ensure continuity of supply to our customers. It is therefore essential to strengthen our supplier diversification strategy and to provide for minimum safety stock levels for the most strategic products.

From a regulatory compliance perspective, we manage sensitive and personal data correctly in accordance with the GDPR, with the support of a DPO and IT security systems. The likelihood of breaches is low and the potential impact limited; however, it is necessary to keep security protocols up to date.



		ASSESSMENT OF EXISTING CONTROLS				
		ADEQUATE	IMPROVABLE	INADEQUATE	NO ASSESSMENT	TOTAL
PRIORITY	V High	0	0	0	0	0
	High	1	2	0	1	4
	Medium	5	1	0	4	10
	Low	3	0	0	10	13
	Total	9	3	0	15	27

		ASSESSMENT OF EXISTING CONTROLS					
		CATASTROPHIC	CRITICAL	MODERATE	MARGINAL	NEGLIGIBLE	TOTAL
PROBABILITY	Frequent	0	0	0	0	0	0
	Probable	1	2	0	2	0	4
	Occasional	1	0	2	4	4	11
	Remote	1	2	0	3	5	11
	Highly unlikely	0	0	0	1	0	1
	Total	2	4	2	10	9	27

In summary, the methodology adopted enabled us to:

1. Map risks based on impact and probability.
2. Assess the robustness of existing controls.
3. Provide an objective basis for defining corrective and preventive actions, with the aim of improving the company's overall resilience.

This activity was fundamental in defining the list of potentially material IROs and in assessing their actual materiality.

5.1.2_ IDENTIFICATION OF POTENTIALLY MATERIAL IROS

Gaining awareness of our impacts with respect to the most relevant ESG topics is an essential step for the drafting of an effective sustainable development strategy. Indeed, only a company that has an in-depth understanding of its value chain, as well as the opportunities and risks that influence its proper functioning, can truly aspire to fully sustainable corporate behaviour.

In line with this perspective, the CSRD is based on a strategic reporting approach aimed at managing the impacts, generated and incurred by the company, and the risks and opportunities that derive from it. This approach requires the company to make a specific analysis effort in order to identify, in ESG terms, its impacts, risks and opportunities (IRO).

Here at Krino, we are aware of the high strategic value that comes from identifying potentially relevant IROs. Indeed, the minimisation of environmental, social and economic-financial corporate risks inevitably contributes to the creation of a truly sustainable strategy, aimed at preventing any type of negative externality towards the local area and communities. This strategy also aims to safeguard, by all possible means, the continuity of business operations and the value distribution process.

It is, therefore, clear that effective risk management is the key factor in a sustainable, but above all resilient company.

Over the past ten years, we have consciously chosen to orient our strategy towards the adoption of an **integrated and systemic risk management system**, consistent with the IRO perspective and strengthened by the launch of a structured **risk assessment** process.

The efforts undertaken to date have focused, on the one hand, on **identifying the main internal and external business risks**, and on the other hand, on **analysing possible mitigation actions**, developed through a strategic advisory process in collaboration with a leading insurance brokerage firm. This process was further enhanced by specialist support dedicated to the **analysis and validation of double materiality**, which made it possible to integrate the risk perspective with that of sustainability.

The overall objective was to build a clear and coherent view of the risks that could affect **business continuity**, translating it into a **range of practical measures** aimed at reducing and mitigating potential impacts. At the same time, the most appropriate **insurance coverage** was defined for residual risk, namely the portion that cannot be eliminated or directly managed through organisational and operational actions.

The process for identifying potentially material IROs from an ESG perspective is supported by the guidelines set out in the European Sustainability Reporting Standards (ESRS).

Stakeholders contribute directly to the process of defining IROs given the extensive knowledge they have in terms of interdependencies between company and local area, and consequently in terms of potential impacts, risks and opportunities that could influence (outside-in) or be influenced (inside-out) by the organisation.

The list of IROs potentially relevant to ESG topics forms the basis for the subsequent materiality analysis.

For this reason, in the initial phase we identified the most relevant sustainability topics. On this basis, we developed a targeted questionnaire to collect the views of our stakeholders, both internal and external, on the importance of each topic.

We then prepared a comprehensive list of impacts, risks and opportunities (IROs)

related to the ten sustainability areas set out in the ESRS. From this list, we selected the aspects most significant for our operational business and our value chain. The selected topics were reformulated using simple and direct language in order to facilitate assessment by stakeholders. They cover all ESG dimensions – environment, people and governance – with the addition of a specific focus on supply chains.

ENVIRONMENT

- Atmospheric CO₂ emissions
- Air, soil and water pollution
- Impacts on biodiversity and animal species
- Waste management and disposal
- Packaging management, optimisation and disposal
- Transport and logistics
- Energy consumption
- Water consumption
- End-of-life of products (recovery, circularity, etc.)

PEOPLE

- Working conditions of our workforce
- Occupational health and safety of our workforce
- Training for our workforce
- Personnel turnover and loss of skills
- Development of internal sustainability skills
- Relations with the local community

GOVERNANCE

- Transparency, ethics and integrity of corporate management
- Transparency in communications with clients
- Ethical and transparent management of suppliers
- Supply chain traceability
- Customer safety in the use of products
- Privacy and cybersecurity
- Prevention of active and passive corruption
- Direct reputational damage

SUPPLY CHAINS

- Environmental impacts of suppliers
- Working conditions at suppliers
- Occupational health and safety at suppliers
- Human rights violations by suppliers
- Sustainability of products offered by suppliers

5.1.3_ ASSESSMENT OF MATERIAL IROS AND APPROVAL OF RESULTS

After identifying the potentially material impacts, risks and opportunities (IROs), we developed a **questionnaire** administered to top management, the main company departments and a number of **external experts in risk management and insurance risk** during a dedicated focus group held on 24 March 2025. This meeting represented a key moment for collecting targeted feedback on the sustainability topics identified.

Participants, organised into groups, assessed each topic from a dual perspective: impact materiality and financial materiality.

The questionnaire was distributed using the CAWI/MAWI methodology, making the data collection process more dynamic and participatory.

Each topic was examined in depth, considering economic effects (direct and indirect) as well as impacts on the environment, society and governance. The information collected was essential in defining strategic sustainability priorities, taking into account the views of key figures within the organisation.

VALUE SCALE

As part of the assessment of impacts, risks and opportunities (IROs), and in line with the requirements of the Directive, the questionnaire included multiple-choice questions to measure the level of materiality attributed to each IRO. Participants were asked to express their assessment using a six-level scale, each associated with a numerical value from 1 to 6.

For **impact materiality**, the scale adopted was as follows:

- Null → value 1
- Minimal → value 2
- Low significance → value 3
- Significant → value 4
- Critical → value 5
- Very critical → value 6

For **financial materiality**, a similar scale was used, with slight variations in terminology to reflect the economic nature of the assessment:

- Null → value 1
- Minimal → value 2
- Low significance → value 3
- Significant → value 4
- Relevant → value 5
- Highly relevant → value 6

This coding system enabled the collection of comparable and structured data, ensuring a consistent analysis of the priorities identified.

STATISTICAL PROCESSING

The statistical analysis of **questionnaire** responses included a weighting system to reflect differing levels of expertise in sustainability matters. In particular, greater weight was assigned to assessments expressed by top management and first-line managers, recognising their strategic and operational perspective.

Responses from our workforce and external stakeholders, while assigned equal weight, were nevertheless considered essential, as they provide complementary and valuable perspectives. The weights applied were as follows:

- Focus group participants: 2
- Krino workforce: 1
- External stakeholders: 1

During the next stage, stakeholders were involved in **personal interviews** to further explore the contribution of the various company departments to the sustainability strategy and action plans.

To consolidate the results, the questionnaire used in the internal focus group was **simplified** and adapted for a broader audience, while still consistent with the original framework. It was then distributed to all employees and external stakeholders using the CAWI/MAWI methodology: via the intranet for internal staff and via email for external parties.

Given that many external stakeholders do not have technical training in sustainability matters, the simplified version excluded questions relating to financial materiality. In addition, certain items were grouped together to facilitate completion and improve the quality of responses.

ESRS 2: SBM-3

5.2_ DOUBLE MATERIALITY MATRIX

To develop and assess the double materiality matrix, materiality thresholds were defined to distinguish topics to be included from those to be excluded. In particular, the threshold was set at 3 (“material”): topics with a score equal to or above this threshold were considered significant for the company, while those with a lower value were deemed less of a priority.

In addition to the quantitative analysis, a qualitative assessment was also carried out, integrating the numerical results with documentary evidence and feedback emerging from stakeholder engagement activities. This approach made it possible to refine the interpretation of strategic priorities and, in some cases, to reassess the importance of certain topics.

Some aspects initially considered secondary were included in the matrix as a result of the insights gained during the interviews.

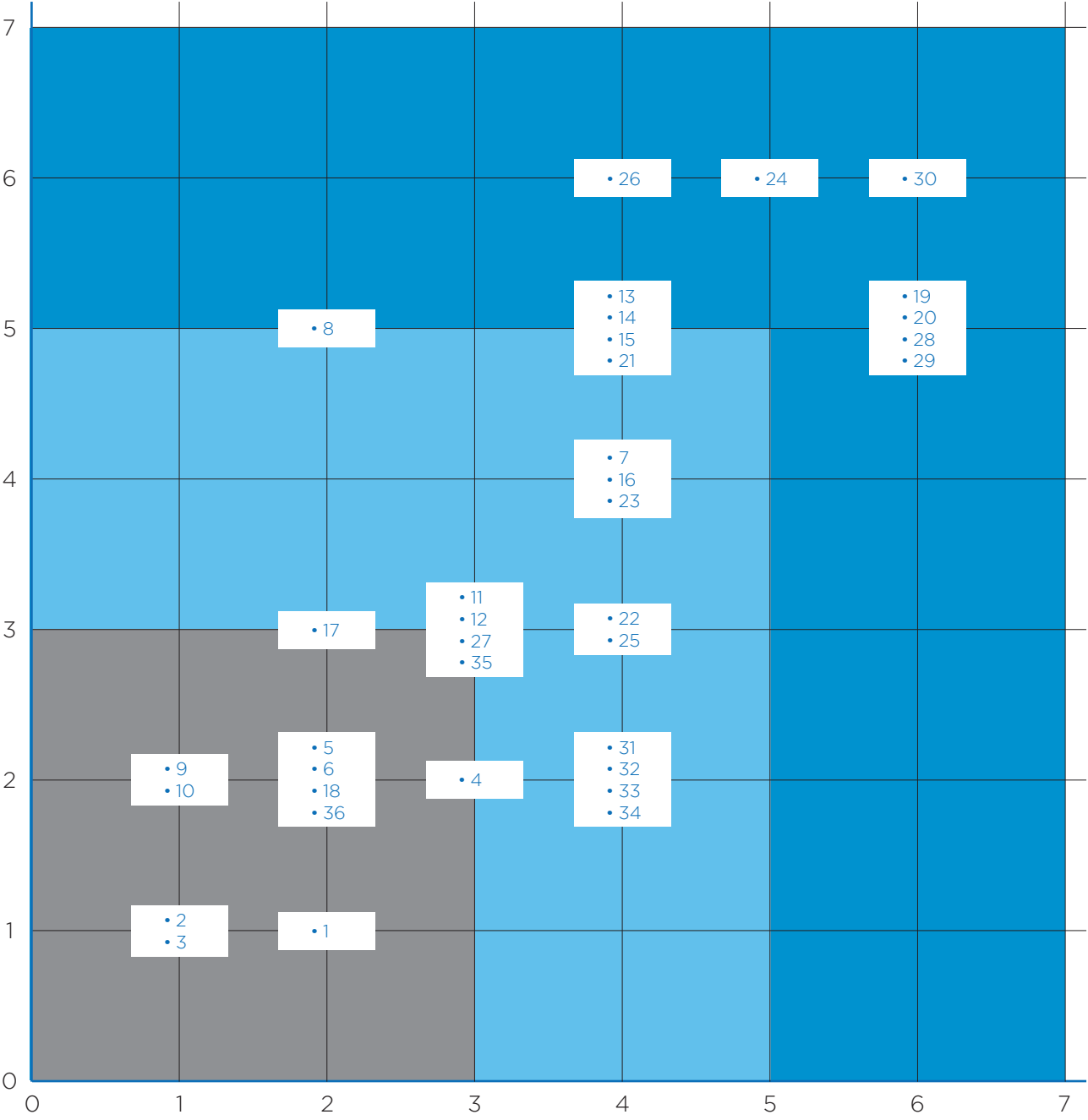
The outcome is a matrix in which each topic has been classified according to its level of materiality, combining objective data with qualitative insights.



DOUBLE MATERIALITY MATRIX

		X (IMPACT)	Y (FINANCIAL)
1	Atmospheric CO ₂ emissions	2	1
2	Pollution (air, soil, water)	1	1
3	Impacts on biodiversity and animal species	1	1
4	Management and disposal of non-hazardous waste	3	2
5	Management and disposal of hazardous waste	2	2
6	Packaging management, optimisation and disposal	2	2
7	Transport and logistics	4	4
8	Energy consumption	2	5
9	Water consumption	1	2
10	Product end-of-life (potential recovery, circularity, etc.)	1	2
11	Climate and environmental risks (floods, inundations, landslides, etc.)	3	3
12	Transition risks (stricter regulations, changes in consumption patterns, etc.)	3	3
13	Working conditions for our workforce (organisational climate, inclusion, flexibility, benefits, etc.)	4	5
14	Occupational health and safety of our workforce	4	5
15	Training for our workforce	4	5
16	Personnel turnover and loss of skills	4	4
17	Lack of sustainability-related skills among our workforce	2	3
18	Tensions with local communities and surrounding areas	2	2
19	Transparency, ethics and integrity of corporate management	5	5
20	Transparency in communications with clients	5	5
21	Ethical and transparent management of suppliers	4	5
22	Supply chain traceability	4	3
23	Customer safety in the use of products	4	4
24	Privacy and cybersecurity	5	6
25	Prevention of active and passive corruption	4	3
26	Direct reputational damage	4	6
27	Poor sustainability culture among customers	3	3
28	Difficulties in replacing strategic suppliers	5	5
29	Limited control over supply chains (low bargaining power, information asymmetries, cartels)	5	5
30	External, uncontrollable situations (geopolitical developments, conflicts, etc.)	6	6
31	Environmental impacts of suppliers	4	2
32	Working conditions at suppliers (organisational climate, inclusion, flexibility, etc.)	4	2
33	Occupational health and safety at suppliers	4	2
34	Human rights violations by suppliers	4	2
35	Reputational damage of suppliers	3	3
36	Sustainability of products offered by suppliers	2	2

Double materiality assessment



5.3_PRIORITISATION OF MATERIAL TOPICS

The analysis of material topics, i.e. relevant to the company's development and growth strategy, culminates in a structured process of identifying strategic priorities in order to trace the trajectories of sustainable development (in line with the provisions of "GRI 3 - Material topics").

The priorities identified were, therefore, a direct result of the context analysis process and stakeholder engagement activity, and ensure an integrated view of our operations that is aligned with stakeholder expectations and effectively contributes to the sustainable growth of the company.

Based on the analysis of the results of the assessments that emerged from the involvement of sector-based experts and opinion leaders and from the analysis of the programmatic documentation of the reference trade associations, the following hierarchy has been defined:

1. ETHICS, SUSTAINABILITY AND SUPPLY CHAIN MANAGEMENT

The suppliers topic naturally plays a **strategic and central** role in defining our sustainability strategy and in assessing overall performance. Given that our business is focused on commercialisation, the quality, reliability and responsibility of suppliers directly affect the company's ability to ensure operational continuity, product safety and client satisfaction.

Among the main challenges characterising the management of our supply chain, priority issues include **unequal access to information and limited bargaining power**, risks of anti-competitive practices at international level, and difficulties related to the replacement of strategic suppliers. By contrast, external factors such as geopolitical developments or conflicts,

although increasingly relevant, are classified as circumstances not directly controllable by the company.

To effectively manage these critical issues, we adopt a targeted approach that integrates **ESG assessment of suppliers**, the promotion of ethical and transparent practices throughout the value chain, and the definition of clear standards of business conduct. This approach enables us to reduce operational and reputational risks, consolidate long-term relationships with reliable and responsible suppliers, and support business continuity, while at the same time ensuring a positive contribution to environmental and social sustainability.

Double materiality assessment

2. CLIENT RELATIONS

Clients are at the heart of our corporate strategy and represent the primary measure of our performance. However, client centrality is not limited to the quality of the products and services offered; it must extend to an integrated and responsible approach that takes into account, across the board, several key aspects that underpin the trust and satisfaction of business partners.

First and foremost, transparency in communication is an essential principle: providing clear, timely and reliable information on products, supply conditions and services enables relationships to be forged based on trust and mutual understanding.

Product safety in use is another cornerstone of client relations. For this reason, we invest in training

programs, informative materials and technical support, ensuring that tools and accessories are used correctly and under safe conditions, minimising risks and preventing accidents.

At the same time, the protection of privacy and the safeguarding of client data represent key elements of corporate responsibility. The secure and compliant management of information helps preserve client trust and ensures the necessary confidentiality in an increasingly digital and interconnected environment.

Finally, all these aspects contribute to strengthening the company's reputation, understood as our ability to be perceived as a reliable, responsible partner that is attentive to client needs.

3. WORKFORCE MANAGEMENT

The people making up our workforce represent the heart of the company and the primary driver of our sustainable growth. The careful and responsible management of our workforce is therefore a strategic priority, implemented through initiatives and policies aimed at ensuring well-being, safety and professional development.

A positive organisational climate is essential in fostering motivation, collaboration and a sense of belonging. For this reason, we invest in internal dialogue, active listening to employee feedback and the development of continuous improvement pathways designed to strengthen cohesion and participation within the company.

Occupational health and safety is a key pillar: procedures, mandatory training plans and prevention tools are continuously updated to ensure safe work

environments and protected operating conditions.

Similarly, training and skills development are considered key levers for enhancing human capital. Technical training courses, cross-cutting refresher pathways and dedicated programs to raise awareness on topics such as sustainability enable our workforce to grow professionally and actively contribute to the improvement of business processes.

We also promote work-life balance and the well-being of our workforce through integrated benefits, flexible policies and initiatives dedicated to quality of life, with the aim of creating an environment in which everyone can perform to the best of their abilities, feeling valued and supported.

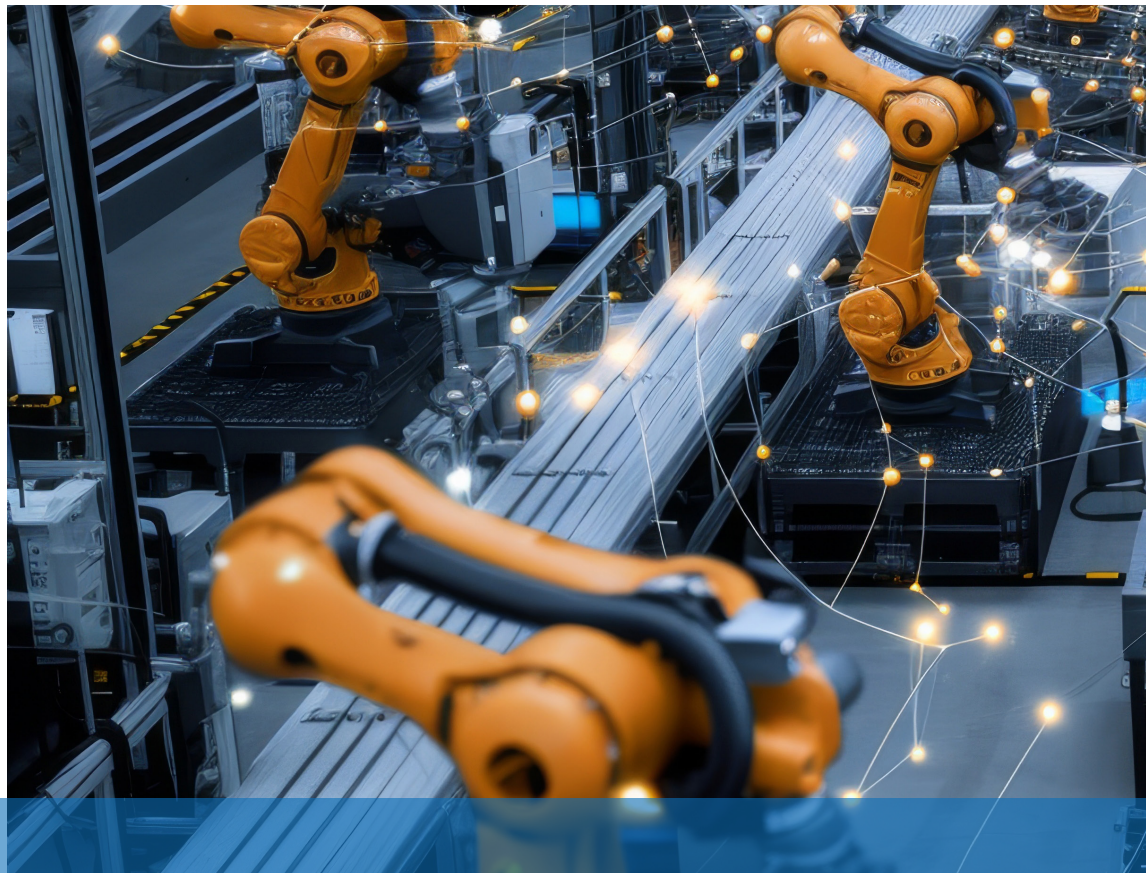
4. LOGISTICS EFFICIENCY

As a distribution company, logistics represents a strategic element connecting two indispensable dimensions: environmental sustainability and the quality of service offered to clients. Efficiency in the management of goods flows is essential to ensure timeliness, reliability and client satisfaction, as well as to reduce the environmental impact of our operations.

From an environmental perspective, logistics is one of the areas with the highest emissions intensity. Transport activities, goods handling and warehouse management contribute to CO₂ emissions and other local pollutants.

For this reason, we adopt targeted solutions aimed at optimising routes, reducing the distances travelled and increasing the average load per journey, working with logistics operators that are attentive to sustainability and implementing digital tools to monitor and improve environmental performance.

At the same time, logistics is a critical driver of client service. The ability to ensure on-time deliveries, efficient order management and dedicated operational support helps to build trust-based relationships and strengthen the company's reputation.



Double materiality assessment

5. ETHICS, RESPONSIBILITY AND REPUTATION

Ethics and responsibility represent a cornerstone of our business model and sustainability strategy.

Acting with integrity, transparency and fairness across all business operations is not only a regulatory requirement, but a strategic choice that protects our reputation and strengthens the trust of clients, suppliers, our workforce and the communities in which we operate.

Responsible management must be translated into the definition and application of clear internal procedures, the promotion of behaviour aligned with codes of ethics, and the ability to monitor operational, reputational and social risks.

These tools enable us to prevent misconduct, ensure compliance with regulations and international standards, and consolidate a working environment based on shared values.

Corporate reputation ties in closely with a focus on ethical practices: delivering quality products and services, respecting stakeholders, and demonstrating social and environmental responsibility all contribute to building long-lasting and sustainable relationships. For this reason, we consider reputation not only as an outcome to be protected, but as a strategic asset that directly influences resilience, competitiveness and the ability to generate shared value.



ESRS 2: IRO-2

5.4_ESRS DISCLOSURE REQUIREMENTS COVERED BY THE COMPANY'S SUSTAINABILITY STATEMENT



Based on the results of the double materiality assessment, the key topics for Krino's sustainability reporting were identified.

The **topics** identified, together with the related **sub-topics and sub-sub-topics** provided for by the topical ESRS, were simplified and reformulated to facilitate understanding during the stakeholder engagement stage.

The responses collected through the survey were subsequently analysed and reorganised in line with the reporting structure proposed by the topical standards.

In the table below, the topics relevant to Krino are classified according to three levels of priority, with colour codes assigned to facilitate readability:

- Not relevant
- Relevant
- Relevant and strategic

Double materiality assessment

ENVIRONMENT

TOPICAL ESRS	SUB-TOPIC	SUB-SUB-TOPIC
E1 - CLIMATE CHANGE	Climate change adaptation Climate change mitigation Energy	
E2 - POLLUTION	Pollution of air Pollution of water Pollution of soil Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics	
E3 - WATER AND MARINE RESOURCES	Water Marine resources	Water consumption Water withdrawals Water discharges Water discharges in the oceans Extraction and use of marine resources
E4 - BIODIVERSITY AND ECOSYSTEMS	Direct impact drivers of biodiversity loss Impacts and dependencies on ecosystem services Impacts on the state of species Impacts on the extent and condition of ecosystems	
E5 - CIRCULAR ECONOMY	Resources inflows, including resource use Resource outflows related to products and services Waste	

PEOPLE

TOPICAL ESRS	SUB-TOPIC	SUB-SUB-TOPIC
S1 - OWN WORKFORCE	Working conditions	<div>Secure employment</div> <div>Working time</div> <div>Adequate wages</div> <div>Social dialogue</div> <div>Freedom of association, the existence of works councils and the information, consultation and participation rights of workers</div> <div>Collective bargaining</div> <div>Work-life balance</div> <div>Health and safety</div>
	Equal treatment and opportunities for all	<div>Gender equality and equal pay for work of equal value</div> <div>Training and skills development</div> <div>Employment and inclusion of persons with disabilities</div> <div>Measures against violence and harassment in the workplace</div> <div>Diversity</div>
	Other work-related rights	<div>Child labour</div> <div>Forced labour</div> <div>Adequate housing</div> <div>Privacy</div>

Double materiality assessment

TOPICAL ESRS	SUB-TOPIC	SUB-SUB-TOPIC
S2 - WORKERS IN THE VALUE CHAIN	Working conditions	<p>Secure employment</p> <p>Working time</p> <p>Adequate wages</p> <p>Social dialogue</p> <p>Freedom of association, including the existence of work councils</p> <p>Collective bargaining</p> <p>Work-life balance</p> <p>Health and safety</p>
	Equal treatment and opportunities for all	<p>Gender equality and equal pay for work of equal value</p> <p>Training and skills development</p> <p>Employment and inclusion of persons with disabilities</p> <p>Measures against violence and harassment in the workplace</p> <p>Diversity</p>
	Other work-related rights	<p>Child labour</p> <p>Forced labour</p> <p>Adequate housing</p> <p>Privacy</p>

TOPICAL ESRS	SUB-TOPIC	SUB-SUB-TOPIC
S3 - AFFECTED COMMUNITIES	Communities' economic, social and cultural rights	Adequate housing Adequate food Water and sanitation Land-related impacts Security-related impacts
	Communities' civil and political rights	Freedom of expression Freedom of assembly Impacts on human rights defenders
	Rights of indigenous peoples	Free, prior and informed consent Self-determination Cultural rights
S4 - CONSUMERS AND END- USERS	Information-related impacts for consumers and/or end-users	Privacy Freedom of expression Access to quality information
	Personal safety of consumers and/or end-users	Health and safety Security of a person Protection of children
	Social inclusion of consumers and/or end-users	Non-discrimination Access to products and services Responsible marketing practices

Double materiality assessment

GOVERNANCE

TOPICAL ESRS	SUB-TOPIC	SUB-SUB-TOPIC
G1 - BUSINESS CONDUCT	Corporate culture Protection of whistle-blowers Animal welfare Political engagement Management of relationships with suppliers including payment practices	
	Corruption and bribery	Prevention and detection including training Incidents



ESRS: E1-6
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

IMPACT	RISK/ OPPORTUNITY CATEGORY	TYPE (INSIDE- OUT/OUTSIDE- IN)	ACTIONS TAKEN OR TO BE TAKEN	REFERENCE SDGS
Environmental impact - pollution	Environmental risk	inside-out outside-in	<ul style="list-style-type: none"> Reduction of the company's carbon footprint through the purchase of an increasing fraction of energy from renewable sources. Energy efficiency and development of logistics emissions monitoring schemes. Development of an integrated risk management strategy that ensures resilience in the event of particularly adverse environmental or climatic events. 	<ul style="list-style-type: none"> 7 affordable and clean energy 9 industry, innovation and infrastructure 13 climate action 15 life on land
Environmental impact - weather and catastrophic events	Operational risk	outside-in	<ul style="list-style-type: none"> Implementation of recovery plan to restore company operations in the face of adverse events in the sites of the company's facilities. Supply chain diversification to limit the risk of unavailability of materials and products in the event of adverse events in the suppliers' site locations. Ad hoc procedures for maintaining supply activities towards customers. 	<ul style="list-style-type: none"> 9 industry, innovation and infrastructure 13 climate action
Environmental impact - energy consumption	Strategic opportunity	inside-out	<ul style="list-style-type: none"> Energy efficiency processes for offices and warehouses. Continuous updating of the machinery in order to maintain the highest level of production efficiency. Investments in new innovative and more efficient technologies (Industry 5.0). 	<ul style="list-style-type: none"> 3 good health and well-being 13 climate action 15 life on land

Double materiality assessment

IMPACT	RISK/ OPPORTUNITY CATEGORY	TYPE (INSIDE- OUT/OUTSIDE- IN)	ACTIONS TAKEN OR TO BE TAKEN	REFERENCE SDGS
Use of resources and circular economy - procurement	Environmental risk	inside-out	<ul style="list-style-type: none"> Increasingly careful and well-informed selection of suppliers, preference for geographically close, young and innovative companies. Under development - audit schemes for traders and suppliers according to specific parameters to evaluate the procurement process and production chains. 	<ul style="list-style-type: none"> 12 responsible consumption and production
Use of resources and circular economy - packaging	Strategic opportunity	inside-out	<ul style="list-style-type: none"> Constant monitoring of the packaging solutions used, with the aim of implementing innovative solutions aimed at recycling and reuse in the short term, inevitably reducing the costs and impacts of packaging in the long term. 	<ul style="list-style-type: none"> 12 responsible consumption and production
Occupational health and safety (own workforce and in the value chain)	Legal risk Reputational risk	inside-out outside-in	<ul style="list-style-type: none"> Compliance with current regulations to protect workers throughout the value chain. Ongoing training of staff on topics related to personal well-being and safety. Ongoing investments in the maintenance of machinery to prevent any accidents. 	<ul style="list-style-type: none"> 3 good health and well-being 4 quality education 8 decent work and economic growth

IMPACT	RISK/ OPPORTUNITY CATEGORY	TYPE (INSIDE- OUT/OUTSIDE- IN)	ACTIONS TAKEN OR TO BE TAKEN	REFERENCE SDGS
Inclusivity and equality (own workforce and in the value chain)	Reputational risk	inside-out outside-in	<ul style="list-style-type: none"> • Monitoring of pay equity. • Equal opportunities for professional growth. • Offering specific training courses. • Monitoring respect for human rights along the value chain. • Goal recognition of UNI PdR 125 certification. 	<ul style="list-style-type: none"> • 3 good health and well-being • 4 quality education • 8 decent work and economic growth • 10 reduced inequalities
Inclusivity and equality (own workforce and in the value chain)	Strategic opportunity	outside-in	<ul style="list-style-type: none"> • Ongoing commitment to creating an inclusive environment that values differences. • resulting in greater appeal to new capable talent and for workers with different backgrounds that can enrich the company culture. 	<ul style="list-style-type: none"> • 3 good health and well-being • 4 quality education • 8 decent work and economic growth • 10 reduced inequalities
Cost fluctuation	Operational and competitive risk	outside-in	<ul style="list-style-type: none"> • Ongoing monitoring of logistics and procurement costs. • Possible anticipation of core purchases with simultaneous storage planning. 	<ul style="list-style-type: none"> • 9 industry, innovation and infrastructure • 12 responsible consumption and production
Supply chain resilience and flexibility	Strategic opportunity	outside-in	<ul style="list-style-type: none"> • Ongoing process of analysis, monitoring and management of operational, strategic, environmental and financial risks. 	<ul style="list-style-type: none"> • 9 industry, innovation and infrastructure • 12 responsible consumption and production

Double materiality assessment

IMPACT	RISK/ OPPORTUNITY CATEGORY	TYPE (INSIDE- OUT/OUTSIDE- IN)	ACTIONS TAKEN OR TO BE TAKEN	REFERENCE SDGS
Customer satisfaction	Strategic opportunity	inside-out	<ul style="list-style-type: none"> • ISO 9001:2015 certification. • Maintaining affordable prices. • Clear and transparent product information. • Compliance with regulations to protect customer safety. • Establishment of an Academy to strengthen the brand and spread information about the correct methods of product use and maintenance. 	<ul style="list-style-type: none"> • 3 good health and well-being • 4 quality education • 9 industry, innovation and infrastructure • 12 responsible consumption and production
Fluctuation in demand	Operational risk	outside-in	<ul style="list-style-type: none"> • Ongoing monitoring and strategic storage. • Overall strategy for strengthening positioning on the national and international market. • Maintaining high quality standards and a high degree of innovation to guarantee competitiveness. 	<ul style="list-style-type: none"> • 9 industry, innovation and infrastructure • 12 responsible consumption and production
Cybersecurity and privacy	Operational risk	outside-in	<ul style="list-style-type: none"> • The implementation of new policies for the protection of the company's data and digital assets is being evaluated. 	<ul style="list-style-type: none"> • 9 industry, innovation and infrastructure
Transparency and ethics	Legal risk Reputational risk	inside-out outside-in	<ul style="list-style-type: none"> • Compliance with the Code of Ethics. • Creation of a corporate culture that values honesty and transparency. • Enhancement of whistleblowing procedures. 	<ul style="list-style-type: none"> • 8 decent work and economic growth • 16 peace, justice and strong institutions

5.5 INTEGRATED AND STRATEGIC MANAGEMENT OF RESIDUAL RISK

For **Krino**, the **double materiality** analysis is not merely a compliance exercise required by reporting frameworks, but a **strategic foundation** on which the entire risk management system is built and, consequently, the safeguarding of our **business continuity**.

We are fully aware that the processes underpinning our value chain may be disrupted at any time by events that were once considered exceptional and unpredictable, but which are now occurring with increasing frequency. Their predictability therefore lies in their **recurrence**, while the **intensity of their impacts** often remains uncertain, making a systematic and proactive approach essential. Events of this kind not only give rise to emergency situations, but can easily escalate into full-scale crises, capable of undermining the undertaking's operational capacity, weakening its financial stability and damaging its reputation. To address these challenges, and with the qualified support of our **insurance advisor**, we have decided to adopt a **structured**

and **strategic** approach to risk management, implementing a methodology articulated into **four stages**:

1. **Identification and quantification of risks (risk analysis)** – systematic mapping of potential adverse events and assessment of their impact and likelihood;
2. **Analysis of technical and organisational measures (risk reduction)** – identification of technical, procedural and organisational measures aimed at reducing either the probability of occurrence or the severity of impacts;
3. **Transfer of non-acceptable risks (risk transfer)** – use of insurance or contractual instruments to transfer to the market those risks that the company cannot or does not wish to retain;
4. **Verification of the acceptability of residual risks (risk retention)** – informed assessment of the remaining risks and definition of internal risk management strategies.

The underlying assumption guiding this methodology is the belief that **preventive action** is essential, reducing risk exposure



Double materiality assessment

as far as possible. At the same time, we recognise that a degree of downside risk will inevitably remain **incompressible**; this component must therefore be managed in a targeted manner through the use of appropriate insurance instruments, capable of further improving our overall risk profile.

The development of dedicated strategies and targeted risk mitigation actions strengthens our ability to **respond promptly and effectively to potential crises**. From this perspective, insurance instruments are not considered a standalone solution, but an integral part of a broader program combining organisational, technical and financial measures.

The impact assessment process has also enabled us to clearly distinguish between actions to be undertaken in terms of **risk mitigation and risk retention**, prior to any potential insurance transfer. The result has been the definition of a **modular and dynamic program**, progressively refined over time and continuously aligned with the evolution of our business and the external context.

The extent to which a company is regarded as virtuous by both the **insurance market** and the **banking sector** is directly proportionate to its proven **resilience and**

sound practices. Aware of this, we decided from the outset to proactively contribute by providing insurance companies, via our broker, with all the information needed for an accurate assessment of our risk profile. This approach has enabled us to obtain truly **tailor-made** coverage conditions, calibrated not only to the specific features of our operating reality but also in terms of cost.

In line with the outcomes of the **double materiality** assessment, we have initiated a structured **risk assessment** process. This activity allows us to detail our risk profile through the combination of two key variables – **probability of occurrence** and **severity of impacts** – and to proceed with the identification, analysis, evaluation and mitigation of potential vulnerabilities. In particular, attention is focused on the scenarios that are most critical to value creation processes, such as:

- fires and other damage to corporate assets;
- theft;
- natural catastrophic events;
- business interruption.

This activity forms the basis for the development of a **Disaster Recovery Plan (DRP)**, a key instrument within the company's business recovery strategy. The plan will enable the simulation of full **stress tests**, analysing hypothetical scenarios and precisely identifying the actions required to minimise the impact of critical events, particularly in terms of business interruption, loss of market share and reputational damage.



The **Disaster Recovery Plan** will not be limited to defining high-level strategies, but will set out in detail all actions to be undertaken in order to restore operations within a predefined timeframe. Risks of a broad scope will be taken into account, including fires, explosions, flooding, environmental contamination and extreme weather events.

For each scenario, the following will be described in detail:

- intervention measures for safeguarding and restoration;
- the expected timelines for carrying out activities;
- potential variables that could affect recovery times.

In addition, in line with the **IRO** assessment, the plan will pay particular attention to operational factors that may influence corporate resilience, such as:

- the immediate availability of critical items in stock or on the market;
- the availability of replacement machinery, plants and equipment;
- the technical and operational compatibility of any new machinery to be integrated into existing lines;
- the existence and geographical location of alternative suppliers;
- the level of updating of available technical documentation;
- the availability of skilled labour for recovery activities, supported by a detailed analysis of repair costs and timelines.

In this way, the DRP will become not only an operational document, but a genuine **strategic risk management tool**, capable of guiding the company in responding to unforeseen events and strengthening operational continuity, competitiveness and market credibility.

It is essential to highlight that **damage limitation** activities (temporary protection) and **remediation/restoration** must be initiated very quickly, ideally within **48-96 hours** of the loss event. Compliance with this time window makes it possible to safeguard the greatest number of assets with the most favourable cost-benefit ratio. Conversely, delayed intervention can quickly turn initial damage into **irreversible** consequences, making it necessary to replace affected components rather than recover them through restoration techniques. This would result not only in increased costs, but also in a significant extension of business recovery times.

Double materiality assessment

The implementation of the **Disaster Recovery Plan (DRP)** therefore plays a strategic role in enhancing **corporate resilience** by limiting direct damage to assets, indirect effects such as business interruption, and longer-term consequences. In doing so, it not only protects operations, but also safeguards relationships with clients and strategic partners and preserves – while strengthening – the **company's reputation**.

A well-structured DRP also contributes to improving the **risk profile as perceived by insurance companies**, with positive effects in terms of risk assessment and the potential for more favourable coverage conditions. Data from the **Observatory on the diffusion of Risk Management in Italian companies** (developed by the Mediobanca Research Department in collaboration with CINEAS – the University Consortium for Insurance Engineering of the Politecnico di Milano) confirm that undertakings adopting a proactive approach to risk management achieve, on average, economic and financial performance (ROI) **31%** higher than that of companies lacking adequate risk management, while also demonstrating a stronger ability to protect assets and ensure continuity of operations.

The plant-related, operational and organisational measures that we are implementing will be duly **reported**. For the portion of **residual risk**, we have taken out **specific insurance policies** which, in the event of unforeseen events, ensure damage containment and rapid recovery times, thereby safeguarding business continuity.

With the support of our **insurance brokerage** firm, we continuously update our risk assessment activities using a **proprietary gap analysis** methodology. This tool enables us to identify the main risks, map areas of vulnerability and strategically define a structured insurance coverage plan, distinguishing between essential, recommended and supplementary policies.

This approach has consolidated our belief that the correct **analysis, management and transfer of risk** represent a **competitive advantage** rather than a mere compliance requirement. Thanks to this methodology, we have been able to build an insurance portfolio aligned with our actual risk exposures, continuously updating available policies and assessing new solutions to be integrated. The objective is twofold: on the one hand, **to minimise risks** and enhance resilience; on the other, **to strengthen corporate performance** and ensure **robust and sustainable business continuity**.

Our approach to **risk identification and management** has been designed as an integral and complementary part of our broader **sustainability strategy**.

We have in fact developed a guiding framework that directly links risk factors to sustainability matters that are relevant both to our company and to our stakeholders. In this way, risk management is not configured solely as a protective measure, but as an element capable of strengthening the company's overall resilience and generating shared value across the entire value chain.

The development of the **Disaster Recovery Plan (DRP)** and the subsequent stipulation of insurance policies ensure a higher level of operational and financial reliability, strengthening the trust of our internal and external stakeholders and positively influencing **corporate reputation**.

This approach, in addition to preventing and mitigating potential negative impacts, helps to consolidate the perception of Krino as a solid and responsible partner.



Double materiality assessment



To complete this operational methodology, an **assessment scoring** model has been developed – validated by **Global Broker S.p.A.** – which considers several key parameters: the overall weight of each risk category, active insurance policies, the relevance of individual policies and the overall composition of the insurance portfolio.

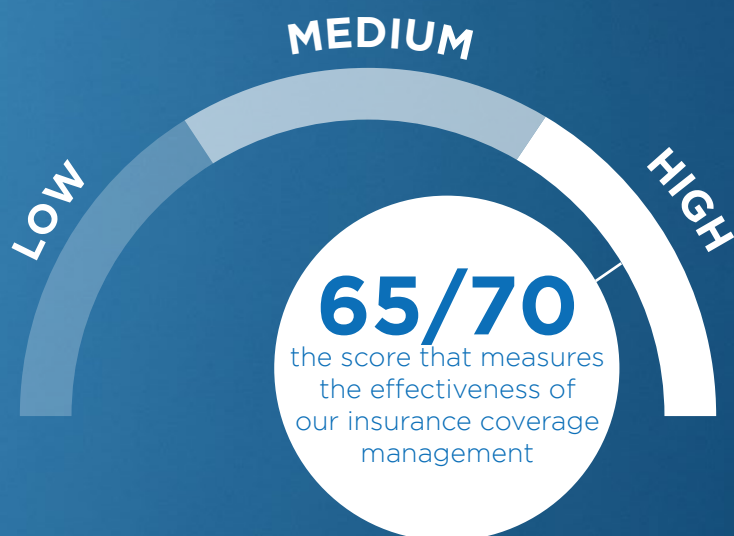
The outcome of this analysis assigned us a score of **65 out of 70**, placing us in the **“High”** band, close to the maximum level.

This result provides clear recognition of the quality and effectiveness of our insured risk management system, demonstrating the soundness of the choices made and confirming our ability to address the most relevant risk scenarios with readiness and resilience.

INSURANCE COVERAGE	TYPE	INSURED
Third-Party Liability and Employment Providers (RCT/O)	Relevant	YES
Damage due to business interruption (DI)	Relevant	YES
Fire All Risks (DD) or Fire Named Perils (DD)	Relevant	YES
Catastrophic events	Relevant	YES
Goods transported	Relevant	YES
Theft - robbery	Relevant	YES
Deposit insurance	Relevant	YES
Recall/ Withdrawal/ Replacement	Relevant	YES
Product Liability (PL)	Relevant	YES
Directors' Liability (D&O)	Appropriate	YES
Life - temporary case of death	Appropriate	YES
Employer Practice Liability (EPL)	Appropriate	YES
Civil, criminal and administrative legal protection	Appropriate	YES
Machine Breakdown (MB)	Appropriate	YES
Cyber risks, Cyber Crime, new GDPR privacy data breach	Appropriate	YES
Occupational and non-occupational accidents	Appropriate	YES
Third-party liability Pollution/ damage to third parties/ rehabilitation also on site	Appropriate	YES
Open or collective pension fund	Suggested	NO
Trade credit insurance	Suggested	NO
Health coverage	Suggested	YES



Double materiality assessment





A close-up photograph of several green leaves, showing a detailed network of veins. The leaves are vibrant green with some minor blemishes and small white spots. The lighting creates a sense of depth and texture.

ENVIRONMENT

OUR ENVIRONMENTAL POLICY

We recognise our responsibility to integrate sustainability principles into our activities. Although we are not directly involved in the production processes of the products we market, we are aware that our choices and operating methods have an impact on the environment. Through our environmental policy, we are committed to reducing impacts related to transport and warehousing, prioritising more sustainable packaging solutions, and collaborating with partners who share our values of respect for the environment. In this way, we aim to contribute to a more responsible supply chain, while at the same time promoting quality, efficiency and care for the community in which we operate.

6.1 OUR APPROACH TO THE ENVIRONMENT



At Krino, environmental sustainability is not merely an ethical duty, but an essential strategic choice, capable of creating long-term value and generating a positive impact over time. Protecting the planet is an integral part of our business model and guides the transformation of our day-to-day activities, with the aim of reconciling economic growth, innovation and respect for natural resources.

As a company specialising in the distribution of tools for machine tools, we are aware that our main environmental impacts do not arise from production, but rather from processes related to **logistics, transport, warehouse management and packaging**. For this reason, every operational decision, innovation project and infrastructural investment is also assessed in relation to its ecological footprint. We are committed to reducing the impact of our facilities, optimising transport to cut emissions, promoting more sustainable packaging solutions, and encouraging responsible management of waste and energy resources.

Our long-term objective is to actively **contribute to the achievement of climate neutrality** through targeted, practical and measurable actions. To this end, we consider the **sustainability report** to be not only a reporting exercise, but a genuine tool for analysis and strategic planning. Through this process, we monitor our progress, identify areas for improvement and define a clear decarbonisation pathway, setting ambitious targets and defining the corresponding actions required to achieve them.

Our objectives range from **reducing direct and indirect environmental impacts** (with a continuous commitment to containing CO₂ emissions associated with the logistics chain) to **promoting circularity**, encouraging practices and models that support reuse, recycling and the efficient use of resources. At the same time, we believe that sustainability cannot be achieved without collaboration across the entire **value chain**: for this reason, we prioritise partnerships with suppliers and operators who share our principles, fostering continuous improvement throughout the ecosystem in which we operate.

At Krino, environmental protection is not an ancillary objective, but a founding principle, capable of guiding corporate decisions, investments and operating methods. We look to the future fully aware that only a responsible and systemic approach can ensure fair, resilient and sustainable development, benefiting not only the company, but also the people and communities with whom we interact every day.

ESRS E1

CLIMATE CHANGE

We are aware of our responsibility in addressing climate change and of the urgency to reduce the environmental impact of our activities.

Our **environmental strategy** guides every corporate decision, steering it towards a low-emission and sustainable future.

We invest continuously in innovative technologies and solutions to reduce the ecological footprint of our infrastructure, with a particular focus on the logistics chain: from optimising the energy and operational efficiency of our warehouses, to more sustainable transport management, and to reducing emissions associated with the handling of goods.

7.1_PHYSICAL AND TRANSITION RISKS

CLIMATE-RELATED PHYSICAL RISKS

The **analysis of climate-related risks** is essential in understanding the vulnerability of territories to the impacts of climate change and in order to consciously guide adaptation and mitigation strategies. The assessment was carried out for the site located in Monticello Brianza (LC) and considers the main exposure factors – such as flooding, changes in precipitation patterns, fires, landslides, heat waves and extreme weather events – classifying them according to a six-level materiality scale. This approach makes it possible to assign a priority level to the different risk scenarios and to put in place appropriate monitoring and management measures.

The **climate risk assessment scale** is structured as follows:

- **none:** no significant climate-related risks are identified for the area;
- **minimal:** very low and limited risk, with a negligible or easily manageable likelihood of impacts;
- **low significance:** risk is present but with limited effects, not significantly affecting safety or operations;
- **significant:** risk capable of generating real and recurring impacts, requiring monitoring activities and the adoption of preventive measures;
- **critical:** high risk, with the potential for significant damage to people, assets or economic activities, requiring specific management plans;
- **very critical:** extreme risk, characterised by a high probability of severe events and systemic consequences, requiring structural interventions and long-term resilience strategies.

	NONE	MINIMAL	SLIGHTLY SIGNIFICANT	SIGNIFICANT	CRITICAL	VERY CRITICAL
CLIMATE-RELATED PHYSICAL RISKS						
Flood risk			X	X		
Changes in precipitation (increase in hailstorms and rainfall)				X		
Cyclones, hurricanes, tornadoes		X				
Wildfires (uncultivated areas, wooded areas, etc.)		X				
Landslides/avalanches	X					

Flood risk – Low significance: the Brianza area is not immune to overflow events affecting minor watercourses during periods of intense rainfall. This is not a structural risk, but it could cause local flooding, particularly in logistics areas and basements.

Changes in precipitation (hail, intense rainfall) – Significant: in recent years, the Lombardy region has experienced an increase in severe weather events, with a tangible risk of damage to roofs, structures and vehicles. For a company with extensive warehouse space, this aspect is particularly relevant.

Cyclones, hurricanes, tornadoes – Minimal: these phenomena are rare in the area; however, isolated tornado events have been recorded in Lombardy. While the risk is not zero, the likelihood remains low.

Wildfires – Minimal: the area is not characterised by extensive forested areas at risk of fire. The presence of green areas and uncultivated land may pose some limited risks, but these are not significant for the company.

Landslides/avalanches – None: Monticello Brianza is located in a flat/hilly, non-mountainous area; the risk of landslides or avalanches can therefore be excluded.

TRANSITION RISKS

The analysis of transition risks is a key process for identifying, assessing and managing the potential impacts of external changes that are outside the company's direct control and may affect its competitiveness and performance. These outside-in impacts can influence organisational, production, commercial and technological aspects.

In a rapidly changing context, the ability to anticipate risks related to the sustainability transition helps to reduce operational disruptions, prevent financial losses and ensure continuity in strategic activities.

Transition risk assessment scale

For effective management, each risk is classified according to its severity, using the following scale:

- **none:** no expected impact on operational continuity or corporate objectives;
- **minimal:** negligible impact, with marginal and easily manageable effects;
- **low significance:** limited impact, requiring only minimal mitigation actions;
- **significant:** material impact that may require operational changes or contingency plans;
- **critical:** serious impact that may compromise certain key activities or strategic objectives;
- **very critical:** high impact with severe and potentially irreversible consequences for corporate performance.

This scale, together with the double materiality and strategic risk management assessments, enables the prioritisation of risks, the efficient allocation of resources, and ensures that transition processes are managed in a controlled and safe manner.

	NONE	MINIMAL	SLIGHTLY SIGNIFICANT	SIGNIFICANT	CRITICAL	VERY CRITICAL
TRANSITION RISKS						
Regulatory changes and stricter regulatory framework on environmental issues				X		
Technological changes and replacements			X			
Changes in customer behaviour				X		
Unsuccessful investments in new technologies		X				
Costs involved in the transition to low-emission technology				X		
Increased in raw materials cost (linked to environmental issues)					X	
Increase in raw material costs due to supply disruptions linked to climatic conditions				X		
Industry reputation			X			

Regulatory changes and stricter environmental frameworks – Significant

The progressive strengthening of European environmental regulations – from the Green Deal to the CBAM (Carbon Border Adjustment Mechanism) – represents a significant risk for the company. The strong dependence on suppliers of steel and components could result in additional duties or import restrictions, with direct impacts on costs and competitiveness.

This scenario makes it necessary to diversify suppliers, introduce environmental audits and invest in supply chain certifications.

Climate change

Technological changes and substitutions – Low significance

In the sector of drills and accessories for machine tools, the risk associated with radical technological changes is currently of low significance. The underlying technology is well established and not subject to rapid change. However, in the medium to long term, new production processes or alternative materials with a lower environmental impact may emerge. For this reason, it is essential to actively monitor innovation and explore partnerships with suppliers that adopt more sustainable solutions.

Changes in client behaviour – Significant

B2B client behaviour, especially among large brands and international distribution chains, is increasingly influenced by more stringent sustainability criteria. This represents a significant risk, as failure to align with ESG standards could jeopardise our position within more demanding supply chains. Mitigation measures include transparent reporting of ESG performance, strengthening certifications, and clear communication of the company's commitment to sustainability.

Unsuccessful investments in new technologies – Minimal

The company is not characterised by substantial investments in R&D or complex production technologies, which reduces this risk to a minimal level. However, the potential adoption of inadequately assessed “green” plants or solutions could result in unproductive capital expenditure. To mitigate this risk, it is essential to carry out rigorous return-on-investment assessments and to test solutions on a small scale before committing to large-scale investments.

Costs of the transition towards low-emission technologies – Significant

The transition towards low-emission logistics and production inevitably entails adaptation costs. This represents a significant risk, as it may put pressure on margins, particularly during the initial adjustment phase. However, it also represents a medium-term opportunity, as a company already aligned with environmental standards will enjoy a competitive advantage. To mitigate the economic impact, it is advisable to make use of public incentive schemes (PNRR - National Recovery and Resilience Plan, European funds), plan gradual energy-efficiency measures and develop supply chain partnerships.

Increase in raw material costs – Critical

This represents the most critical risk. Ferrous raw materials are subject to high volatility, and new environmental regulations, together with taxation mechanisms such as the CBAM, could lead to a significant increase in prices. Given the high incidence of steel in the final product, the impact on margins would be substantial.

To reduce this exposure, it is necessary to assess multi-year supply contracts, strengthen relationships with reliable traders, and pass on part of the increased costs to end customers through targeted commercial policies.

Increase in raw material costs due to supply disruptions linked to climatic conditions – Significant

Climate change is already affecting global supply chains, with bottlenecks at key nodes hindering trade flows, particularly towards distant regions such as Asia. For a company that imports a significant share of its products from China, this risk is significant and may result in higher costs and delays in logistics. Mitigation actions include the creation of safety stocks, the development of business continuity plans and the use of alternative logistics routes.

Industry reputation – Low significance

Reputational risk for the tooling and steel accessories sector is currently of low significance, as it is not directly exposed to public opinion to the same extent as other industries. However, increasing scrutiny by B2B stakeholders of ESG criteria makes it important to position the company as a reliable and sustainable supplier. Careful communication of the ESG strategy and the adoption of measurable practices, such as reducing logistics-related emissions and implementing sustainable packaging, can strengthen corporate reputation and prevent future risks.

E1-5

7.2 ENERGY CONSUMPTION

At the beginning of 2023, we appointed a qualified expert to update the Energy Performance Certificate (EPC) relating to our facilities. The new certificate, issued on 6 February, assigned the buildings an **energy class D**.

This finding highlighted the need for prompt action to improve energy efficiency, with the objective of reducing operating costs and overall environmental impact. For this reason, we will shortly launch a series of targeted interventions to upgrade our electrical and climate control systems. While we are aware of the significant investment required, we are confident that it will lead to a substantial reduction in energy costs. In addition, we intend to modernise our infrastructure by introducing practical solutions such as the installation of LED lighting, the use of more efficient cooling technologies and the integration of renewable energy through photovoltaic panels.

FUELS

Within our facilities, the use of natural gas is limited to winter heating and the production of domestic hot water.

	U.M.	2022	2023	2024
Total gas consumption	smc	133532	129,259	142,389
	kWh*	1,427,457	1,381,779	1,522,138
Total methane consumption		0	0	0
Total consumption of fuel from renewable sources (biomass, biogas, renewable hydrogen, etc.)	kWh	0	0	0
Total consumption	kWh	1427457	1,381,779	1,522,138
Year-on-year difference			-3%	+10%

*Conversion factor: 1 scm = 10.69 kWh

Climate change

ELECTRICITY

The electricity consumption reported takes into account the need not only for lighting but also for the operation of the machinery used in warehouses, offices and the LTI production chain.

	U.M.	2022	2023	2024
Electricity purchased from renewable sources	kWh	416611	397,943	415,341
Self-generated electricity from renewable sources	kWh	0	0	0
Total electricity from renewable sources	kWh	416611	397,943	415,341
Electricity purchased from non-renewable sources	kWh	0	0	0
Total consumption	kWh	416611	397,943	415,341
Year-on-year difference			-4%	+4%

PURCHASED ENERGY MIX

All the electricity purchased is certified 100% green by our energy provider.

	2022	2023	2024
Renewable sources	100%	100%	100%
Natural gas	0%	0%	0%
Coal	0%	0%	0%
Other sources	0%	0%	0%
Total	100%	100%	100%



PHOTOVOLTAIC PRODUCTION

As part of our commitment to investing in tangible sustainability actions – from both an economic and environmental perspective – we launched a project in 2023 to install a photovoltaic system on the roof of our Monticello facility.

In 2024, we secured SIMEST financing, enabling us to commence works on the new system. According to the estimates and simulation carried out in 2023, the system will have an estimated total output of **187.39 MWh**, of which **96% will be used for self-consumption**.

The energy generated and self-consumed by the system will enable us to cover **43% of the site's total energy demand**.

It is estimated that, thanks to this new installation, it will be possible to avoid the emission of 47.97 tonnes of CO₂, a saving equivalent to the planting of 2,203 trees.

ENERGY INTENSITY

	U.M.	2022	2023	2024
Total energy consumption (fuel+energy)	kWh	1844068	1,779,722	1,937,479
Energy intensity based on net revenue	kWh/euro	0.075	0.069	0.071
Year-on-year difference			-8%	+3%
Energy intensity per functional unit	kWh/parcels handled	85.35	77.24	63.69
Year-on-year difference			-9%	-18%

Energy intensity per functional unit has been calculated using the number of parcels handled. To provide greater clarity, the production trends (in parcels) over the three-year period under analysis are shown below.

	2022	2023	2024
Parcels handled/shipped	21,607	23,040	30,421

7.3_ LOGISTICS, COMPANY FLEET AND BUSINESS TRIPS

In order to accurately quantify greenhouse gas (GHG) emissions, we initiated the systematic monitoring of distances travelled in relation to:

- logistics;
- company fleet;
- business trips.



7.3.1_ LOGISTICS

For a distribution company such as ours, logistics is one of our core activities. The analysis of logistics operations also provides essential data on materials, packaging and emissions for which we are responsible. These data allow us to obtain a detailed view of the environmental impact of our entire supply and distribution chain, on the basis of which we can develop our sustainability strategy. The movement of goods requires complex management and constant attention in order to maintain high transport efficiency over time and ensure fast delivery times.

Each stage of the logistics process must be carefully monitored and optimised to avoid delays, overloads and inefficiencies that could compromise the entire supply chain.

SHIPMENTS HANDLED ANNUALLY

	2022	2023	2024
Total shipments handled	21,607	23,040	24,263
Year-on-year difference		+7%	+5%



7.3.2_ COMPANY
FLEET

The monitoring of environmental impacts must include the reporting of fuel consumption attributable to travel and professional trips by Krino personnel.

To date, we have not implemented a system for the timely detection of the mileage covered by our vehicles.
The available data is related to the fuel

expenses. The consumption in litres was duly estimated using the average pump prices for the specific year in question, published by FIGISC (Italian Federation of Road Fuel Operators).

We have launched a system for measuring this data and, consequently, the estimated data for next year will be replaced by up-to-date information.

VEHICLE FLEET

	2022	2023	2024
Diesel-powered vehicles	12	14	14
Petrol-powered vehicles	0	0	0
Total vehicles	12	14	14
Year-on-year difference		+17%	0%



FUEL CONSUMPTION

	U.M.	2022	2023	2024
Diesel expenditure	€	44,935	46,260	45,485
Average diesel cost	€	1.833	1.789	1.717
Estimated diesel consumption	lt	24,514	25,858	26,491
Year-on-year difference			+5.5%	+2%
Fuel consumption/vehicle fleet		2043	1,847	1,892
Year-on-year difference			-10%	+2%

7.3.3_ BUSINESS TRIPS

We are not yet able to monitor train and air travel undertaken by our workforce. Compared with the previous year, however, we have been able to identify the number of air travellers, although not yet the distances travelled, which are required to calculate Scope 3 emissions. The objective for the coming years is to achieve a more detailed mapping of business travel.

	2022	2023	2024
Number of travellers Abroad	n.a.	n.a.	44
Number of travellers Italy	n.a.	n.a.	23
Total travellers	n.a.	n.a.	67

ESRS: SBM-3

7.4_EMISSIONS



The CO₂ emissions directly and indirectly generated by Krino’s main activities can be categorised as follows:

Scope 1 Direct emissions,
including emissions generated from owned or controlled sources, i.e. greenhouse gas emissions resulting from fuel consumption.

Scope 2 Indirect emissions,
including emissions generated by energy purchased, mainly for the purpose of electricity consumption, and therefore caused by the combustion of fuels by third parties.

Scope 3 Indirect emissions,
including all emissions associated with the company’s activities, generated mainly along its value chain and not falling within either Scope 1 or Scope 2 (i.e. emissions arising from employee commuting, the supply chain, the use of manufactured products, etc.).

The calculation of Scope 3 emissions is excluded from this sustainability report, as it requires detailed and complex data collection that is difficult to implement for a company in the initial years of sustainability reporting. We plan to acquire the necessary information and implement this calculation in the coming years for a comprehensive assessment of our emissions.

Climate change

SCOPE 1 EMISSIONS

	U.M.	2022	2023	2024
Gas consumption emissions*	tCO ₂ eq.	290	281	309
Fuel consumption emissions**	tCO ₂ eq.	64	8	69
Refrigerant gas emissions	tCO ₂ eq.	n.a.	n.a.	n.a.
Total Scope 1 emissions	tCO₂ eq.	354	348	378
Year-on-year difference			-2%	+9%
Emissions/parcels handled		0.0164	0.0151	0.0124
Year-on-year difference			-8%	-18%

* The three-year data have been aligned with the previous report using the ISPRA conversion factor of 0.203.

** The three-year data have been aligned with the previous report using the ISPRA conversion factor of 2.62.

SCOPE 2 EMISSIONS

	U.M.	2022	2023	2024
Electricity purchased from renewable sources	kWh	416611	397,943	415,341
Electricity purchased from non-renewable sources	kWh	0	0	0
Scope 2 emissions location based*	tCO ₂ eq.	123	101	91
Year-on-year difference			-18%	-10%
Emissions/parcels handled		0.0057	0.0044	0.0030
Year-on-year difference			-23%	-32%
Scope 2 emissions market based	tCO ₂ eq.	0	0	0

* The three-year data have been aligned with the previous report using the ISPRA conversion factors.

SCOPE 2 EMISSIONS

	U.M.	2022	2023	2024
Scope 1+ Scope 2 emissions location based	tCO ₂ eq.	477	449	469
Year-on-year difference			-6%	+5%
Scope 1+ Scope 2 emissions market based	tCO ₂ eq.	354	348	378
Year-on-year difference			-2%	+9%

ESRS E2

POLLUTION

As a **specialised distributor of drilling products, accessories and solutions**, our business does not directly involve manufacturing processes. For this reason, direct impacts related to pollution, water usage and biodiversity protection are limited and do not constitute an area of significant environmental risk. Nevertheless, we adopt targeted measures to **minimise the indirect impacts** of our operations, actively collaborating with suppliers and partners to promote responsible practices that respect the environment and natural resources.

8.1_ OUR POLICIES RELATED TO POLLUTION

Operating in the distribution sector, our company is not directly involved in industrial operations or production processes that could generate significant emissions, discharges or contamination.

As a result, our direct environmental impact in terms of air, water and soil pollution is limited and does not represent an area of material risk for our business.

However, we are aware that certain activities – **in particular logistics, transport and the heating and cooling of workplaces** – give rise to indirect emissions that contribute to climate change and, to a lesser extent, to local air pollution.

Inbound and outbound transport represents one of the main sources of emissions. To reduce its impact, we have rolled out a process to **optimise logistics flows**, including through the use of digital tools and dedicated IT infrastructure. The actions undertaken are aimed at reducing distances travelled, increasing the average load per trip, and working with logistics operators that share our sustainability values. In this way, we contribute not only to containing CO₂ emissions, but also to reducing the release of pollutants such as nitrogen oxides (NO_x) and particulate matter (PM), with direct benefits for air quality and human health.

At the same time, we are actively pursuing the **decarbonisation of our infrastructure**. Among the initiatives currently underway is a phased plan to replace gas-fired boilers with electric heat pump systems, which are more efficient and have a lower environmental impact.

This transition allows us to significantly reduce emissions resulting from the combustion of natural gas – in particular NO_x, carbon monoxide (CO) and particulate matter – as well as to limit the risk of F-gas leaks, which are responsible for climate-altering emissions. The electrification of HVAC systems takes on even greater significance considering that the electricity purchased is sourced **100% from certified renewable energy**, thereby also eliminating Scope 2 indirect emissions associated with heating.

With regard to water and soil pollution, our impacts can be considered **insignificant**: our facilities are connected to public utility networks and do not generate industrial wastewater; moreover, no hazardous substances are handled, nor are there activities involving a potential risk of soil contamination.

Similarly, the production activities of LTI, a non-core but related entity, do not present significant environmental issues, given the limited scale and inherently low-impact nature of its operations, despite involving the machining of ferrous components and tools.

In line with the **precautionary principle** and our commitment to **continuous improvement**, we will continue to closely monitor all environmental aspects, ready to adopt additional prevention and mitigation measures where necessary. We believe that only through a systemic and responsible approach can we strengthen our contribution to a healthy, safe and protected environment, for the benefit of present and future generations.

ESRS E3

WATER AND MARINE RESOURCES

We recognise the strategic value of water as a common good and a fundamental resource for environmental and social balance, and we are committed to managing it responsibly by monitoring consumption and adopting practices aimed at reducing waste. However, our operations do not involve production processes or intensive water use; therefore, the direct impact on water resources is considered non-significant.

E3-4

9.1 PROCUREMENT AND CONSUMPTION

As our business is focused exclusively on distribution and does not involve industrial processing requiring the direct use of water resources, recorded water consumption is extremely limited and almost entirely attributable to hygienic and sanitary use by personnel.

Water therefore does not represent a critical resource for our operations, nor does it constitute a significant environmental risk factor.

All our facilities are connected to public water supply networks and do not generate industrial discharges, wastewater or substances potentially harmful to the environment. This ensures a high level of protection for surface and groundwater bodies, as well as for marine resources. Despite the absence of significant impacts,

we consider it important to maintain a responsible and preventive approach to water resource management. To this end, we monitor consumption levels and promote behaviour aimed at reducing waste, raising employee awareness of the importance of conscious and efficient water use.

In addition, we are committed to periodically assessing potential opportunities for improvement in terms of water efficiency, in line with the principle of continuous improvement and with global objectives for the protection of natural resources.

Water management represents a value to be safeguarded and is an integral part of a broader vision of sustainability and shared responsibility along the value chain.



TOTAL WATER CONSUMPTION (IN M³)

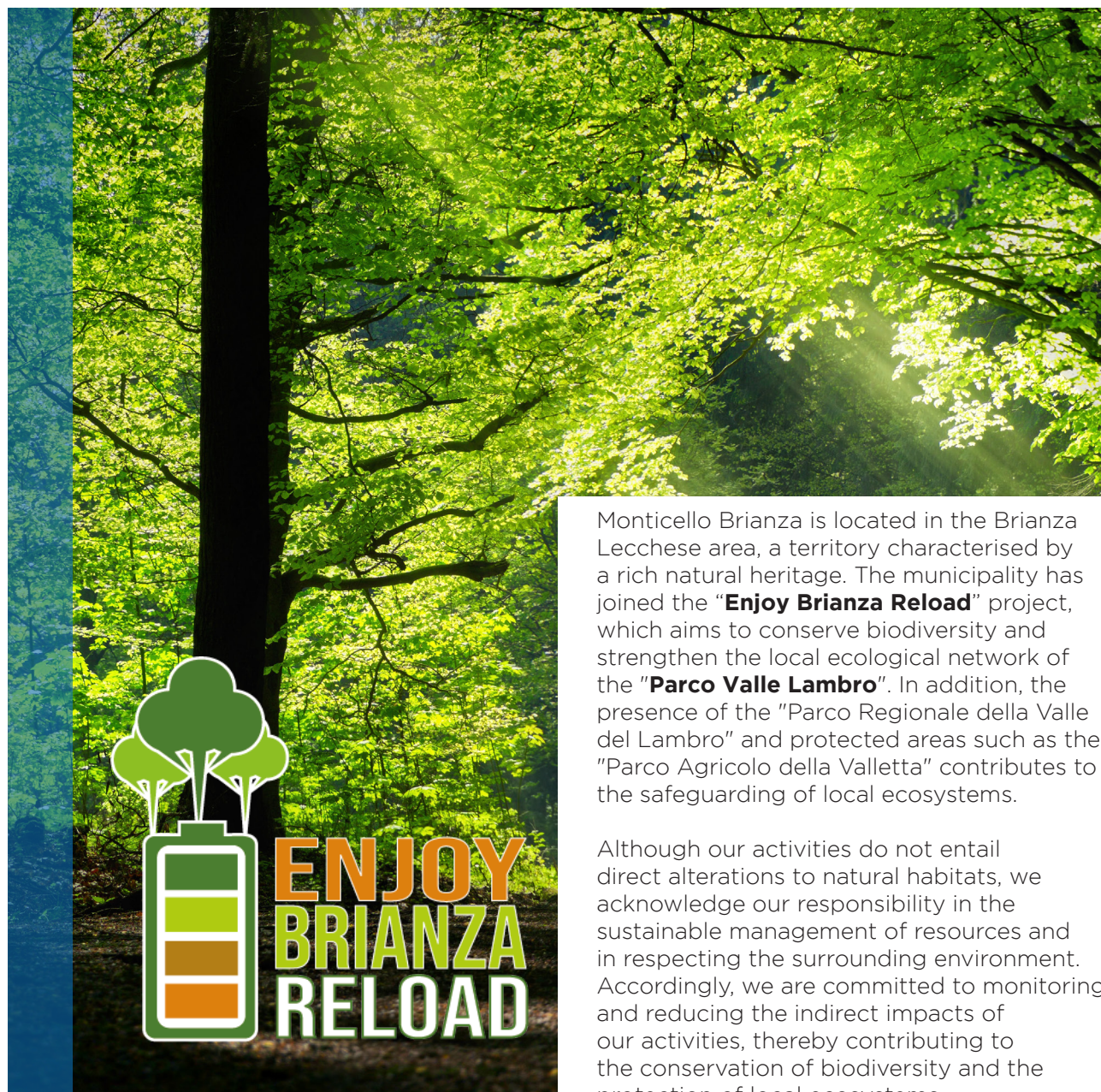
	2022	2023	2024
Water consumption - warehouses and offices	2786	1,799	1,707
Year-on-year difference		-35%	-5%

ESRS E4

BIODIVERSITY AND ECOSYSTEMS

The protection of biodiversity represents one of the most urgent and important environmental challenges at a global level. Although we are not directly involved in production activities that impact natural ecosystems, we recognise the importance of preserving natural capital and of operating in harmony with the surrounding territory.

10.1_OUR FOCUS ON BIODIVERSITY



Monticello Brianza is located in the Brianza Lecchese area, a territory characterised by a rich natural heritage. The municipality has joined the “**Enjoy Brianza Reload**” project, which aims to conserve biodiversity and strengthen the local ecological network of the “**Parco Valle Lambro**”. In addition, the presence of the “Parco Regionale della Valle del Lambro” and protected areas such as the “Parco Agricolo della Valletta” contributes to the safeguarding of local ecosystems.

Although our activities do not entail direct alterations to natural habitats, we acknowledge our responsibility in the sustainable management of resources and in respecting the surrounding environment. Accordingly, we are committed to monitoring and reducing the indirect impacts of our activities, thereby contributing to the conservation of biodiversity and the protection of local ecosystems.

ESRS E5

RESOURCE USE AND CIRCULAR ECONOMY

Efficient resource management is a cornerstone of sustainability and a key factor in reducing the environmental impact of business operations. Despite operating in the distribution sector, we recognise the importance of adopting circular economy principles by limiting waste, optimising the use of materials and packaging, promoting reuse and recycling throughout the value chain, and fostering a more responsible and regenerative development model.

E5-4

11.1_RESOURCE INFLOWS

In a distribution company such as Krino, packaging has a significant impact on the overall environmental footprint. The use of non-sustainable or excessively bulky packaging leads to excessive resource consumption and generates higher volumes of waste.

Inefficient packaging can also increase the weight and volume of shipments, reducing vehicle load capacity and requiring a greater number of transport journeys. This, in turn, results in higher greenhouse gas emissions associated with logistics activities.

In an effort to improve logistics efficiency, we are constantly committed to finding packaging solutions that are lighter and minimise the space occupied by packages, also implementing circular economy practices, such as the recovery and recycling of used packaging.

In line with this, it is important to highlight that **all incoming packaging material is reused** and we are working on developing alternatives to recover the packaging used to transport the products as well. We comply with all legal regulations by labelling each product and packaging to encourage proper waste disposal.

We are committed to promoting a culture of environmental sustainability throughout our entire supply chain. In fact, we closely monitor the sustainable innovations implemented by our suppliers and we are proud to see the development of several projects aimed at the exclusive use of recycled packaging, a sign of a growing awareness of ESG topics.

PACKAGING MATERIAL CONSUMPTION

To date, the precise calculation of the weight of the materials used for packaging is not available. Only the number of packages (boxes, tubes, paper rolls) used during the year can be retrieved from the available documentation.

The goal for the coming years is to monitor the data in kg/tonnes in a timely manner in order to standardise the comparison between different products and calculate the overall consumption, especially plastic packaging.

	U.M.	2022	2023	2024
Cardboard boxes	No.	47,181	60,054	65,758
Cardboard tubes	No.	0	4,500	5,200
Paper rolls	No.	528	660	785
Plastic	No.	n.a.	n.a.	n.a.

	U.M.	2022	2023	2024
Drawn steel	kg	2,500	5,200	5,750
Year-on-year difference			+108%	+11%

RAW MATERIALS FOR PRODUCTION (LTI)

There is currently no precise monitoring of the weights of the various types used for LTI production materials either. The only data currently available relates to drawn steel.

In this case, too, the objective for future years is to monitor the various materials accurately in kg/tonnes, in order to ensure consistent comparability across different products and to calculate the total consumption.

E5-5

11.2_RESOURCE
OUTFLOWS

From the analysis of logistics-related impacts, it emerges that the majority of waste generated derives from packaging materials.

The limited extent of manufacturing activities results in low volumes of special and hazardous waste, which mainly consist of electrical components, toner cartridges and

other office-related materials. Waste management is carried out in full compliance with applicable regulations, through proper waste sorting and the involvement of authorised operators in the environmental hygiene sector.

Resource usage and circular economy

NON-HAZARDOUS WASTE (IN TONNES)

	2022	2023	2024
Wood	44.88	33.98	48.02
Paper	35.38	38.83	47.00
Mixed packaging	32.7	36.26	28.84
Scrap	19.81	4.40	-
Scrap steel	-	1.48	-
Sandblasting	-	0.03	-
Toner	0.24	0.24	0.24
Dust and particulate matter from ferrous materials	-	-	4.9
Total non-hazardous waste	133.01	115.22	129.00
Year-on-year difference		-13%	+12%
Non-hazardous waste/parcels handled	0.0062	0.0050	0.0042

HAZARDOUS WASTE (IN TONNES)

	2022	2023	2024
Aqueous washing solutions	0.22	-	0.00
Absorbent and filtering materials	0.12	0.09	0.00
Masks	0.07	0.01	0.00
Mineral oils	-	0.21	0.00
Other emulsions	2.2	-	0.00
Total hazardous waste	2.61	0.31	0.00
Year-on-year difference		-88%	-100%
Hazardous waste/parcels handled	0.00012	0.00001	0.00

TOTAL WASTE (IN TONNES)

	2022	2023	2024
Total non-hazardous waste	133.01	115.22	129.004
Total hazardous waste	2.61	0.31	0.00
Total non-hazardous waste	135.62	115.53	129.004
Year-on-year difference		-15%	+12%
Total waste/parcels handled	0.0063	0.0050	0.0042





PEOPLE

OUR PEOPLE POLICY

At Krino, we believe that our true strength lies in our people and in the relationships we build every day with our workforce, clients and the communities in which we operate. We promote strong and lasting relationships with our workforce, clients, partners and local communities, placing trust, active listening and responsibility at the centre of our approach. Through this vision, we aim to generate shared value that strengthens our connection with the community and contributes to sustainable development that combines economic growth, social cohesion and respect for future generations.

12.1 OUR APPROACH TO PEOPLE

At Krino, we believe that sustainability is not solely an environmental objective, but a commitment that also concerns the people and communities with whom we interact on a daily basis. We have always placed our workforce at the centre of our corporate strategy, recognising that an **inclusive, safe and collaborative** work environment is a prerequisite for building a fair, innovative and responsible future.

We promote **leadership inspired by sustainability principles**, focused on enhancing the skills and potential of each individual. We view the professional development of our people as not merely an internal objective, but also a lever for generating positive impacts on the social fabric and the communities in which we operate.

Social responsibility is an integral part of our culture and decision-making processes. This commitment is reflected in initiatives dedicated to **human capital development**, the **protection of occupational health and safety**, and the **building of trust-based relationships** with our stakeholders. Ongoing dialogue with our workforce, clients, partners and communities enables us to identify emerging needs and to respond in an effective and proactive manner.

With a strategic, long-term vision, our commitment to an inclusive business model that creates shared value is realised through:

- **the promotion of well-being, health and safety, and the professional development of our workforce** by investing in continuous training and valuing diversity as a resource;
- **support for local communities** through socially valuable projects, solidarity initiatives and partnerships with local organisations and associations, with particular attention to the context of Monticello Brianza and the Brianza Lecchese area, where our company has its roots;
- **the strengthening of a corporate culture of sustainability** by promoting conscious and responsible behaviour at all levels of the organisation, so that sustainability becomes a true driver of innovation and cohesion.

In this way, we aim not only to strengthen our competitiveness, but also to help build a more **inclusive, resilient and sustainable future** for the benefit of people, communities and future generations.

ESRS S1

OWN WORKFORCE

Our people are central to Krino's success: their talent, professionalism and commitment drive our performance and capacity for innovation. Workforce management is a strategic priority for us, aimed at ensuring **well-being, safety, skills enhancement and quality of working life.**

To this end, we work every day to create a stimulating and collaborative environment in which all members of our workforce can fully express their potential.

S1-2

13.1_OWN WORKFORCE ENGAGEMENT PROCESSES



At Krino, listening to and engaging with our workforce are key elements in promoting a positive work environment, preventing critical issues and strengthening a general sense of belonging. With this in mind, we regularly conduct **workplace climate and employee satisfaction surveys**, giving us valuable insights into the perceptions, needs and expectations of our workforce. The qualitative and quantitative data collected are used to develop **continuous improvement** strategies, including targeted training and development programs, flexible working policies, and tailored recognition and incentive initiatives.

To ensure full worker representation, an **internal trade union** is in place, with which we promote structured dialogue, ensuring that every voice is heard and that corporate decisions take a range of perspectives into account.

Through these practices, we aim to build a **collaborative, inclusive and empowering work environment** in which every member of our workforce feels an integral part of the corporate community. Our approach goes beyond the mere collection of suggestions or reports: we take a proactive stance to continuously enhance **employee well-being, motivation and the overall work experience**, while strengthening our corporate culture and building trust across the organisation.

SI-3

13.2_PROCESSES AND CHANNELS FOR REMEDIATING IMPACTS

Listening to our workforce is a fundamental pillar of our corporate philosophy, as we believe that an open and continuous dialogue is essential for the well-being and satisfaction of employees.

We have established a range of formal channels through which employees can raise workplace-related complaints, concerns or needs.

These include whistleblowing mechanisms, physical suggestion boxes, standard mail or email

(segnalazioni@krino.it).

All complaints received are processed and analysed within 30 days of receipt. Physical suggestion boxes are checked on a regular basis.

SI-6

13.3_EMPLOYEES

Our employees are our strength, and their well-being is a top priority.

Over the last three years, we have added 16 more staff, with a constant recruitment rate of around 16%, and stable net growth in absolute terms. Seventy per cent of employees are under the age of 50.

Our strong territorial roots are evidenced by the fact that more than 70% of our workforce resides in the Province of Lecco, i.e. within a few kilometres of the workplace. Although the sector in which we operate is

generally considered unattractive and not inclusive for the female working population, our workforce includes 61% women. They not only occupy office roles, but are also an integral part of our company's core operating chains.

We are wholly committed to gender equality and the prevention of discrimination and harassment which is guaranteed by the implementation of the whistleblowing reporting system.

Own workforce

EMPLOYEES BY CONTRACT TYPE AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Open-ended contract	57	38	95	57	39	96	69	43	112
Fixed-term contract	1	1	2	5	1	6	1	1	2
Apprenticeship	1	0	1	1	0	1	0	0	0
Total	59	39	98	63	40	103	70	44	114
Year-on-year difference				+7%	+3%	+5%	+11%	+10%	+11%

FULL-TIME/PART-TIME EMPLOYEES AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-time	47	39	86	51	40	91	57	43	100
Part-time	12	0	12	12	0	12	13	1	14
Total	59	39	98	63	40	103	70	44	114

EMPLOYEES BY GEOGRAPHIC AREA OF RESIDENCE AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Province of Lecco	49	23	72	54	22	76	59	23	82
Lombardy Region	10	16	26	9	18	27	11	21	32
Total	59	39	98	63	40	103	70	44	114

EMPLOYEES BY GEOGRAPHICAL AREA OF BIRTH AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Italy	58	38	96	62	39	101	68	43	111
EU Area	1	0	1	1	0	1	2	0	2
Non-EU	0	1	1	0	1	1	0	1	1
Total	59	39	98	63	40	103	70	44	114

13.4_HIRING AND RESIGNATIONS

HIRES BY JOB CLASSIFICATION AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Executives	0	0	0	0	0	0	0	0	0
Clerical staff	2	4	6	4	1	5	0	1	1
Workers	3	1	4	3	3	6	7	5	12
Total	5	5	10	7	4	11	7	6	13
Workforce for the year	59	39	98	63	40	98	70	44	114
Hires as a percentage of total workforce for the year	8%	13%	10%	11%	10%	10%	10%	14%	11%

HIRES BY AGE GROUP AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Under 30	1	0	1	0	0	0	2	1	3
From 31 to 50	1	5	6	6	4	10	5	3	8
Over 51	3	0	3	1	0	1	0	0	0
Total	5	5	10	7	4	11	7	4	11
Workforce of the year	59	39	98	63	40	103	70	44	114
% hiring of staff per year	8%	13%	10%	11%	10%	11%	10%	9%	10%

Own workforce

RESIGNATIONS BY JOB CLASSIFICATION AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Executives	0	0	0	0	0	0	0	0	0
Clerical staff	5	1	6	2	1	3	0	1	1
Workers	0	0	0	0	1	1	1	1	2
Total	5	1	6	2	2	4	1	2	3
Workforce for the year	59	39	98	63	40	103	70	44	114
Resignations as a percentage of total workforce for the year	8%	3%	6%	3%	5%	4%	1%	5%	3%

RESIGNATIONS BY AGE GROUP AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Under 30	1	0	1	0	1	1	0	0	0
From 31 to 50	4	0	4	2	1	3	0	2	2
Over 51	0	1	1	0	0	0	1	0	1
Total	5	1	6	2	2	4	1	2	3
Workforce of the year	59	39	98	63	40	103	70	44	114
Resignations as a percentage of total workforce for the year	8%	3%	6%	3%	5%	4%	1%	5%	3%

SI-7

13.5_NON-EMPLOYEE WORKERS

In 2024, the number of non-employee workers decreased from 11 to 1, following the stabilisation of most agency and staff leasing personnel, who were hired under fixed-term or open-ended employment contracts. This process enabled the consolidation of the team and ensured greater continuity and stability for human resources.

	2022	2023	2024
Self-employed workers	0	0	0
Agency workers	11	11	1
Total	11	11	1
Year-on-year difference		0%	-91%

NON-EMPLOYEE WORKERS BY ROLE

	2022	2023	2024
Executives	0	0	0
Middle managers	0	0	0
Clerical staff	0	0	0
Workers	11	11	1
Total	11	11	1

NON-EMPLOYEE WORKERS BY AGE GROUP

	2022	2023	2024
Under 30	n.a.	n.a.	0
From 31 to 50	n.a.	n.a.	1
Over 51	n.a.	n.a.	0
Total	11	11	1

The breakdown of non-employee workers for the years 2022 and 2023 is not available, as the collection and monitoring of this data commenced in 2024.

Own workforce

NON-EMPLOYEE WORKERS BY GEOGRAPHICAL AREA

	2022	2023	2024
Province of Lecco	n.a.	n.a.	1
Lombardy Region	n.a.	n.a.	0
Italy	n.a.	n.a.	0
Outside Italy	n.a.	n.a.	0
Total	11	11	1

SI-8

13.6 COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

Within our corporate context, the National Collective Labour Agreement for the **Trade** sector applies, regulating working conditions and employees' rights. A Workers' Safety Representative **(RLS)** is in place, with whom ongoing dialogue is maintained on health and safety matters. Engagement with social partners takes place in a spirit of constructive and transparent collaboration.

	2022	2023	2024
No. of employee workers covered by collective bargaining agreements	98	103	114

SI-9

13.7_DIVERSITY

EMPLOYEES BY JOB CLASSIFICATION AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Executives	0	0	0	0	0	0	0	0	0
Middle managers	0	7	7	0	7	7	0	6	6
Clerical staff	19	8	27	22	7	29	23	8	31
Workers	39	24	63	40	26	66	47	30	77
Office apprentices	0	0	0	0	0	0	0	0	0
Worker apprentices	1	0	1	1	0	1	0	0	0
Total	59	39	98	63	40	103	70	44	114

EMPLOYEES BY JOB CLASSIFICATION AND GENDER

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Under 30	4	3	7	3	3	6	3	3	6
From 31 to 50	44	28	72	49	29	78	47	27	74
Over 51	11	8	19	11	8	19	20	14	34
Total	59	39	98	63	40	103	70	44	114

SI-12

13.8_DISABILITY

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
No. of employees with disabilities	4	1	5	5	1	6	6	1	7
Year-on-year difference				+25%	0%	+20%	+20%	0%	+17%

SI-13

13.9_TRAINING

At Krino, we believe that people and their skills are the **primary drivers of company growth** and the promotion of collective well-being. To this end, we continuously invest in **training**, not only to comply with regulatory requirements, but above all to provide our workforce with practical and up-to-date tools capable of supporting them in a dynamic work environment oriented towards continuous improvement.

Particular attention is paid to **occupational health and safety** through an annual plan that monitors mandatory training requirements and ensures that all required skills are acquired and kept up to date. We view safety training not merely as a regulatory requirement, but as a **tangible commitment** to safe working conditions, risk reduction and the protection of worker health.

Alongside technical and mandatory training, we offer **language courses** (English, Spanish and French) to support professional development and international mobility, as well as targeted training programs aimed at developing soft skills. We are also rolling out dedicated **sustainability training programs** aimed at raising employee awareness of environmental and social issues and embedding responsible behaviour into everyday working practices.

Through these initiatives, we seek to create an environment where training serves as a **key driver of people development**, contributing both to professional growth and to the strengthening of corporate culture, inclusiveness and employee awareness in support of a sustainable and resilient organisation.

13.9.1_ NON-MANDATORY TRAINING

HOURS DELIVERED BY GENDER

	2022	2023	2024
Women	330	82	416
Men	182	242	120
Total hours allocated	512	324	536
Year-on-year difference		-37%	+65%

HOURS DELIVERED BY JOB CLASSIFICATION

	2022	2023	2024
Executives	n.a.	n.a.	0
Middle managers	n.a.	n.a.	40
Clerical staff	n.a.	n.a.	400
Workers	n.a.	n.a.	96
Office apprentices	n.a.	n.a.	0
Worker apprentices	n.a.	n.a.	0
Total hours allocated	512	324	536

The breakdown of non-mandatory training hours for the years 2022 and 2023 is not available, as the collection and monitoring of this data commenced in 2024.

HOURS DELIVERED BY TOPIC

	HOURS DELIVERED
Excel course	512
Gender equality course	8
RENTRI training course	4
Whistleblowing training course	12
Total hours allocated	536

13.9.2_ TOTAL TRAINING (MANDATORY AND NON-MANDATORY)

HOURS DELIVERED BY GENDER

	2024
Women	544
Men	289
Total hours	833

The breakdown of total training hours for the years 2022 and 2023 is not available, as the collection and monitoring of this data commenced in 2024.

HOURS DELIVERED BY JOB CLASSIFICATION

	2024
Executives	0
Middle managers	40
Clerical staff	436
Workers	357
Office apprentices	0
Worker apprentices	0
Total hours	833

The breakdown of total training hours for the years 2022 and 2023 is not available, as the collection and monitoring of this data commenced in 2024.

13.9.3_ MANDATORY
TRAINING

HOURS DELIVERED BY TOPIC IN 2024

	HOURS DELIVERED
Firefighting	35
First Aid update	32
DAE Update	24
Pallet jack	70
General Manual Worker Training	20
Specific Manual Worker Training	40
Forklift Operation	12
Specific High-Risk Training	12
Manual Worker Refresher Training	12
General Office Worker Training	4
Specific Office Worker Training	4
WSR training	32
Total hours allocated	297

The breakdown of mandatory training hours for the years 2022 and 2023 is not available, as the collection and monitoring of this data commenced in 2024.

TRAINING

A hand is shown on the right side of the image, with the index finger touching a glowing blue point on a digital interface. The interface features a network of glowing blue lines and nodes. Four square icons with rounded corners are visible: top-left shows two people in a meeting; top-right shows a person at a computer; bottom-left shows two people standing; bottom-right shows two people in a discussion. The word 'TRAINING' is prominently displayed in the center in large, bold, blue capital letters. The background is dark blue with out-of-focus light circles.

SI-14

13.10_HEALTH AND SAFETY

We consider health and safety matters to be essential in creating a work environment focused on employee well-being and in ensuring the operational continuity of our business.

In order to improve the timeliness and effectiveness in monitoring the operational management of safety, we have defined a specific organisation chart of safety personnel.

ROLE	HOURS DELIVERED
OHS manager	1
Physician	1
OHS representative	1
Supervisors	3
First Aid	10
Firefighting	7

In the three-year period under review, **no fatal accidents or serious injuries were reported.** This indicates a safe work environment, where protective measures are effective in preventing harmful events for employees. In addition, **no cases of occupational diseases were reported during 2024.** Our corporate safety management system is based on a specific risk assessment document for the safety and health of workers, drawn up in 2022 in collaboration with a specialised consulting company, in accordance with Italian Legislative Decree 81/2008.

The risk assessment document identified the following cases for our company:

- risks deriving from the internal and external work environment;
- risk associated with work at height;
- risk of video terminals;
- risks due to manual load handling;
- risk due to the use of machines and equipment;
- risk associated with systems;
- risk of using mineral oils, synthetics or oil plants;
- electrical risk;
- risk of fire or explosion;
- risk due to chemical agents;
- risk of artificial optical radiation;
- noise risk;
- risk of vibrations;
- microclimate risk;
- risks due to organisational factors;
- acoustic risk;
- industrial waste;
- WEEE.

The document, in force to date, identifies the following tasks:

- computer operator;
- non-computer operator;
- warehouse receiving manager;
- goods receiving operator;
- shipping area manager;
- shipping and packaging, picking and production warehouse worker;
- packaging worker;
- testing operator;
- driver;
- workshop manager;
- workshop technician.

Own workforce

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Number of deaths from work-related injuries and illnesses	0	0	0	0	0	0	0	0	0
Number of occupational injuries	0	0	0	0	1	1	0	0	0
Number of cases of occupational diseases	0	0	0	0	0	0	0	0	0
Number of working days lost due to accidents, illnesses, injuries at work	0	0	0	0	16	16	0	0	0



SI-15

13.11_WORK-LIFE BALANCE

FAMILY LEAVE

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Total hours of leave	5,868	94	5,962	6,344	7	6,351	3,980	256	4,236
Year-on-year difference						+7%			-33%

WORKING FROM HOME

	2022			2023			2024		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Total hours of smart working	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10	4	14



SI-16

13.12 REMUNERATION POLICIES AND BENEFITS SCHEMES

The well-being of Krino's people is a **core pillar** of sustainable growth and corporate strength. Recognising that a positive and inclusive work environment fosters motivation, productivity and a sense of belonging, in 2024 we introduced an integrated **employee benefits program** delivered through a dedicated platform, designed to tangibly improve employees' quality of life and support work-life balance.

As part of this program, **specific benefits were introduced for key employees**, including life insurance policies designed to ensure greater financial security for families in the event of unforeseen circumstances. These measures are complemented by the **adoption of a supplementary pension scheme**, including additional insurance policies through the Fon.Te. fund, designed to provide more solid and long-term financial protection.

These initiatives, already in place, demonstrate our commitment to promoting a **holistic well-being model** that goes beyond remuneration alone and focuses on the protection, enhancement and growth of human capital. Through targeted, practical tools, we aim to enhance employee satisfaction, support financial well-being, and promote an environment where every individual feels valued, supported and an integral part of the corporate community.

PERSONNEL COSTS (EUR)

	2023	2024
Total personnel cost	5772002	5,759,327
Year-on-year difference		+0.2%

ESRS S3

RELATIONS WITH THE LOCAL AREA

Relationships with local areas and communities are a central element of any sustainability strategy. For this reason, we firmly believe that companies should make a tangible contribution to the social, economic and cultural well-being of the contexts in which they operate, by promoting initiatives that foster inclusion, support those in need and encourage younger generations.

Relations with the territory

For us at Krino, our relationship with the local community is a **cornerstone** of our sustainability strategy. We strongly believe that economic and social development are closely interconnected, and that companies have a responsibility to actively contribute to the well-being of the communities in which they operate. With this in mind, we promote initiatives capable of generating **shared value**, combining support for local projects, the creation of employment opportunities and ongoing dialogue with the local community.

Our commitment is translated into **practical actions** aimed at promoting social inclusion and supporting people in need. For many years, we have collaborated with cooperatives and associations dedicated to supporting people with disabilities, contributing through targeted investments and employment integration programs that enable these individuals to grow professionally and to take an active part in company life.

At the same time, we are proud to support **younger generations** by funding the scholarship program of the Municipality of Monticello Brianza.

This initiative represents an investment in human capital and a tangible expression of our commitment to strengthening the link between business and community, promoting opportunities for the education, growth and development of those who represent the future of the local area.

Through these projects, we reaffirm our role as a **responsible company and an integral part of the social fabric**, capable of creating a positive and lasting impact by enhancing people, communities and the local area in a sustainable and inclusive way.



ESRS S4

CONSUMERS AND END-USERS

Building strong, trust-based relationships with our clients represents a key strategic priority. We believe that stakeholder engagement and active listening are essential tools not only for understanding market needs, but also for aligning our practices with the sustainability standards expected by our business partners.

S4-4

15.1_PRODUCT SAFETY AND INFORMATION

Placing the client at the centre of our corporate mission means not only understanding their needs, but also ensuring safety, efficiency and continuous support in the use of our products.

We believe that sustained growth and the maintenance of high standards of excellence can only be achieved through **active client engagement**, attentive listening and continuous communication.

To this end, we regularly conduct **client satisfaction surveys** and use targeted questionnaires, enabling us to collect essential feedback to refine the market experience and better understand the specific needs of each client. This information supports the development of tailored solutions, the improvement of our support services and the consolidation of long-term trust-based relationships.

We focus on our key clients in particular through a **specialised assistance program** covering approximately 300 partners, providing direct, timely and customised support. This approach enables us to respond in real time to complex requirements, optimise product use and ensure a comprehensive and satisfactory client experience.

In support of this strategy, we provide **training courses and learning tools** accessible to both our domestic and international workforce and clients. With the launch of our **Academy**, we have created a structured opportunity to facilitate understanding and optimal use of the tools and accessories in our catalogue through clear, practical and easily accessible content.

Particular emphasis is placed on **product safety**, supported by continuous, timely and pragmatic communication throughout all stages of operation. We believe that providing clear guidance and effective training tools is essential not only to prevent risks, but also to ensure a positive and informed user experience, strengthening client trust and enhancing the value of our services.

Through this approach, we aim not only to meet immediate client needs, but also to build long-term relationships based on listening, support, safety and shared value creation.





GOVERNANCE

ESRS G1

OUR POLICY FOR CULTURE AND ENTERPRISE

Governance represents the foundation of transparency, integrity and accountability in corporate decision-making. Clear organisational structures, defined decision-making processes and effective control systems enable us to operate in line with sustainability principles, safeguard stakeholders and create long-term value.

16.1 OUR APPROACH TO GOVERNANCE

We place strong emphasis on robust and transparent governance, as we believe that responsible management is essential in building trust, continuity and long-term sustainability. Accordingly, we have adopted tools and policies that strengthen integrity, regulatory compliance and accountability at all levels of the organisation.

In particular:

- we have defined a **Code of Ethics** outlining principles, values and expected behaviour for our entire workforce;
- we have implemented a **whistleblowing** system that ensures confidential and protected reporting of any improper or non-compliant conduct;
- we have adopted a **Quality Policy** that guides our activities towards continuous improvement, client satisfaction and compliance with applicable industry standards;
- we have implemented a **Diversity and Inclusion Policy**, confirming our commitment to promoting equal opportunities, inclusion and respect within the organisation. In support of this policy framework, we have initiated the certification process for **gender equality**, with the aim of making our commitments in this area measurable and tangible.

Through these actions, we strengthen our governance system and promote a corporate culture based on responsibility, transparency and respect for people.



G1-1

OUR GOVERNANCE AND COMPLIANCE TOOLS

Governance instruments represent the core of our corporate management system, ensuring transparency, accountability and compliance across all our activities. Operating procedures, internal control systems and monitoring tools enable us to take informed decisions, manage risks effectively and align our actions with the principles of sustainability and integrity.

17.1_CODE OF ETHICS

The Code of Ethics is a key reference document that sets out the principles of conduct and ethical values guiding our activities. It defines the behavioural standards embodied in our “corporate code of conduct”, which we consider essential for the proper performance of our business operations. We are actively committed to ensuring that these principles are respected by our entire workforce and all individuals involved in our business processes.

The Code of Ethics applies to all corporate bodies and their members, shareholders and employees, as well as external collaborators, clients, suppliers and any other entity with which we hold business relationships.

Compliance with the guidelines set out in the Code strengthens the company’s reputation, which is rooted in core values such as transparency, fairness and loyalty.

The Code also establishes procedures for reporting any breaches, promoting responsible conduct based on good faith and integrity. It also serves as a reference framework for managing conflicts of interest at all organisational levels.

We are actively committed to keeping the Code updated to ensure the clarity and adequacy of its contents. We ensure its wide dissemination to all relevant stakeholders and provide support for any necessary clarification.

The updated and complete version of the Code is available on our website.

Our Code of Ethics emphasises the importance of the following values:

- honesty in the behaviour and observance of the laws;
- respect for individuals;
- protection and promotion of human rights;
- protection of the health and safety of workers;
- creating an inclusive work environment;
- professionalism and fairness of workers and collaborators;
- integrity;
- transparency;
- legality;
- protection of the safety of marketed products;
- passion for product and process innovation.

17.2_WHISTLEBLOWING

Whistleblowing is the mechanism that enables workers in public and private organisations to anonymously report any breaches or unlawful conduct relating to national or EU legislation that may harm the public interest or the integrity of a public administration or private entity, of which they have become aware in a public or private working context. (Article 1, paragraph 1 of Legislative Decree 24/2023).

Reports may therefore concern breaches of organisational models pursuant to Legislative Decree 231/2001, infringements of EU legislation or violations of laws relating to competition and State aid. Examples of reportable breaches may include areas relating to worker protection, the Code of Ethics, environmental legislation and personal data protection.

This procedure aims to define appropriate channels for the receipt, assessment and management of reports, with particular focus on safeguarding the confidentiality of personal data and protecting the reporting party from any form of retaliation.

The reporting system is open and accessible to members of the Board of Directors, the Supervisory Body, members of the Board of Statutory Auditors, as well as to all direct and indirect collaborators of Krino, including external parties who work on a stable basis for the company.

Reports may be submitted via internal company channels, the external channel managed by ANAC (Italian National Anti-Corruption Authority), or through public disclosure.

Internal reporting: written or oral communications may be submitted through a dedicated internal channel: <https://krino.wallbreakers.it>. Alternatively, personnel may use email and telephone, with the option of completing the reporting form available on our website (www.krino.it).

External reporting: written or oral communications may be submitted via the external channel activated by ANAC (Italian National Anti-Corruption Authority).

Public disclosure: information concerning breaches may be made public through the press, electronic media or other dissemination channels capable of reaching a large audience.

17.3_QUALITY POLICY



Quality and reliability have long been key pillars of our operations. We adopt a systemic approach involving all areas of the corporate structure, with the aim of ensuring high standards across all our offerings.

Our quality control system is built on strict evaluation of internal processes and continuous listening to our clients. We collect feedback on an ongoing basis through online questionnaires in order to measure client satisfaction levels and identify any areas for improvement.

The strengths of our customer satisfaction strategy are:

- efficient and up-to-date work areas;
- constant search for opportunities to improve products and processes;
- compliance with product technical standards;
- continuous updating of the information system and hardware tools;
- clear and detailed product catalogue;
- fast and widespread delivery services;
- ongoing training of our operators;
- participation in trade fairs to monitor news and trends;
- sustainability.

As already noted in the certifications section, we are certified in accordance with ISO 9001:2015, ensuring the highest quality standards of our management system.

17.4 SAFETY POLICY

Ensuring the health and safety of our workers represents a non-negotiable commitment for the company. The continuous improvement of our business processes is also reflected in the ongoing enhancement of working conditions, which constitute a central element of our organisational vision.

A protected and efficient professional environment is essential to maintaining the levels of excellence and reliability that characterise our organisation.

In 2022, we conducted a comprehensive analysis of all operational activities, systematically assessing potential hazards and identifying the most effective preventive measures. The results of this assessment were formalised in the Risk Assessment Document, in compliance with Italian Legislative Decree 81/08 (Title I, Chapter III).



17.5_DIVERSITY AND INCLUSION POLICY

We are actively committed to building an inclusive work environment inspired by the principles of equity, respect for differences and gender equality. We believe the promotion of a corporate culture free from discrimination to be an essential step towards innovation and truly sustainable growth.

To embed these values into our operations, we have defined a set of tangible actions:

- raising awareness among employees and stakeholders on the adoption of inclusive behaviour and language;
- applying human resources management policies geared towards equal treatment and the recognition of diversity;
- activating training programs and professional development opportunities specifically aimed at enhancing the representation of women within our workforce;
- periodically verifying pay levels to ensure pay equity;
- supporting parenthood and promoting a healthy work-life balance.

As confirmation of our tangible commitment, we aim to obtain the UNI PdR 125 gender equality certification by 2025.



G1-2

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

For a distribution company, effective management of supplier relationships represents a key strategic factor, both in terms of growth and sustainability. Transparent and robust collaboration not only ensures continuity and quality of supply, but also supports the development of long-term partnerships based on trust and mutual benefit. Furthermore, cooperation with local suppliers helps to support the regional economy and reduce the environmental impact associated with transport activities

18.1 OUR SUPPLIERS

The definition of **supplier selection criteria** must be consistent with the company's sustainability strategy. Making informed choices regarding business partners is essential to building a supply chain based on sound environmental and social principles.

At Krino, we believe in the value of our territory. To offer our clients high quality standards, we rely primarily on Italian suppliers: today, **62% of our partners are based in Italy**. The choice of Made in Italy is not only a guarantee of quality, but also a conscious decision reflecting our corporate identity.

Selecting suppliers operating within the national territory ensures high standards of worker safety and greater environmental protection in compliance with applicable regulations. It also enables

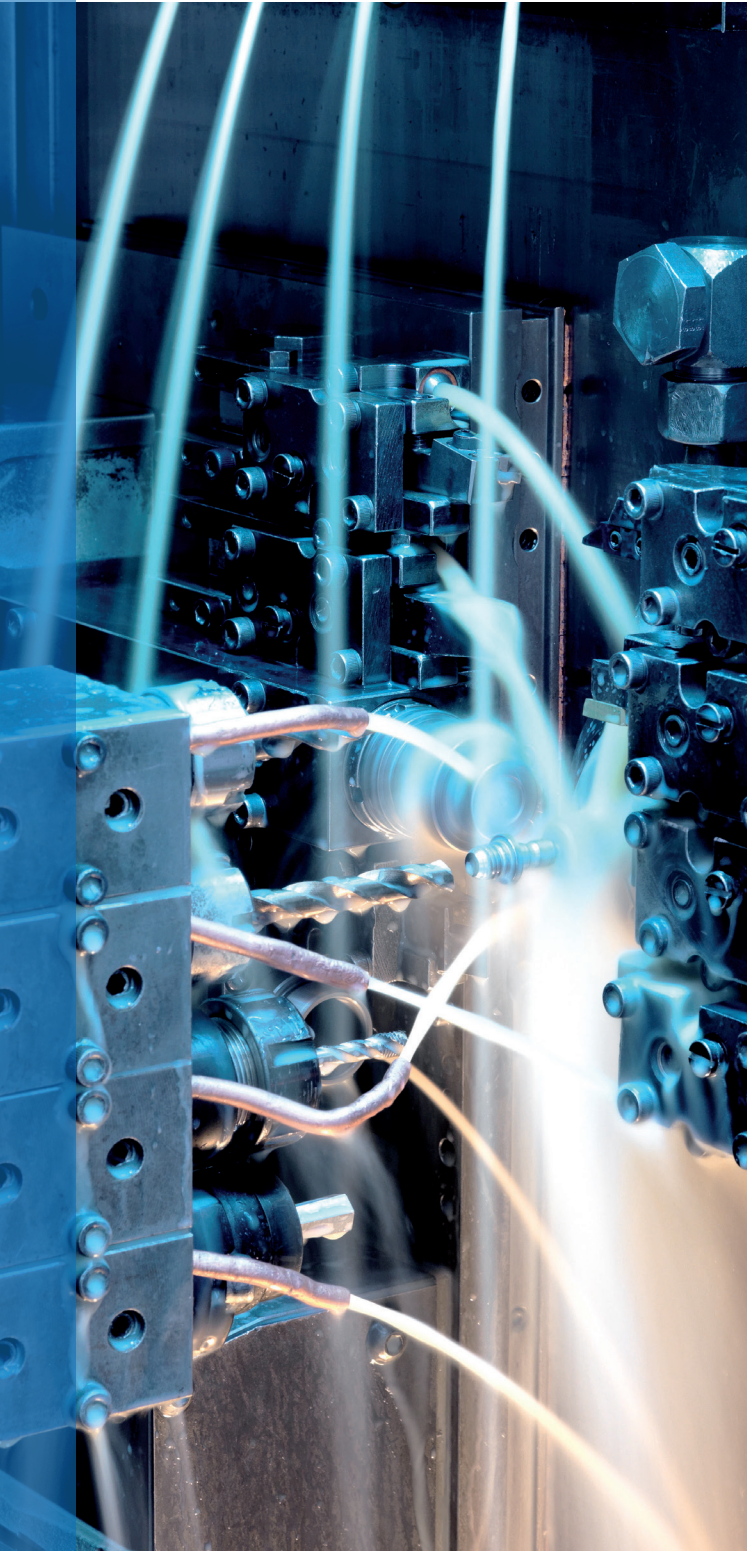


62%
of our partners
are based in
Italy

the creation of a **shorter and more traceable supply chain**, allowing transport-related emissions to be minimised. Operating in an international market, we partner with **foreign suppliers**, both European and non-European,

to secure the most advantageous conditions for specific materials and products. This geographical diversification is not solely cost-driven, but also represents a strategic approach to supply risk diversification, protecting our operations from unpredictable external factors.

Recent geopolitical developments and the global health crisis have demonstrated the effectiveness of a **diversified supply chain** – both in absolute and geographical terms – in mitigating and managing procurement-related risks. Accordingly, for each product we define a network of secondary suppliers prepared to intervene in the event of disruptions affecting primary suppliers.



In such cases, maintaining the high quality standards of our offering remains a strategic priority, alongside the safeguarding of the health and safety of all collaborators involved in the production chain. Global regulatory frameworks relating to worker and environmental protection vary significantly and often do not reach the level of stringency required within the European Union. Complex and increasingly long supply chains therefore require the adoption of **strict and selective supplier qualification procedures**. To this end, we frequently rely on the expertise of **specialised traders** who facilitate contact with foreign companies and ensure pre-selection based on non-negotiable compliance and reliability criteria. This type of preliminary assessment is also applied in the Chinese market, among others.

In addition, we prioritise **young and innovative organisations** that voluntarily demonstrate a strong internal focus on sustainability issues, including in countries commonly associated with challenging working conditions from a health and safety perspective. To effectively monitor the outcomes of the selection process and verify working conditions and suppliers' awareness of sustainability matters, we conduct **periodic on-site visits to both European and non-European suppliers**.

Although the frequency of inspections decreased due to the Covid-19 pandemic, we are working to increase the number of visits once again.

Lastly, in the short term we aim to develop a **structured audit** framework to assess traders and suppliers in an impartial and standardised manner, covering both product and process quality as well as environmental and social sustainability.

Management of relationships with suppliers

NUMBER OF SUPPLIERS BY GEOGRAPHICAL MACRO-AREA

	2022	2023	2024
Italy	88	88	76
European Union*	17	17	20
Asia	19	20	23
USA	2	1	2
Other	3	5	3
Total	129	131	124
Year-on-year difference		+2%	-5%

*The figure for the European Union includes suppliers from the European Union and the Swiss Confederation.

PERCENTAGE BREAKDOWN OF THE NUMBER OF SUPPLIERS BY GEOGRAPHICAL AREA

	2022	2023	2024
Italy	68%	67%	62%
France	1%	1%	2%
Germany	10%	9%	9%
Netherlands	0%	1%	1%
Switzerland	2%	2%	3%
China	9%	10%	12%
Japan	1%	1%	1%
India	2%	2%	2%
Singapore	1%	0%	1%
Taiwan	2%	3%	3%
USA	2%	1%	2%
Other	2%	3%	2%
Total	100%	100%	100%

Our purchasing operations can be classified as:

- **core purchases**, i.e. all purchases referring to products intended for Krino's core distribution activity;
- **non-core purchases**, i.e. all purchases related to activities and operations secondary to the core business.

TOTAL PURCHASE VALUE BY MACRO-TYPE (EUR)

	2022	2023	2024
Core purchases	15737975	9,606,450	10,310,537
Year-on-year difference		-39%	+7%
Non-core purchases	6102081	5,444,075	2,205,798
Year-on-year difference		-11%	-59%
Total Purchases	21840056	15,050,525	12,516,335
Year-on-year difference		-31%	-17%

BREAKDOWN OF CORE PURCHASE VALUE BY GEOGRAPHICAL MACRO-AREA (EUR)

	2022	2023	2024
Italy	2,492,298	1,720,864	1,020,604
European Union*	1288534	857,694	1,214,300
Asia	7424575	5,618,003	6,121,068
USA	4516116	,351,365	1,934,861
Other	16451	58,524	19,704
Total	15,737,974	9,606,450	10,310,537

*The figure for the European Union includes suppliers from the European Union and the Swiss Confederation.



Management of relationships with suppliers

PERCENTAGE BREAKDOWN OF CORE PURCHASE VALUE BY GEOGRAPHICAL AREA

	2022	2023	2024
Italy	15.8%	17.9%	7.9%
France	0.4%	0.0%	0.1%
Germany	2.4%	2.4%	1.9%
Netherlands	0.0%	0.6%	0.9%
Switzerland	5.4%	5.9%	7.0%
China	30.0%	50.2%	52.3%
Japan	0.3%	1.2%	0.4%
India	0.8%	0.9%	1.1%
Singapore	10.0%	0.0%	6.1%
Taiwan	6.1%	6.2%	5.2%
USA	28.7%	14.1%	16.9%
Other	0.1%	0.6%	0.2%
Total	100%	100%	100%

NUMBER OF PURCHASE ORDERS PROCESSED

	2022	2023	2024
No. of purchase orders processed	5,597	6,977	7,380
Year-on-year difference		+25%	+6%



G1-5

OUR PARTICIPATION IN TRADE AND INDUSTRY ASSOCIATIONS

We recognise the importance of actively participating in industry associations, contributing to the development of common standards, the sharing of best practices and the promotion of sustainability. Our involvement in industry associations and professional networks enables us to collaborate with other market operators, positively influence industry policies and strengthen collective responsibility towards clients, suppliers and local communities.

Our participation in trade and industry associations



CONFINDUSTRIA

With the aim of being an integral part of the local economic and industrial fabric, we are members of the Confindustria Lecco network. We believe in the power of dialogue, union and cooperation between companies in order to consistently share best practices and strategic guidelines for an industry founded on excellence.



UNI

Here at Krino, we are members of the Italian National Standardisation Body - UNI. We have always carefully selected the products to be included in our catalogues with the ultimate goal of guaranteeing high levels of excellence. In this sense, the proximity to UNI has proved to be fundamental, facilitating the correct transposition of the technical regulations related to our products.

ESRS 2

DATAPoint

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