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Letter to Stakeholders

Dear Stakeholders,

In 2024, Favero Health Projects achieved a good economic performance, recording an increase in turnover and increasing its share of the foreign market.

While some investments in energy efficiency and processes were “capitalised”, investments continued in RSID (Research, Development, Technological Innovation, Design, and Aesthetic Concept), digitalisation, and management system integration.

In 2024, Favero also completed a major corporate transaction by incorporating MECHUS Srl, a wholly controlled subsidiary of Favero since its founding. The transaction is part of an organisational reorganisation strategy aimed at streamlining the Favero Group's structure. Specifically, the merger will shorten the control chain, where the manufacture of weighing systems for the medical sector previously focused on the subsidiary's products. This will lead to benefiting from internalising a phase of the production process within Favero.

Recent international political and economic uncertainties have impacted the definition of a “softer” European approach to ESG issues, reducing the sustainability disclosures required by the CSRD-ESRS directives and the VSME - Voluntary Sustainability Reporting Standard for non-listed SMEs.

However, in this context, preparing the Sustainability Report continues to represent a fundamental tool for us to measure our impact on Stakeholders and to define ESG-related improvement objectives, in line with our corporate development model.

We thank all our Stakeholders for their collaboration, support, and trust.

The Board of Directors

Letter and presentation of the Sustainability Team

To prepare the 2024 Sustainability Report, we decided to maintain the use of a mixed methodology. This methodology, on the one hand, aimed to include the analysis of the value creation processes and the involvement—in the ways described below—of our Stakeholders, as offered by the Integrated Report Framework (IR) and on the other, to fully adhere to the new European standards introduced by the version of the VSME approved by EFRAG in December 2024.

When drafting the 2024 Report, particular attention was paid to updating the IRO table, which identifies risk factors and factors that can generate new opportunities, indicating the mitigation and enhancement actions, respectively, and also drawing on the valuable input offered by Stakeholders.

The 2024 analysis examined the relevant issues identified based on their ability to influence value creation, evaluating their relative effects.

Federica Davanzo
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Business Model

Corporate Identity

Favero Health Projects celebrated its **70th anniversary** in 2024, an important milestone that confirms the solidity of the organisation which operates in the supply of healthcare and community furnishings and equipment, using its own distribution and support structure nationally and in dozens of European and non-European countries.

The core of its activities has always been design **innovation** and the constant research and development of **solutions designed around people** and their needs, paying great attention to the **design, ergonomics, safety** and **functionality** of its products.

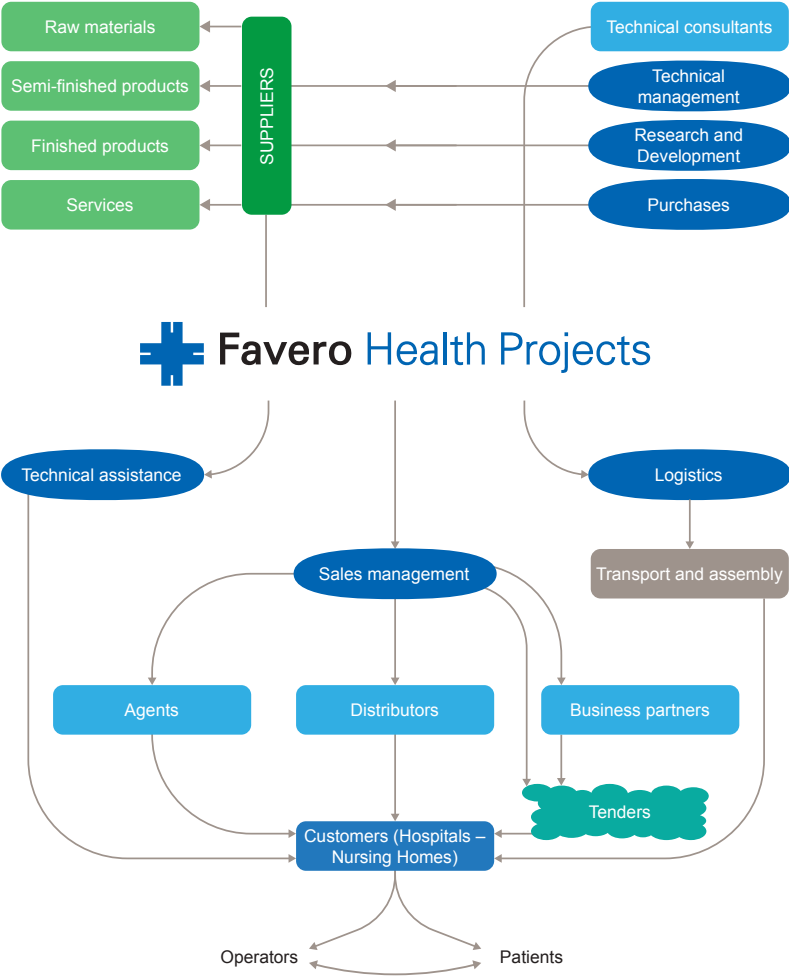
A solid value system, based on **fairness** and **transparency, responsibility** and **respect**, it is further strengthened by the adoption of a corporate policy and a value creation model based on the principles of **sustainability**, which translates into attention towards the environment, the local area in which it operates, and people.

Further details and information on the Favero Group, its business model (through the Business Model Canvas – BMC), and the market in which the company operates are available in the 2022 and 2023 Reports, downloadable from the company website (<https://www.favero.it/it/sostenibilita-1>).



Value chain map

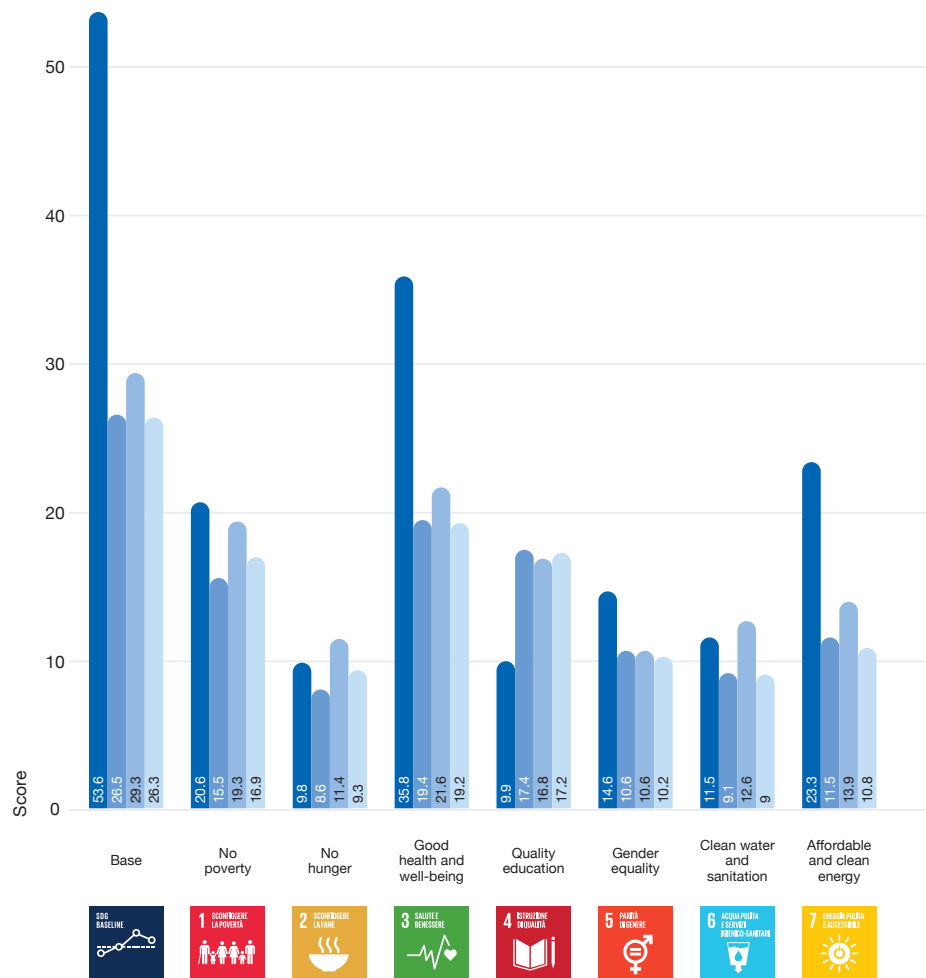
The reporting scope is represented by Favero's value chain (as shown in the following graph), which extends from the supply market for raw materials and semi-finished products for product manufacturing to the end market, consisting of customers and distributors. Favero also operates in an international market, both for procurement and, more importantly, for sales.



SDG Manager

Developed by B Lab and the United Nations Global Compact, the SDG Action Manager is a fully online tool that allows companies to measure their impacts and set their own goals to achieve the sustainable development targets set by the 2030 Agenda - Sustainable Development Goals (SDGs).

The self-assessment allowed us to verify Favero's impacts on Stakeholders and to compare them with those of its peer sector, companies of the same size, and businesses nationwide.

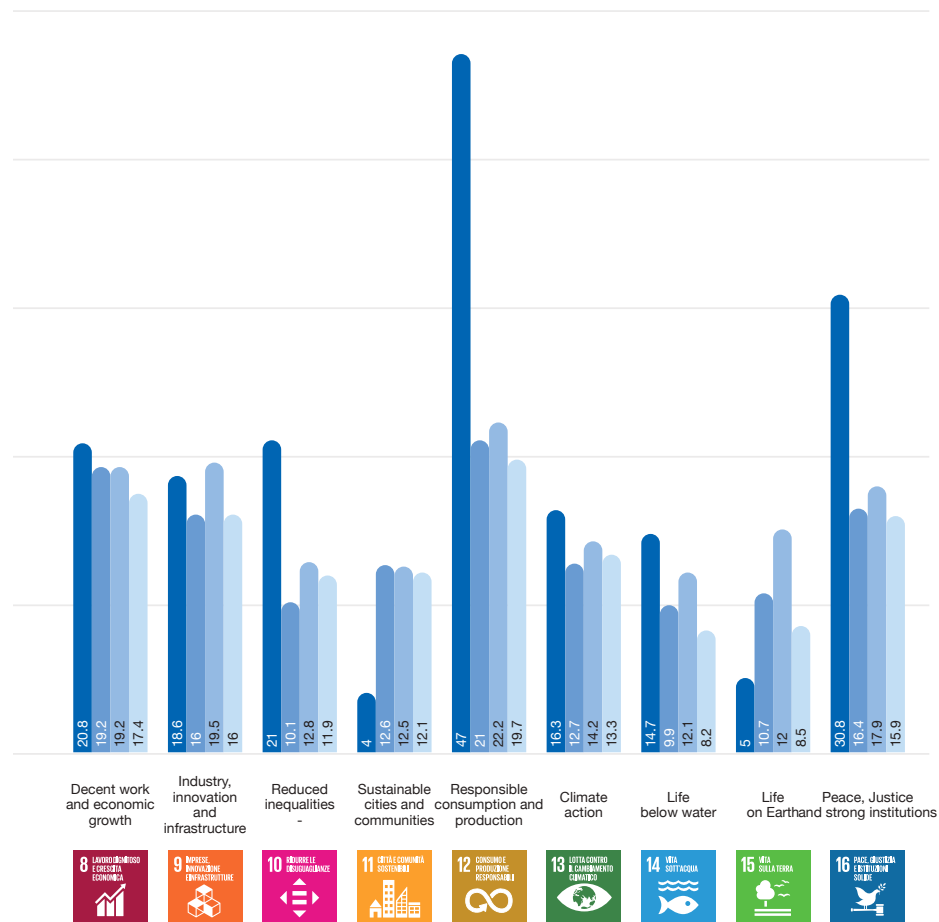


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For more information: <https://app.bimpactassessment.net/>

<https://www.bcorporation.net/en-us/programs-and-tools/sdg-action-manager/>

■ Favero H.P.
■ Country
■ Sector
■ Dimensions



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Presentation of the methodology

The voluntary reporting of ESG strategies, such as that addressed by Favero, has been characterised by a profound "regulatory" change over the last two years.

Through its delegated body (EFRAG), the European Union has proposed regulations based on the CSRD (Corporate Sustainability Reporting Directive), including the voluntary one for SMEs, the **VSME (Voluntary Sustainability Reporting Standard for non-listed SMEs)**, established on 17 December 2024, which will be effective starting in 2026.

Where the Omnibus Decree of 27 February 2025 revised the thresholds for defining companies subject to the obligation to apply the CSRD ESRS, indicating the minimum limit of 1,000 employees, inevitably the reference standard for all unlisted SMEs, and not only, becomes the VSME, which is, indeed, voluntary.

In the case of designing Favero's third Sustainability Report, which took place when the regulatory developments mentioned above had not yet fully materialised, the approach was, as in the previous versions, to bring together different methodologies, based on the **Integrated Report Framework <IR>** (to consult the full document click here - <https://www.integratedreporting.org/>), which illustrates how the company creates value over time by analysing the resources it uses and reinvests, i.e. the "capitals": financial, productive, social, intellectual, human, environmental/natural and the governance.

This allows us to provide continuity with previous Reports, to describe our work clearly and accessibly, and to demonstrate our commitment towards sustainable development. It also introduces the indications provided in the latest draft of the VSME, whose complete version - **Basic Form and Comprehensive/Complete Form** (<https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/VSME%20Standard.pdf>), most likely represents the framework for the future Reports. This document summarises these disclosures in the final table on page 60.



The Value creation process

The Value Creation Process at Favero Health Projects

The value generated by Favero is the result of a process that arises from its own resources and from its relationships with the external environment, which in turn influences it.

Below is a summary of Favero's value creation process for each capital analysed. For further details on the analysis and development of the process itself (according to the IR Framework), please refer to the 2022 Sustainability Report.

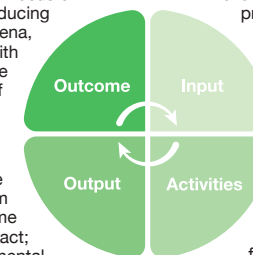
(<https://www.favero.it/cache/faverosostenibilita2022ok.pdf#page=17>)

Environmental capital



Stronger focus on actions aimed at reducing climate-altering phenomena, in collaboration with key suppliers for the implementation of monitoring systems and reduce impact and CO₂ emissions.

Redevelopment of the product range with the aim of reducing and in some cases eliminating the impact; attention to environmental impact aspects with the aim of adapting the production process to the standards set by the new environmental sustainability criteria.



Development of low environmental impact projects and products; management and implementation of the procedures necessary to maintain and expand certification of the production process and environmental impact; Scope 1 and 2 energy assessment, and an initial attempt at evaluating Scope 3; advancement of the digitisation of administrative and production processes.

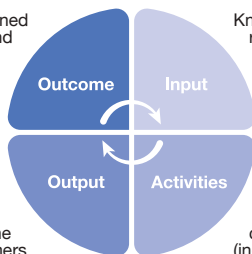
Monitoring development plans with a focus on energy savings; product redesign with careful consideration of low-impact materials; systematic waste management; raising awareness of environmental impact both inside and outside the company.

Social-relational capital



Value creation through planned initiatives; involvement and collaboration; shared understanding of the business model.

Discussion with interlocutors; professional management of an after-sales service aimed at customers; ability to identify and solve one-to-one problems, both with customers and suppliers.



Knowledge of the target market; relationship skills; analysis skills and medium/long-term vision.

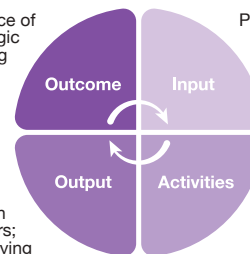
Ongoing relationships with employees; actions to support the identification, activation and development of target customers; customised engagement strategies tailored to the nature and characteristics of each Stakeholder (including employees, clients, suppliers, companies and the public sector).

Governance



Awareness of the importance of Sustainability as a strategic criterion for achieving corporate objectives; growth of internal reputation and sentiment.

Incorporation of ESG criteria into product reviews and the relationships with Customers and Suppliers; new procedures for applying ESG issues in corporate activities.



Planning and drafting previous Sustainability Reports; materiality analysis; preparation of Stakeholder questionnaires.

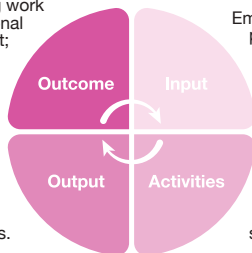
Engagement of priority Stakeholders; presentation of ESG objectives to internal and external Stakeholders; risk management activities; review of Stakeholder relationships and knowledge of their expectations.

Human capital



Dynamic and stimulating work environment; professional growth; involvement; capitalisation of investment in human resources.

Low turnover; customer focus; cooperation to overcome critical phases; analytical and innovative skills in management and development tools.



Employee skills; professional development plan; vocational training; agile and collaborative environment; collaboration with suppliers.

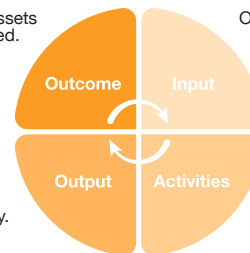
Understanding the skills and characteristics of personnel; internal and external training; sharing of the organisational model; open dialogue; monitoring and maintaining healthy and safe working conditions.

The Financial Capital



Corporate assets have been strengthened.

Availability of new assets, industrial investments, software, increase in its energy capacity.



Own financial means; borrowing capacity with the banking system and use of subsidised finance.

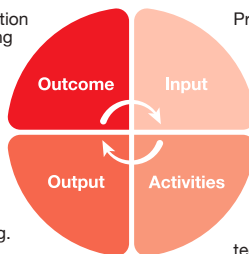
Sustainable business plan; activation of new projects/financing from third parties (credit institutions, subsidised finance).

Productive capital



Improvement of the production process; strengthening of the product offering; collaboration with new partners; increase in added value.

Repositioned products on the market; evolution and new analyses of products; new productions; activation of new customers; up-selling and cross-selling.



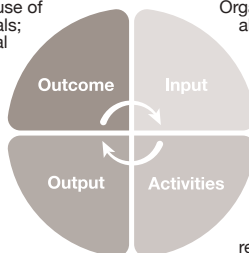
Property; organisational model (subsidiaries, resources); implementation and adaptation of processes and means of production.

Monitoring and enhancement of existing product assets; market research for eco-sustainable materials; pursuit of quality improvements; analysis of market demands, current regulations, and technical and technological innovations for the launch of new productions; partnerships with external firms and accredited laboratories; reorganisation of the production layout.

Intellectual capital



Greater culture in the use of new sustainable materials; increase in professional skills; development of new markets; ability to organise activities and procedures to build a development model capable of supporting business growth; dissemination of corporate compliance.



Extensive experience in project management; internal sharing of know-how from completed projects; certified products; product and process compliance.

Organisational model; design expertise; ability to innovate; knowledge of materials, applications, regulations, production processes, and market characteristics; information system structured and customised according to the company's organisational model.

Sustainable design and production processes; validation of product regulatory compliance; activation of strategic partnerships consistent with medium- and long-term projects; team collaboration for developing new projects; ongoing collaboration with suppliers; study of customer needs.



Map of Stakeholders and their Engagement

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In the process of reporting on its ESG strategy, Favero is committed to listening to and gathering the needs of Stakeholders, parties and entities that can have a significant impact on the organisation, but who at the same time are or may be affected by the positive and negative impacts of the corporate activities.

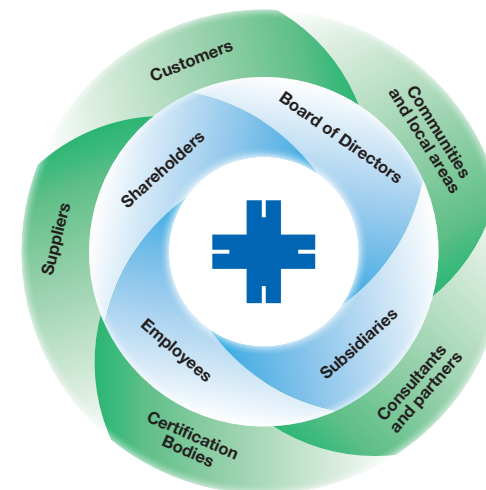
The methodology used is that defined by the Stakeholder Engagement Guidelines (AA1000), issued by Accountability (2015), which involves assigning priorities to Stakeholders based on the analysis of several principles:

- Influence, meaning the ability to influence the organisation in achieving its objectives;
- Dependence, whether real or potential, on the organisation;
- Priority, determining the ability to contribute to generating economic value and growing the business model;
- Importance, understood as representativeness and the ability to actively promote the organisation's growth.

In order to develop a mutual exchange, useful for better understanding the problems and opportunities related to the business development, a process of consultation and involvement of internal collaborators was initiated, firstly with the latter, who were submitted a questionnaire assessing the material issues identified by the organisation.

With some of the key external Stakeholders, who were given the same questionnaire as the employees, a participatory process was initiated through telephone interviews to develop a table of risks and opportunities of the company activities, as well as obviously of the corrective and improvement actions. The aim was to perfect a fundamental monitoring tool for managing and developing the company's business.

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Materiality Analysis

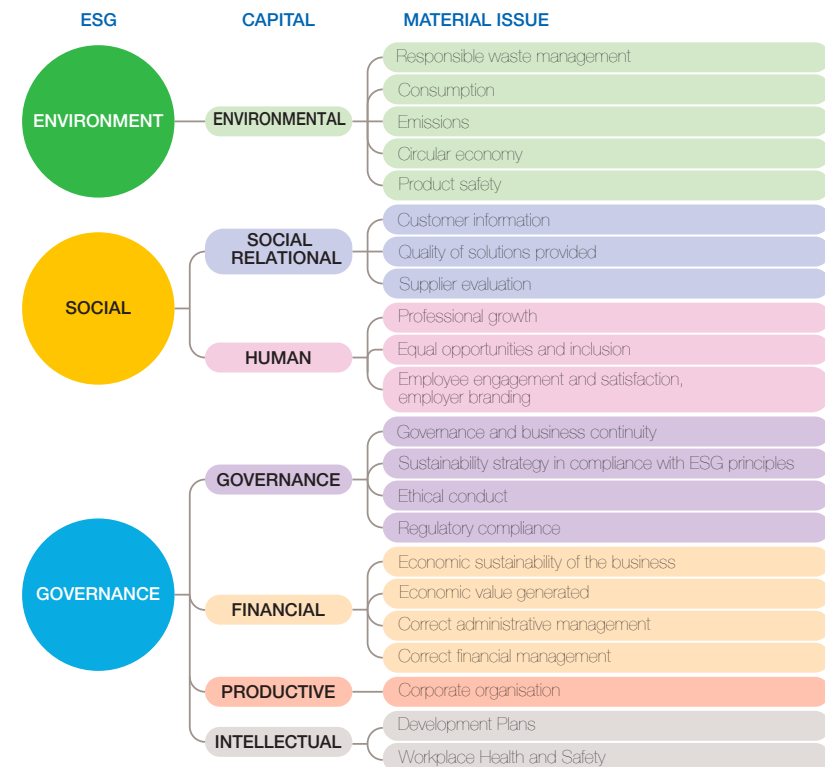
As regards the 2024 sustainability reporting, the issues and aspects that significantly impact the company's economic, social, and environmental performance in the short, medium, and long term and which, due to their characteristics, could influence the Stakeholders' assessments and decisions, were considered significant.

For this analysis, the significant issues identified based on their ability to influence value creation were examined, assessing their effects (actual or potential, positive and negative).

In the 2023 report, alongside the materiality analysis typical of the Integrated Report, which aims to provide information about the organisation's impacts and its ability to create value, a financial relevance analysis was introduced, as required by the European CSRD Directive.

The financial materiality assessment for 2024 has not undergone any significant changes compared to the previous year, as Favero has not substantially altered its operating environment, its target market, its regulatory framework, or its business model.

The result of the above analyses is represented by the following list of material issues (for further information, see the 2023 financial materiality analysis at <https://www.favero.it/cache/faverosostenibilita2023-low.pdf#page=21>), which were then submitted to Stakeholder review as described in the previous chapter.



The results of the Stakeholders' responses to the material issues assessment questionnaire, summarised below, highlighted a lesser, albeit minor, relevance of environmental issues, while greater importance was attributed to the impacts of social sustainability and governance issues.

ENVIRONMENTAL

Among the environmental issues that Stakeholders rated as having the greatest impact were the responsible use of resources and the reduction of consumption, especially for employees, and product safety, both in terms of construction and of the materials used.

SOCIAL

The issues submitted to Stakeholders related to the relational and the human capital all attracted, on average, very significant interest. In particular, external Stakeholders placed the greatest importance on the reliability and quality of the information and of the solutions provided, along with, in terms of human resources, the organisation's focus on employee satisfaction and engagement.

As regards employees, priority issues included training and professional growth and, albeit to a slightly lesser extent, the quality and sustainability of Favero's products and services.

GOVERNANCE

The identified corporate governance issues unanimously received the highest scores, particularly as concerns the management bodies' ability to ensure business continuity in a transparent and ethical manner, working to continuously update their activities, develop employee skills, and update their products in accordance with current regulations.

Issues related to economic sustainability and the company's financial and administrative management appeared to be of lesser importance to Stakeholders, although still important.

Regarding issues related to the productive and intellectual capital, external Stakeholders place great importance on the company's organisation and on the ability to develop a development plan that adapts to market needs. For internal employees, attention to workplace health and safety issues is fundamentally important, as are issues related to the company's organisation, in terms of processes and organisational model, but also as concerns the ability to adapt the design and production structure to market needs.

The primary objective of the Stakeholder engagement was to initiate a discussion of risks and opportunities, and not (as with the two previous reports) to construct the materiality matrix, cross-referencing the impact assessments of the company's sustainability issues on the one hand and the Stakeholders on the other, to identify a narrower range of issues to report.

Although the Stakeholder assessment would only allow us to report on a portion of the issues covered by the consultation questionnaire, the Team has decided to report on all the issues listed above in any case, in order to transparently provide its stakeholders with the most complete picture possible of its impact, mitigation and improvement actions, and of the related objectives.



Risk and Opportunity Matrix (IRO)

Risk and Opportunity Matrix

Analysing and monitoring the risk and opportunity factors allows us to identify events that could negatively or positively impact the company's operations and therefore to define the activities required to mitigate or enhance these events.

With reference to 2024, as mentioned in the previous chapters, the Risk and Opportunity Analysis was also conducted by drawing on the results of the consultations and the involvement of the key Stakeholders, identifying the level of risk associated with these impacts.

In particular, the risk level was calculated by considering the likelihood of the risk event occurring – linked to inadequate oversight of the material topic – and the severity of its consequences.

The table below outlines the main risks, the measures taken to mitigate them, and the suggested actions to capitalise on opportunities.

Risk legend:

-  High
-  Medium
-  Low

Risks / Opportunities		Actions to address Risks and manage Opportunities	
ENVIRONMENTAL	1. Cases of non-compliance of suppliers resulting from violations of laws or regulations that result in an unmanaged polluting situation.	1.	Constant on-site monitoring of supplier production processes and implementation of the initial/requalification supplier assessment form with information on environmental issues.
	2. Suboptimal knowledge of waste management practices.	2a.	Check of potential non-compliances and identification of correct practices for the proper management and disposal of waste.
		2b.	Maintain management and monitoring activities compliant with the ISO 14001 implemented by the organisation.
	3. Insufficient capacity for energy autonomy and/or use of alternative energies to fossil fuels.	3a.	Evaluation of the efficiency of the company's energy capacity
		3b.	Monitor suppliers who guarantee the use of renewable energy
	4. Emissions management	4.	Activation of partnerships on sustainability issues through the sharing of good practices.
	5. Awareness of the rules and resources the company utilises.	5.	Communicate Favero's sustainable approach (through social media, marketing, PR, etc.), both internally and to external Stakeholders.
	6. Gain a positive role in the social context and generate new business value.	6.	Design new products based on principles such as durability, standardisation, modularity, and the use of sustainable materials.

Risks / Opportunities		Actions to address Risks and manage Opportunities	
SOCIAL	SOCIAL - RELATIONAL	1. Deterioration of relations with suppliers.	1a. Implementation of collaboration activities with target suppliers. 1b. Raise awareness of ESG issues. 1c. Knowledge of the business model of key suppliers.
		2. Loss of a strategic supplier that generates the total or partial block of production.	2. Identify one or more alternative suppliers.
		3. In the outsourcing field, adopt choice criteria relying on suppliers exclusively on the basis of a downward quote.	3. Greater use of the supplier evaluation system to ensure a balance between the quality of the final product and its price, also taking into account delivery times, compliance with relevant standards, respect for health and safety in the workplace, the adoption of ESG criteria, etc.
		4. Deterioration of customer relations.	4a. Constant assessment of relations with the main customers and introduction of any corrective actions. 4b. Constant maintenance of the commercial policy, if necessary on to one. 4c. Update and train the sales network. 4d. Implement complaint management, especially from foreign markets, through greater involvement of the local distributor. 4e. Ongoing ethical and transparent behaviour in business relations with the customer.
		5. Search for new suppliers aligned with the company values derived from the sustainable approach.	5. Implementation of the supplier validation procedure.
		6. Greater dissemination of the Code of Ethics and of the corporate anti-corruption policy.	6. Sharing of company values and code of ethics with Stakeholders.
		7. Improve the corporate reputation with respect to sustainability and corporate compliance issues.	7a. Transparency and regulatory compliance policy. 7b. Maintain a consolidated sustainability reporting system and share it with priority Stakeholders. 7c. Greater employee involvement and activation on sensitive issues. 7d. Increase social inclusion projects in the area.
	HUMAN	1. Occupational health and safety, working conditions, and social protection.	1. Monitoring of the working environment and compliance with health and safety regulations in the workplace. Employer branding (development of a shared employee wellness plan, generational know-how).
		2. Lack of widespread employee engagement and satisfaction across all company departments.	2. Improve participation and the sharing of goals and solutions.
		3. Unshared roles, tasks and workloads.	3. Job description analysis for better resource allocation.
		4. Resistance to people's change.	4. Extend participative and inclusive leadership to all company departments and levels.
		5. Professional updating of collaborators not adequate to the development of the market.	5. Implement the annual training plan, driven primarily by input from employees.
		6. Loss of intellectual and human resources at retirement age and difficulty with generational transition.	6. Coaching and training of new resources. Coaching and mentoring.
		7. Difficulty in recruiting employees (especially in production and technical areas).	7. Improve employer branding, including through attention to sustainability, corporate welfare, and work-life balance.
		8. Interest in and adherence to new corporate sustainability practices, understood in its broadest, economic, social and environmental sense.	8. Employee involvement.
		9. Rich corporate know-how (given by experience), values and corporate culture.	9. Transfer of knowledge, through on-the-job training and coaching.

Risks / Opportunities		Actions to address Risks and manage Opportunities	
GOVERNANCE	GOVERNANCE	1. Corporate organisation struggles to embrace ESG policies.	1. Improve communication and awareness, implement training programs, especially internal ones.
		2. Insufficient budget for implementing ESG policies.	2. More careful prioritisation.
		3. Updating the business model following the application of procedures.	3. Training and acceptance of learning curves.
		7. Static nature of control and management bodies.	7. Assess the skills of control bodies. Gradually introduce external individuals into management bodies.
		8. Alignment with market trends.	8. Implement an ESG strategy.
		9. Improvement of corporate organisation.	9. Organisational assessment and redefinition of delegations and responsibilities.
		10. Monitor ESG performance.	10. Implement information systems for ESG indicators with a view to their constant monitoring.
		11. Improve internal sentiment.	11. Greater employee involvement in understanding the potential impact of ESG policies.
		12. Increase company reputation and attractiveness.	12. Enhance the effectiveness and continuity of company communication, also through new information tools.
		1. Deterioration of revenue and profitability, influenced by investment policies in the healthcare sector and further aggravated by the international situation.	1a. Constant assessment for control and management of tenders. 1b. Increase the search for new customers and/or partners, particularly abroad. 1c. Continuously monitor the response to market needs, in line with current regulations. 1d. Expand the use of secure payment systems (e.g. letters of credit).
	FINANCIAL	2. Sales imbalance between the Italian and the international markets	2a. More effective commercial management of the international department. 2b. Increase and train technicians (internal/external) capable of handling installations abroad.
		3. In the context of procurement procedures, the non-recognition of the quality of the offer in the face of higher prices of some products with respect to the market average.	3a. Improve focus on the quality of the product and of the production processes and compliance with regulations. 3b. research into new materials. 3c. Cost reduction through simplification of product mechanisms and improved procurement policy.
		4. Ability to access funding. Solid financial position.	4. Resort to new investments for new product development, marketing activities, and process improvement.

Risks / Opportunities		Actions to address Risks and manage Opportunities
GOVERNANCE	PRODUCTIVE	1. Potential deficiency of internal processes, technological systems, supply chain control.
		1a. Implement design and engineering procedures for current and new products.
		1b. Identification of new materials and alternative suppliers.
		1c. Implement and update management systems.
		1d. Implement IT support for commercial procedures (BIM and internal bid management system).
		2. Progressive increase in the volume of semi-finished and finished inbound products.
		2. Implementation of quality control procedures on incoming goods.
	INTELLECTUAL	3. Difficulty in procurement planning to handle order surges.
		3. Improved procurement planning
		4. Machine downtime due to lack of material or dedicated operators.
		4. Improved procurement planning, revision of certain supply contracts and specialised training for extra operators.
		5. Organisation of production (coordination).
		5. Implement behaviour by individual departments aimed at achieving common objectives through synergy, cooperation, information flows and connection between roles at all levels of the production process.
		6. Blockage or inefficiency of the company's information flow (e.g. loss of data, hacker attacks, etc.).
		6a. Specialised external company support (updating of company SWs, data backup of antivirus protection systems).
		6b. Periodic monitoring of system vulnerabilities by the insurance company.
		7. Know-how in the research and production of innovative process and product solutions.
		7. Constant check and update of production layout and machinery.
		1. Lack of alignment with evolving international regulations.
		1. Update and check European regulations, cost-benefit analysis of non-EU regulations.
		2. Partial alignment of the company organisation with the business model.
		2. Assessment (specific analysis) of company functions and adjustment of job descriptions.
		3. Centralisation of know-how in department managers.
		3. Improve information sharing and increase participation at all levels of the business.
		4. Lack of delegation (and responsibility).
		4a. Revision of the internal job description based on the tasks and responsibilities of each office.
		4b. Explicitly identify the person responsible for each company area/office.
		5. Drafting the Sustainability Report.
		5. Disseminate the Sustainability Report to increase Stakeholder engagement and potentially enhance reputation.
		6. Growing interest in the issues of product and material circularity and environmental respect.
		6. Implement new circular management systems, education and practical knowledge of new materials.



Material and capital issues in the ESG field

2024 indicators and 2025 objectives

Introduction.

The reporting of the main relevant issues is developed through several indicators (quantitative and qualitative) that demonstrate how the company addresses and manages the defined issues.

The following chapters will also report and account for the activities and actions adopted by the company during 2024 to achieve the objectives identified in previous reports.

The objectives set for the two-year period 2023-2024, not yet achieved, implemented by other new objectives for 2025, are listed in the summary table "2025 Objectives" on page 56.



ENVIRONMENTAL

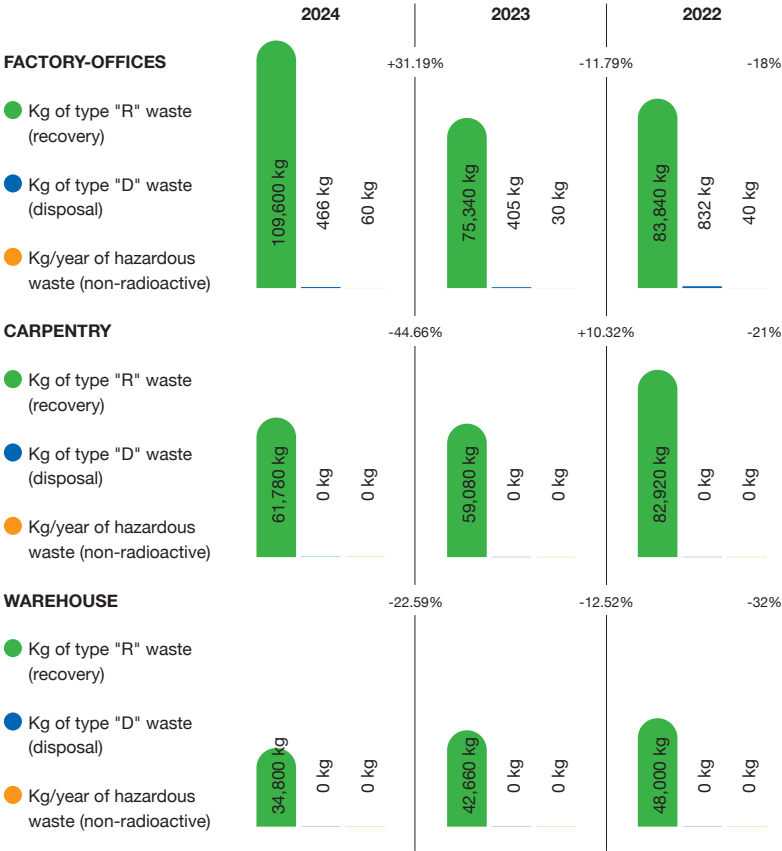
Material issues of environmental capital

RESPONSIBLE WASTE MANAGEMENT

Managing and correctly disposing waste is a consolidated practice, thanks to the rigorous application of separate waste collection in compliance with Article 184 of L. Decree 152/2006 and with the requirements of the UNI EN ISO 14001 standard adopted by our company. Favero manages the waste loading/unloading register and the transport form as required by current legislation and has been registered in the national register of environmental managers for the collection and transport of its own non-hazardous waste since 01/06/2012.

INDICATORS

Trend in waste produced by our production units in the three-year period 2022, 2023, and 2024.



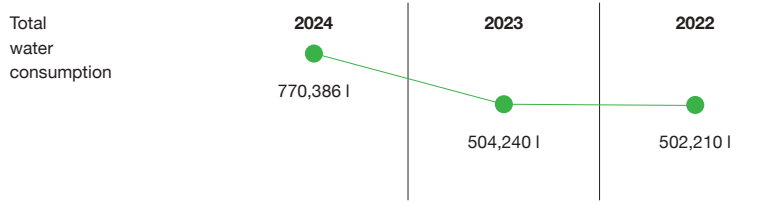
CONSUMPTION

Favero continues its ongoing commitment to constantly reducing consumption by analysing and monitoring specific indicators and implementing the relevant improvement actions. This approach allows us to identify areas of wastefulness and to adopt effective measures to optimise energy efficiency and reduce costs.

INDICATORS

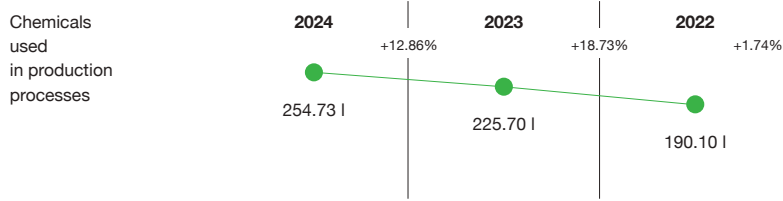
Total energy consumption in MWh/2024

2024	Renewable energy consumption (MWh)	Non-renewable energy consumption (MWh)	Total energy consumption (MWh)
Electricity	428	0	428
Methane (building heating)	0	469	469
Diesel fuel (ref. company fleet)	0	155	155
Total			1052



Water consumption at Favero is for firefighting, sanitation, and the irrigation of two gardens. No water is used for production processes.

* The increase in water consumption is due to a leak caused by a pipe that burst due to ground settlement.



The chemicals most commonly used in assembly processes include lubricants/slippers, pre-weld degreasers, and silicone sealants.

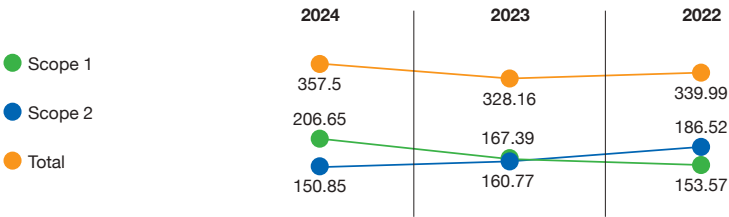
* The increase in chemicals used is due to the increased production recorded in 2024.

EMISSIONS

Favero continues to monitor emissions, analysing each source of carbon dioxide emissions into the atmosphere under Scope 1 and Scope 2. Based on this analysis, we are extracting the necessary information to develop strategies for reducing and/or offsetting CO₂.

INDICATORS

Trend of tCO₂e Scope 1 and Scope 2 emissions in the three-year period 2022-2023-2024



Greenhouse gas intensity (tCO₂e) on turnover (€) trend for the three-year period 2022-2023-2024

	2024	2023	2022
tCO ₂ e per €	0.000023487	0.000023180	0.000024904

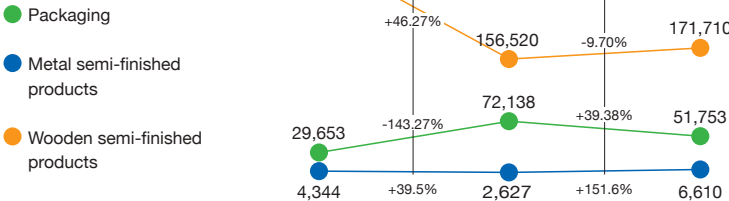
Leaks from equipment containing refrigerant gases present in the company: 2024: 0

CIRCULAR ECONOMY

Favero continues its design and production activities according to the principles of circular economy, using eco-friendly materials, creating durable and easily disassembled products, together with an efficient waste management and, in general, a reduction in wastefulness.

INDICATORS

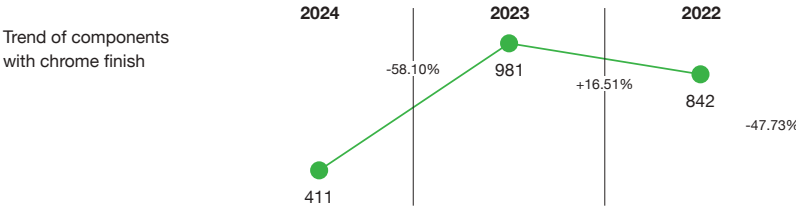
Purchased Materials (Kg)



PRODUCT SAFETY

Product safety in terms of environmental impact is achieved by reducing the use of harmful chemical agents in production processes that pose risks to human health and the environment. When designing new products, we aim to minimise their environmental impact throughout the entire product life cycle, from production to use and up to disposal, providing specific waste sorting instructions, while maintaining high standards of product quality and safety.

INDICATORS



Characteristics of components and materials of new products:

Material type	Average 2024	Average 2023	Average 2022
Eco-friendly and recyclable	80%	84%	86%
Non-recyclable (WEEE)	20%	16%	14%
Recyclable	96%	96%	95%

Trend of incidents affecting our medical devices

(EU Regulation 2017/745 on Medical Devices -MDR-).

Year	2024	2023	2022
no. of incidents	0	1	0

Specific tests performed in accredited laboratories to ensure the quality, safety, and regulatory compliance of new products before they are placed on the market.

Year	2024	2023	2022
no. of tests	7	8	4

Reporting plan of 2024 objectives

Material topic	Goal	2024 Action taken	Outcome	Notes
ENVIRONMENTAL	RESPONSIBLE WASTE MANAGEMENT	Reduction of non-recyclable waste.	Use of packaging designed to be collected separately and sorted for recycling.	↑
		Principles of circular economy.	Market research for specific software for applying circular economy criteria. During the design phase, consider the principles of the three Rs: Reduce, meaning produce goods and services using fewer natural resources. Reuse, meaning extend the useful life of the product instead of throwing it away at the slightest sign of wear. Recycle, meaning properly dispose of waste so it can be transformed into new resources.	↑
	CONSUMPTION	Completion of LED lamp replacement.	70% of traditional lighting replaced with LED technology.	↑
		Commissioning all photovoltaic systems.	commissioning / GSE.	✓
	EMISSIONS	Introduction of plants in the offices.	Feasibility assessment: preferred introducing a greater number of plants in the common areas.	✗ Abandoned.
		Increase vocational training in the use of circular economy.	Preparation of a specific internal training plan and implementation of the information note for customers/end users (user manual).	↑
	PRODUCT SAFETY	Eliminate parts/components with chrome-plated finish	Further use of eco-friendly surface treatments as alternatives to chrome plating.	↑
		Increase product inspections and testing.	Implemented check and testing activities at specialised laboratories.	✓
		Increase the number of medical devices produced according to CAM criteria (Minimum Environmental Criteria).	Research and development of materials compliant with CAM requirements.	✗ Abandoned. CAM requirements are not applicable to medical devices. They comply with specific regulations.

Legend:
✓ achieved
↑ in progress
✗ not achieved

SOCIAL

Material issues of social-relational capital

CUSTOMER INFORMATION

Favero has always established relationships with Stakeholders, and in particular with customers, based on the principles of transparency and fairness. Carefully setting up the commercial and technical documentation, ensuring it is as clear and comprehensive as possible, is a key aspect of company policy. Drawing up and publishing the Sustainability Report on the company website meets the need for transparency regarding corporate activities and impacts.

INDICATORS

Drafting and dissemination of the Sustainability Report
Updating the website and monthly newsletter
Reports provided during tenders

	2024	2023	2022
Number of managed customers	500	530	444
of which No. of new customers	70	85	68
No. of product offers	3404	3396	3304

QUALITY OF THE SOLUTIONS PROVIDED

The quality of the solutions provided, both products and services, is a fundamental element of the company strategy, which requires the utmost attention to materials, which must be durable yet sustainable, to product functionality, and to customer satisfaction. The ever-increasing introduction of technologies and software into products continues to require an increasingly attentive and timely monitoring of product quality and functionality.

INDICATORS

	2024	2023	2022
Number of formal customer complaints/disputes	0	0	0
% change in the number of customer reports (damaged, missing, incorrect material, etc.) compared to the previous year	-13%	-10%	16%
Number of warranty service interventions on medical devices	42	37	40

SUPPLIER EVALUATION

Given the large number of suppliers, the increasing use of outsourcing and the development of advanced products, equipped with specific software applications, the constant monitoring and evaluation of supplier performance is an essential tool for ensuring high product quality, but also an opportunity to stimulate an improvement of the sustainability performance. Bearing this in mind, Favero has committed to implementing its evaluation tools with ESG parameters.

INDICATORS

	2024	2023	2022
Periodic monitoring: Percentage of reappointed suppliers in respect of monitored suppliers	99%	96%	\
Auditing visits: No. of remarks	0	0	0
No. of non-conformities caused by suppliers	3	10	8
Percentage of outsourcing on turnover	12.5%	12%	10%

Material issues of human capital

PROFESSIONAL GROWTH AND TRAINING

The evolution of the company's business model and the improvement of its performance, both financial and otherwise, is also determined by the need for ongoing vocational training and the enhancement of the internal resources' skills, know-how, culture, and corporate values. For this reason, the company is committed to ensuring a greater number of training hours and to offering skills development programs for certain corporate roles.

INDICATORS

	2024		2023		2022	
	Total hours	Delta	Total hours	Delta	Total hours	Delta
Training hours (including mandatory hours)	692	49%	462	15%	403	14%
Number of course types offered	9 (Initial training - Specific refreshers - Quality - Environment - Safety - Regulatory Refreshers - L. Decree 231/2001 - Sustainability - Gender equality)		6 (Specific refreshers - Environment - Safety - Regulatory Refreshers - L. Decree 231/2001 - Sustainability)		3 (Specific updates - Environment - Safety)	

	2024	Men	Women
Employees involved in training (% of total employees)	90%	60%	40%
Average hours of individual training:	10.98	12.12	9.15
% of company figures involved in professional growth and/or promotion out of the total	8.4%	60%	40%

EQUAL OPPORTUNITIES AND INCLUSION

The company's focus on gender equality and inclusion in general was reflected in 2024 with the implementation of internal procedures in accordance with the UNI PDR 125:2022 standard, which led to Favero's certification in December 2024. Therefore, the company confirms its commitment to applying equal treatment and non-discriminatory practices (based on gender, age, nationality, religion, sexual orientation, etc.) in all areas of the employment relationship and in all sectors of the organisation.

INDICATORS
Workforce:

	TYPE	2024			2023			2022		
		Total	Woman	Man	Total	Woman	Man	Total	Woman	Man
Contract	Open-ended	59	23	36	61	22	39	61	21	40
	Fixed-term	4	1	3	0	0	0	0	0	0
Working time	Full-time	52	12	40	49	12	37	51	12	39
	Part-time	11	10	1	12	10	2	10	9	1
Classification	Employees	39	24	15	38	22	16	36	21	15
	Workers	24	24	0	23	23	0	25	25	0
Education	Degree	13	9	4	12	9	3	12	7	5
	Diploma	33	15	18	33	13	20	22	9	13
	No diploma	17	0	17	16	0	16	27	5	22
Age	Under 35	11	3	8	5	1	4	6	3	3
	35-50	22	14	8	24	14	10	30	13	17
	Over 50	30	7	23	32	7	25	25	5	20

Job placements (direct employees and temporary workers):

Hires	2024	2023	2022
Total	10	11	5
Direct	7	5	3
Temporary	3	6	2
Women	2	2	0
Under 35	6	7	1
Non-Italian citizenship	1	2	1

Employee classification (National Collective Bargaining Agreement for the Industrial Metalworking Industry) and average female/male pay ratio (2024):

	No. of men	No. of women	Ratio*
A1 EMP.	1	0	N.A.
AS1 WORKERS	2	0	N.A.
AS3 EMP.	0	0	N.A.
AS4 EMP.	1	0	N.A.
B2 EMP.	3	0	N.A.
B3 EMP. P.T.	0	0	N.A.
C2 EMP.	2	6	2.28%
C2 EMP. P.T.	0	2	N.A.
C2 WORKERS	5	0	N.A.
C3 EMP.	7	4	1.54%
C3 EMP. P.T.	0	7	N.A.
C3 WORKERS	8	0	N.A.
D1 WORKERS	3	0	N.A.
D2 EMP.	1	4	2.25%
D2 EMP. P.T.	0	1	N.A.
D2 WORKERS	6	0	N.A.

EMPLOYEE ENGAGEMENT AND SATISFACTION, EMPLOYER BRANDING

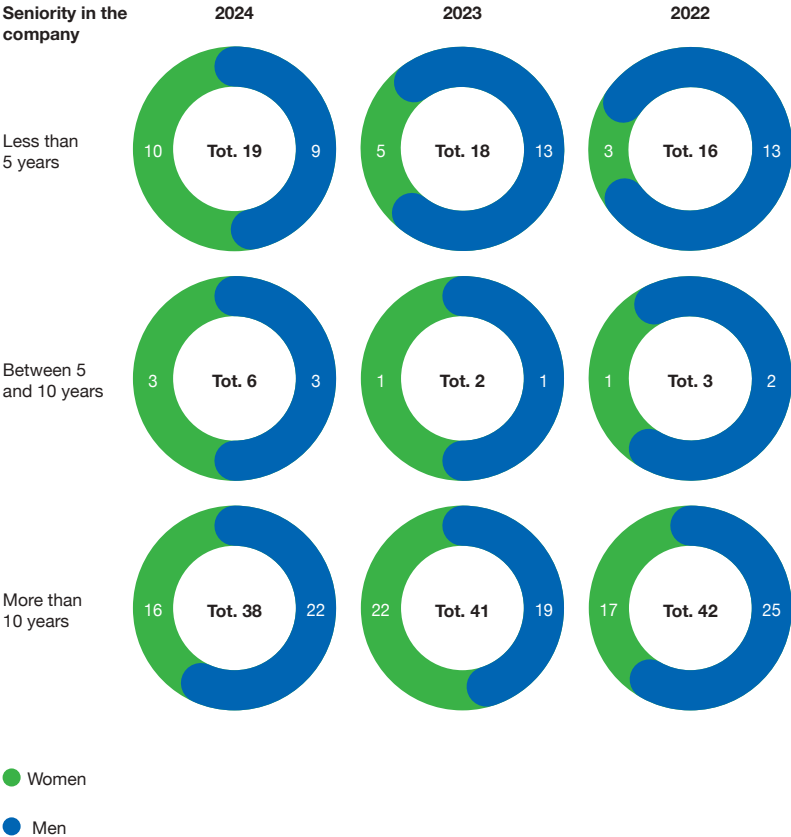
To improve well-being in the workplace, engagement, and internal collaboration, Favero has adopted additional welfare measures, including additional health insurance and has established agreements with local businesses and retailers. Monitoring the internal atmosphere, including through questionnaires primarily focused on gender equality, and the attention of management towards its employees are supported by data on employee turnover and sick leave.

INDICATORS

Turnover rate	2024	2023	2022
Outgoing Turnover	6.70%	7.58%	7.94%
Incoming Turnover	11.70%	7.58%	4.76%
Overall Turnover	18.30%	15.15%	13.81%

The calculation criterion employed in previous financial years was used and not the one indicated by the VSME, as the calculation applied above is believed to be more complete since it takes into account the average number of active employees in the reference year, part-time workers, etc.

Sick leave	2024	2023	2022
Hours worked	98,222	96,840	98,418
Hours of sick leave	2,363	2,814	3,189
Sick leave	2.4%	2.9%	3%



Reporting plan of 2024 objectives

Material topic		Goal	2024 Action taken	Outcome	Notes
SOCIAL	SOCIAL - RELATIONAL	CUSTOMER INFORMATION / CUSTOMER MANAGEMENT	Completion and adoption of the customer management system.	Implemented a CRM platform to automate and integrate customer data and customer-facing activities. Action completed and adopted by the Foreign Sales Office.	⬆
			Completed English translation of technical documentation intended for external recipients. Greater accuracy of information provided to customers and distributors.	Implemented the English translation of some technical documentation intended for external recipients.	⬆
			Increase Stakeholder alignment with our sustainability principles.	Stakeholder engagement. Published and disseminated the 2023 Sustainability Report.	✓
			Communications agency appointed to manage social media and newsletters to improve brand awareness, lead generation and conversions on the website.	Assigned social media and newsletter management to a communications agency.	✓
	QUALITY OF THE SOLUTIONS PROVIDED	Improve delivery times.	More careful planning of delivery times in accordance with customer needs. The LOG register of complaints and reports shows that there have been zero complaints about delivery delays over the past three years.	✓	
		Improve implementation of the outbound product control procedure.	Implemented the procedure and instructions for product control during production and at the end of the line. Result equal to the previous year.	✗	
	COLLABORATION WITH SUPPLIERS	Increase collaboration with suppliers (including new ones) for project development.	Retained suppliers capable of contributing to various innovative processes. Increased collaboration with suppliers (including new ones) to develop innovative and highly technological projects.	✓	
	SUPPLIER EVALUATION	Complete the integration of supplier evaluation systems with ESG criteria.	Promoted and disseminated ESG principles throughout the supply chain, so that suppliers also improve their sustainability performance. Supplier sustainability performance evaluation from an ESG perspective must be implemented.	⬆	
	HUMAN	VOCATIONAL TRAINING	Complete the implementation of soft skills and their assessment.	Updated the annual skills assessment form (hard skills + soft skills).	✓
			Evaluation and introduction of horizontal training programs for sharing issues affecting efficiency and internal communication.	Evaluated several horizontal training program proposals.	⬆
EQUAL OPPORTUNITIES		Certification for Gender Equality UNI PDR 125:2022.	Initiated certification process (consultancy, training, system documentation, internal audit) and related achievement of UNI/PDR 125:2022 Certificate No. IT24/00001407.	✓	
		Establishment of the Steering Committee for Gender Equality.	Appointed and established the Steering Committee.	✓	

GOVERNANCE

Material governance issues

GOVERNANCE AND BUSINESS CONTINUITY

Favero is managed and controlled through a system of rules, practices, processes, and risk management to ensure accountability and transparency within its organisation.

The management bodies' objective is to ensure an effective and efficient management, in compliance with all applicable laws and regulations, to protect the interests of Stakeholders, and to strengthen its reputation.

The supervisory bodies constantly monitor Favero's management.

Favero ensures business continuity not only with top-level professional skills, supported by professionals, but also with risk management to minimise interruptions and protect resources. For this reason, it has also invested in staff training and has taken out insurance policies to cover its IT system (in addition to implementing a multi-level daily backup procedure).

Governance and business continuity are interconnected and influence each other. Solid governance provides a framework for managing the company, while business continuity strengthens Stakeholder confidence in the company's governance and enables it to address market challenges and ensure that the company can continue to operate and generate value.

INDICATORS

Anti-corruption and compliance policies
Structure of supervisory bodies

Management body	Number of components	% female components	% Under 50 components
Shareholders' meeting *	5	60%	40%
BOARD OF DIRECTORS **	5	80%*	40%*
Board of Statutory Auditors	3	66%	33%
Supervisory body	2	100%	0%

* The two majority shareholders are both men and over 50.
** The Board of Directors is composed of 4 women (including 2 executive directors, one of whom is the Legal Representative, and 2 non-executive directors) and 1 man (executive director).

Responsible tax practices
ESG risk management
Supply chain responsibility
Data management practices: security, confidentiality, and responsible use of data

Legend:
✓ achieved
⬆ in progress
✗ not achieved

SUSTAINABILITY STRATEGY IN COMPLIANCE WITH ESG PRINCIPLES

Favero's ESG strategy aims to define the company's long-term sustainability vision, thus to establish specific objectives and targets to achieve to improve ESG performance. The benefits of ESG strategies are evident in improved reputation, increased competitiveness, and reduced risks, which can help the company be more resilient in the face of environmental, social, and economic challenges.

INDICATORS

Measuring the quality and frequency of information disclosure, ensuring transparency of corporate operations
Measuring the effectiveness of incentives linked to the achievement of ESG objectives
Drafting the Sustainability Report.

ETHICAL CONDUCT

The adoption of practices and behaviours that comply with ethical principles is a crucial aspect of the conduct that Favero is committed to maintaining every day. Transparency and fairness are the foundation of the relationships that employees and external collaborators establish with all company stakeholders, in order to strengthen trust and ensure a good reputation. Sharing the Code of Ethics, the corporate policies, and the Sustainability Report aims to raise Stakeholder awareness of the values and issues they contain.

INDICATORS

Updating and sharing the Code of Ethics and the Organisational Model pursuant to L. Decree 231/2001
Maintaining the AGCOM Legality Rating: **+
Existence of an internal Whistleblowing channel
Privacy Policy and periodic monitoring of the maintenance of adequate levels of IT security
No reports of contractual violations
No convictions or sanctions for corrupt conduct

COMPLIANCE WITH REGULATIONS

Constant monitoring and updating, through professional training and the support/consultancy of specialised professional firms, on the evolution of national and European laws and regulations (fiscal, technical, product, environmental, etc.) is a key activity at Favero. In 2024, the specific highlights included updates to the Medical Devices standard (CEI EN 60601-1/A13) and the implementation of the European Directive NIS2 on Cybersecurity.

INDICATORS

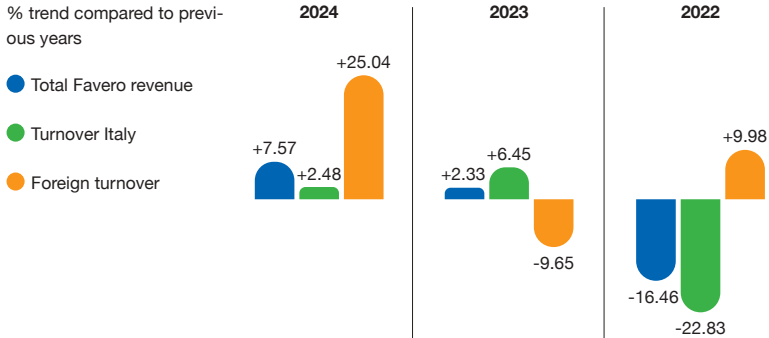
Specific training 2024: 219 hours
Periodic audits of management systems
Absence of sanctions/reports from control and regulatory bodies

Material issues of financial capital

ECONOMIC SUSTAINABILITY OF THE BUSINESS

For Favero, economic sustainability is a fundamental pillar of the corporate sustainability, and therefore it is essential to be able to effectively manage resources, invest in R&D, reduce costs, improve reputation and competitive advantage, and access new markets.

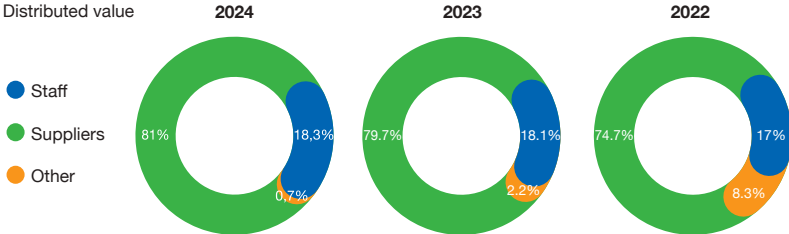
INDICATORS



ECONOMIC VALUE GENERATED

The overall wealth that Favero produces through its operational activities is distributed to its Stakeholders, collaborators, suppliers, the government (taxes and duties), and the community. The value generated highlights Favero's contribution to wealth creation and its impact on the various stakeholders involved in its business.

INDICATORS



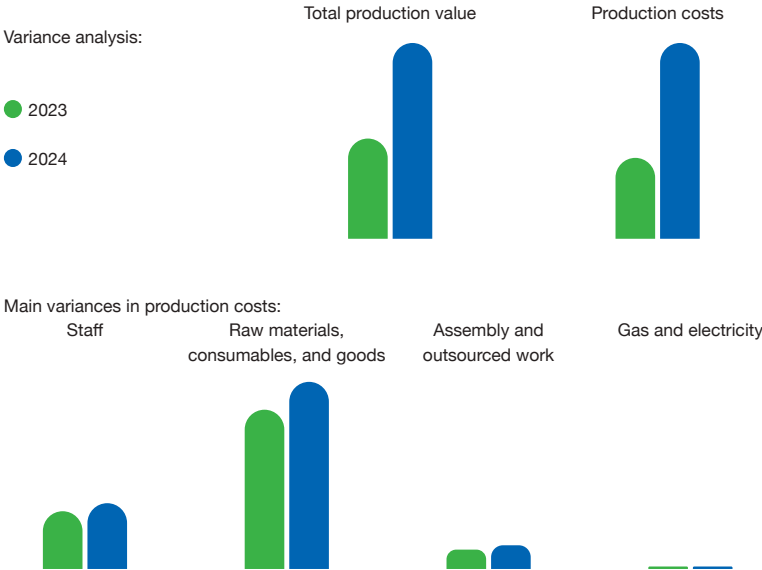
CORRECT ADMINISTRATIVE MANAGEMENT

Favero implements all activities to organise, control, and optimise resources (human, financial, and material) to achieve its objectives, in compliance with current regulations. The supervisory bodies – the Board of Statutory Auditors, the Auditor, and the Supervisory Body – constantly monitor the company's sound administrative management.

2024 saw an increase in production costs due to the high prices of certain raw materials, higher energy costs, a greater need for temporary labour, the implementation of the wage increase provided for by the National Collective Bargaining Agreement, and the use of more external assembly and processing teams.

INDICATORS

Constant monitoring of administrative processes, cost and revenue recording, and results analysis by the supervisory bodies.



CORRECT FINANCIAL MANAGEMENT

Favero plans and controls financial resources to achieve profitability and solvency. Proper financial management allows optimising resources, reducing costs, and addressing the complexities of the market.

INDICATORS:

Treasury management
Revenues/expenditures budget
Variance analysis
Cost control
Careful investment planning

Turnover and main economic performance:

In 2024, sales increased by 7.5% compared to the previous year.

Commodity prices remained high, even after the end of the 2021-2022 price surge.

Favero intends to continue to look towards the future with tenacity, continuing to invest in R&D to meet its customers' needs and offering the market innovative, reliable, and high-quality products.

In 2024, Favero Health Projects signed several contracts, representing a significant portfolio to manage over the next three years.

EBITDA	€665,726
Investments in R&D, moulds, plant and machinery, other fixed assets	€1,218,000
% of turnover	8%
Number of customers handled	500
Weight of top 15-20 customers	45.97%
Weight of top 15-20 suppliers on total turnover (purchases of goods and services)	35%
Of which local (Veneto Region)	82.83%

Material issues of productive capital

COMPANY ORGANISATION

In 2024, Favero completed setting up the new layout of the workstations and machinery to make work more efficient and reduce direct production costs. To better meet the needs dictated by being awarded a significant contract, an in-depth analysis was initiated to allow the company to optimise and improve business processes, internal coordination, and component traceability, thanks also to strengthening the digitalisation process.

INDICATORS:

- Improvement of computerised management of average production cycle time
- IT incidents (cause of data loss/hacker attacks): 0
- IT data integrity
- Constant update of bills of materials



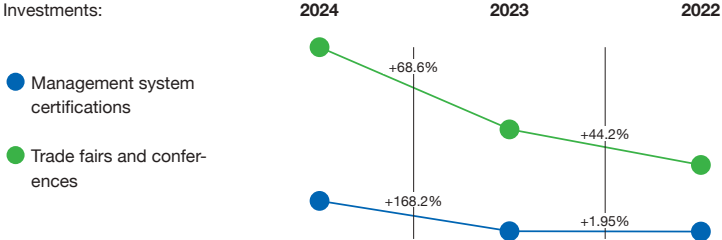
Material issues of intellectual capital

DEVELOPMENT PLANS

The incorporation of the subsidiary Mechus Srl represents the owners' desire to streamline processes and reorganise the management of the Favero group. Encouraging signs of market development, especially domestically, also linked to an acceleration of the PNRR within the framework of Mission 6, have encouraged the company to maintain significant investments in RSID and, at the same time, to implement a certification plan, based primarily on ISO standards, over the short to medium term, allowing the company to improve efficiency, competitiveness, and reputation. Favero has also initiated a diversified program for participation in trade fairs and conferences, both domestic and international, with the aim of reaching a greater number of potential customers and of increasing its share of the foreign market.

INDICATORS:

- Investments in research and development: +0.89%
- Total hours dedicated to RSID: +4.58%
- Number of new projects: 5
- Number of product restyling operations: 7
- Number of 2023 projects in progress: 1
- Number of active design and graphics software licenses: = stable data
- Increase in foreign turnover (2024 vs. 2023): 25.04%



WORKPLACE HEALTH AND SAFETY

In 2024, Favero maintained a careful management of the workplace health and safety aspects, in full compliance with the Consolidated Safety Act – L. Decree 81/2008. The absence of accidents and incidents reflects the strict adherence to company regulations and protocols (adoption of PPE, training, etc.), as well as the constant monitoring by the relevant bodies and role positions.

INDICATORS:

- No. of Injuries: 0
- No. of Near Misses: 0
- No. of Reports of potential risks: 0
- Presence of specific insurance policies for all employees

Reporting plan of 2024 objectives

	Material topic	Goal	2024 Action taken	Outcome	Notes
GOVERNANCE	CORPORATE GOVERNANCE AND MISSION	Delegation to a member of the Board of Directors on sustainability issues.	Formalisation of the delegation.	✓	
	SUSTAINABILITY STRATEGY IN COMPLIANCE WITH ESG PRINCIPLES	Initiation of preliminary discussion for the definition of an Energy Transition Plan.	Initiated preliminary discussion and identified some possible improvement actions.	↑	
		Checking the benefits of the subsidiary TEC-NODENT Srl following its transformation into a Benefit Corporation.	Analysis of the 2024 Impact Report.	↑	
	BUSINESS ETHICS	Update of the Code of Ethics.	Updated the Code of Ethics and MOG 231, defined objectives and timelines for further additions and changes to be implemented.	↑	
		Share and disseminate our ethical principles (Code of Ethics) and sustainability principles with customers, through the sales network.	Increased sharing and dissemination of our principles.	✓	
		Complete the system for assigning responsibilities to employees.	Partially revised the Job Description - Organisational Chart - Delegation System.	↑	
		Intellectual property management policy.	Formalised and published on the website.	✓	
		Improvement of turnover.	Improved competitiveness and tender preparation strategies.	✓	
	ECONOMIC SUSTAINABILITY OF THE BUSINESS	Improvement of net profit.	Reviewed profitability. Management of the profitability of contracts with specific financial requirements.	✗	Need to introduce cost accounting to verify cost impact and manage profitability.
		Improvement of foreign turnover.	Sought out new markets: Reorganised and sought out new markets interested in the healthcare sector.	✓	
		Expansion of supplier search.	Searched for new suppliers with certified technical solutions, products, and materials compliant with industry regulations.	↑	
		Increase energy and self-consumption savings.	Launched photovoltaic systems (2 out of 3).	↑	
		Optimise the cost/revenue ratio.	Closer control of the supply chain. Negotiated costs and payment terms.	↑	
	ECONOMIC VALUE GENERATED	Expand national and international markets.	Identified new agencies nationwide and sought new foreign partners/distributors.	✓	

Legend:

- ✓ achieved
- ↑ in progress
- ✗ not achieved

	Material topic	Goal	2024 Action taken	Outcome	Notes
GOVERNANCE	CORRECT ADMINISTRATIVE MANAGEMENT	Reduce Sales Outstanding Days.	Initiated management to improve credit approval and commercial agreements.	↑	
		Improve inventory turnover.	Monitored turnover rate through: Purchase planning; Cost optimisation; Reduction of stockouts; Disposal of unsold goods.	↑	
		Search for reliable Customers and their consolidation.	Checking financial statements and references. Consolidated practice.	✓	
	CORRECT FINANCIAL MANAGEMENT	Continue monitoring interest rates and possible actions to reduce them. Continue monitoring and management of credit lines.	Rates monitored but awaiting central bank decisions on possible reduction actions. Consolidated practice.	✓	
		Negotiate better rates and commissions.	Continued monitoring and management of credit lines. Negotiated better rates and commissions with repayment methods suited to our needs. Consolidated activity.	✓	
		Constant monitoring of new opportunities for grants in R&D and innovation.	Verified new opportunities.	✓	
	RENOVATIONS / QUALIFICATION	Continue verifying quality criteria upon acceptance.	Guaranteed at least 6,000 hours/year and applied control criteria in accordance with system procedures and instructions. Address and resolve non-conformities promptly.	✓	
		Completion and adoption of the new production layout.	Completed the new layout: physical arrangement of the machines, of the workstations that develop individual processes, and of the service departments to ensure the best possible coordination to make the work of people, machines, and materials more efficient.	✓	
		Study obsolete codes and verify their discontinuation.	Discontinued obsolete codes. Consolidated and routine action.	✓	
		Implement the installation of devices.	Install a PC station for queuing digital and constantly updated procedures and work instructions. 2nd station for electrical safety inspection of end-of-line medical devices.	✓	
		Optimise product design based on market demands.	Constantly innovate and create new solutions that meet market demands and customer/consumer needs. Optimise product design based on market demands.	✗	Carried out improvements to existing products. Objective abandoned because it is already part of the company's business model.
	PLANNING FOR A CIRCULAR ECONOMY	Complete training and implementation of the BIM - Building Information Modelling model library.	Complete training and implementation of the BIM model library.	↑	
		Introduction of training capsules through Microsoft 365 applications.	Introduction of online training through Microsoft applications.	↑	Schedule specific safety training through the training capsules for 2025.
	WORKPLACE HEALTH AND SAFETY				

Table of 2025 Objectives

	Material topic	2025 Goal
ENVIRONMENTAL	RESPONSIBLE WASTE MANAGEMENT	Reduction of non-recyclable waste. Use of packaging designed to be collected separately and sorted for recycling.
		Apply circular economy principles to the Medical Devices and Accessories Sector.
	CONSUMPTION	Completion of LED lamp replacement.
	EMISSIONS	Launch of a project to monitor emissions (GHG) of major suppliers.
	CIRCULAR ECONOMY	Continue professional development on the use of circular economy.
SOCIAL	PRODUCT SAFETY	Complete elimination of the chrome finish.
		Ensure that product safety checks and tests are performed at accredited laboratories in compliance with mandatory regulations.
	CUSTOMER INFORMATION / CUSTOMER MANAGEMENT	Completion and adoption of the customer management system.
		Complete English translation of technical documentation intended for external recipients. Greater accuracy of information provided to customers and distributors.
		Further increase Stakeholder engagement, especially among employees, towards our sustainability principles.
	QUALITY OF THE SOLUTIONS PROVIDED	Monitor customer complaints / satisfaction.
		Improve implementation of the outbound product control procedure.
	SUPPLIER EVALUATION	Complete the integration of supplier evaluation systems with ESG criteria.
	PROFESSIONAL GROWTH AND TRAINING	Foster the impact of generational turnover through intergenerational mentoring and coaching.
		External coaching (psychologist) to foster internal communication and collaboration and improve conflict management.
HUMAN	GENDER EQUALITY AND INCLUSION	Implement actions to promote and spread gender equality and inclusion (UNI PDR 125:2022).
	EMPLOYEE ENGAGEMENT AND SATISFACTION, EMPLOYER BRANDING	Analyse the feasibility of introducing an incentive plan for employees, including those linked to sustainability objectives in line with the company's ESG strategy.
		Improve corporate communications through information regarding, for example, the organisation's policies and management systems.

	Material topic	2025 Goal
GOVERNANCE	GOVERNANCE AND BUSINESS CONTINUITY	Assessment of the skills of supervisory bodies and gradual inclusion of external individuals in management bodies.
	SUSTAINABILITY STRATEGY IN COMPLIANCE WITH ESG PRINCIPLES	Conclude the discussion phase and begin designing the Energy Transition Plan.
		Monitor the benefits achieved following the transformation of the subsidiary Tecnodent into a Benefit Corporation.
	ETHICAL CONDUCT	Further implementation and updating of Mog 231 and the Code of Ethics.
		Complete the system for assigning responsibilities to employees.
GOVERNANCE	COMPLIANCE WITH REGULATIONS	Certification of the Management System for the Prevention of Corruption pursuant to ISO 37001.
	ECONOMIC SUSTAINABILITY OF THE BUSINESS	Growth in turnover.
		Improvement of net profit.
		Seek new foreign markets.
		Seek specialised suppliers with more certifications.
	ECONOMIC VALUE GENERATED	Increase in self-consumption.
		Continue with supply chain control and improve the cost/benefit ratio.
	CORRECT ADMINISTRATIVE MANAGEMENT	Seek local distribution channels to develop new foreign markets.
		Reduce Sales Outstanding Days.
	CORRECT FINANCIAL MANAGEMENT	Improve inventory turnover.
		Continue seeking subsidised financing for training, innovation, and RSID, etc.
PRODUCTIVE	COMPANY ORGANISATION	Traceability of items and critical components produced by subcontractors.
		Improve procurement planning.
INTELLECTUAL	DEVELOPMENT PLANS	BIM: Complete the main item library and basic and specific training for Drafters.
	WORKPLACE HEALTH AND SAFETY	Implement and consolidate the training capsule delivery system.
		Occupational Health and Safety Management System Certification in accordance with ISO 45001.

Reconciliation table VSME-ESRS

VSME - ESRS Reconciliation table

As with the 2023 Sustainability Report, for the 2024 edition we have again decided to create a link between the IR Framework methodology and the latest version (published by EFRAG in December 2024) of the "Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME)".

The following reconciliation table, created with the support of the "VSME Digital Template" available on the EFRAG website, lists the disclosures required by the VSME (Basic Form and Comprehensive Form) and, for each, indicates whether they are:

- "included", specifying them (where possible), or giving the page number(s) where the content of the required disclosure is reported or the company document(s) in which such disclosure is present;
- "omitted", where:
 - Not reported, when the disclosure is potentially present in the company, but not reported;
 - Not applicable when the disclosure is not available within the company because it is not relevant.

* The cited document can be accessed and consulted at the link:

<https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/VSME%20Standard.pdf>

Disclosure		Detail	Included	Omitted
Basic form				
General information	B 1 Drafting basics	24(a) Option Selected	Option B: Basic Form and Comprehensive Form	
		24(b) Classified/Sensitive Information	---	---
		24(c) Drafting on an individual/consolidated basis	Individual	
		24(e)(i) Legal Form	Joint Stock Company	
		24(e)(ii) NACE Code	NACE C - 32.50	
		24(e)(iii). Report Size	Specific Documentation: Sustainability Report	
		24(e)(iv). Turnover	Specific Documentation and pages 49 and 51	
		24(e)(v) Number of employees	Page 42	
		24(e)(vi) Location of operation	Italy	
		24(e)(vii) Geolocation of sites		NOT REPORTED
	B 2 Practices, policies, and future initiatives for the transition to a more sustainable economy	25 Brand/Sustainability	https://www.favero.it/it/certificazioni	
		26(a) Practices	Pages 27-55	
		26(b) Policies	Specific Documentation, https://www.favero.it/it/certificazioni and page 7	
		26(c) Future Initiatives	Pages 56-57	
		26(d) Objectives	Pages 56-57	
		29 Total energy consumption in MWH	Page 35	
	B 3 Energy and greenhouse gas emissions	30 Gross emissions in tCO2eq	Page 36	
		30(a) Scope 1	Page 36	
		30(b) Scope 2	Page 36	
		31 Greenhouse gas intensity	Page 36	
Environmental indicators	B 4 Pollution of air, water and soil	32 Emissions management documentation	Specific Documentation	
		33 Sites in biodiversity sensitive areas		NOT APPLICABLE
	B 5 Biodiversity	34 Land use		NOT APPLICABLE
		35 Water withdrawal	Page 35	
	B 7 Resource use, circular economy and waste management	37 Application of circular economy principles	Specific Documentation and page 36	
		38(a) Waste Produced	Specific Documentation and page 34	
		38(b) Waste for Recycling	Specific Documentation and page 34	
		38(c) Flow of Materials Used	Pages 36 and 37	

Disclosure		Detail	Included	Omitted
Social Indicators	B 8 Workforce - General characteristics	39(a) Contract Type	Page 42	
		39(b) Gender	Page 42	
		39(c) Country		NOT APPLICABLE
	B 9 Workforce - Health and safety	40 Turnover	6.4% (VSME) and Page 44	
		41(a) Number and rate of injuries	Specific Documentation and page 53	
		41(b) Number of fatalities	Specific Documentation and page 53	
	B 10 Workforce - Remuneration, collective bargaining and training	42(a) Remuneration equal to or higher than that provided for by the National Collective Bargaining Agreement for the Metalworking and Industrial Sector	Applied the National Collective Bargaining Agreement for the Metalworking and Industrial Sector.	
		42(b) Percentage of remuneration gap	Page 43	
		42(c) Percentage of employees covered by collective bargaining agreement	Page 42	
		42(d) Hours of training	Page 41	
Governance Indicators	B 11 Convictions and fines for corruption and extortion	43 Number of convictions and amount of fines	Page 48	

Disclosure		Detail	Included	Omitted
Comprehensive Form				
General information	C 1	Strategy: business model and sustainability related initiatives	47(a) Products and services offered	https://www.favero.it/it/prodotti
			47(b) Markets in which the company operates	2023 Sustainability Report (LINK)
			47(c) Main Commercial Relationships	2023 Sustainability Report (LINK)
			47(d) Key elements of the strategy relating to sustainability issues	2023 Sustainability Report (https://www.favero.it/cache/averosostenibilita2023-low.pdf#page=7) and Specific Documentation
	C 2	Practices, policies, and future initiatives for the transition to a more sustainable economy	48 Practices, policies, and future initiatives for the transition to a more sustainable economy	Pages 27-57
			49 ESG Implementation Manager	Legal Representative - Sustainability Director
	C 3	Greenhouse gas emission reduction objectives	54(a) Baseline years	NO
			54(b) Values	NO
			54(c) Objectives	NO
			54(d) Scope 1 and Scope 2 shares	NO
			54(e) Actions to be implemented	NO
			55 Adoption of the transition plan	NOT APPLICABLE
Environmental indicators	C 3	Greenhouse gas emission reduction objectives	56 Expected adoption of the transition plan	Page 57
			57(a) Climate-related hazards	Specific documentation: context analysis
			57(b) Climate risk impact assessment	Specific documentation: context analysis
			57(c) Time horizons of climate hazards	Specific documentation: context analysis
			57(d) Climate change adaptation actions	Specific documentation: context analysis
			58 Adverse effects of climate risks on financial results	Specific documentation: insurance coverage
	C 4	Climate risks		

Disclosure		Detail	Included	Omitted
Social Indicators	C 5	Additional workforce characteristics	59 Women/men ratio at management level	Page 43
			60 Self-employed workers working exclusively for the company and temporary workers	Page 42
	C 6	Human rights policies and processes	61(a) Presence of a human rights policy...	YES - Specific documentation – Code of Ethics
			61(b)(i)... regarding child labour	YES - Specific documentation – Code of Ethics
			61(b)(ii)... regarding forced labour	NO
			61(b)(iii)... regarding human trafficking	NO
			61(b)(iv)... regarding discrimination	YES - Specific documentation - Gender equality policy
			61(b)(v)... regarding accident prevention	YES - Specific documentation - Occupational health and safety policy
			61(b)(vi)... other	NO
			61(c) Complaints Management System	YES - Specific documentation - Whistleblowing Procedure
	C 7	Serious human rights incidents	62 (a) (i) Incidents - child labour	NO
			62 (a) (ii) Incidents - forced labour	NO
			62 (a) (iii) Incidents - human trafficking	NO
			62 (a) (iv) Incidents - discrimination	NO
			62 (a) (v) Incidents - other	NO
			62 (b) Any actions	NOT APPLICABLE
Governance Indicators	C 8	Revenue in from certain sectors		NOT APPLICABLE
	C 9	Gender diversity ratio in governance body	65. Gender diversity index	Page 47

Conclusions

Through the third Sustainability Report, covering 2024, we were able to monitor the achievement of the objectives set in the previous report and measure the evolution of the company's ESG impacts on Stakeholders.

Completion of the voluntary sustainability reporting standards (VSME) in December 2024 also led us to introduce additional ESG indicators and information into the Report, in line with the parameters required at EU level for large companies (ESRS), enriching the content of this 2024 Report.

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Certified company

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UNI EN ISO 13485
UNI EN ISO 14001
UNI PDR 125