

Sustainability Reporting Policy

1. Introduction.....	2
2. Scope.....	2
3. Roles and responsibilities.....	3
4. Sustainability reporting process.....	3
5. The Lines of Defense.....	4
6. Timing.....	6
7. Policy monitoring and review.....	7

Additional information:

Approved by:	Management Board of Allegro.eu
Owner:	CSO
Date of creation	2024.11.26
Last review date:	2024.11.26
Current version:	1.0
Last version	NA

1. Introduction

The Corporate Sustainability Reporting Directive (CSRD)¹ is a pivotal shift in how European based companies approach sustainability reporting. The CSRD sets much more rigorous reporting standards and requires mandatory limited assurance² of sustainability information. As a consequence sustainability reporting is undergoing a substantial transformation in its reporting procedures, focusing on data quality, reliability and auditability. This Sustainability Reporting Policy (Policy) is introduced in order to set new standards for sustainability reporting in the Allegro Group (Allegro Group, Group) in compliance with CSRD requirements.

2. Scope

The scope of the sustainability reporting boundaries³ is aligned with the approach to the Group financial reporting and is based on the operational control⁴ methodology. The detailed scope of the sustainability reporting is defined by Double Materiality Analysis (DMA)⁵ that is reviewed at least once in three years and double checked by the highest governing body (i.e. the Board of Directors) once a year. Based on the DMA results, relevant metrics from the European Sustainability Reporting Standard (ESRS)⁶ to be included in the Allegro Group Annual Report are identified. The metrics definition, scope and units are clearly defined by ESRS guidelines. The Group can prepare a list of additional metrics that were identified during the DMA process as insignificant or arised in the strategy development in order to describe the Group specific material impact, risk or opportunities.

3. Roles and responsibilities

The following roles are critical for sustainability reporting process:

- Data Provider (DP) is responsible for providing primary data in accordance with the ESRS or Allegro Group specific methodology together with the evidence that helps to check accuracy and completeness of the data (invoices, third party data, screenshots from the system, names of internal or external reports used etc.), as well as recording data in the appropriate reporting period (cut-off).
- Data Controller (DC) is responsible for checking the correctness of the data provided by DP, including its accuracy, completeness and verifiability. Evidence from this verification has to be documented. As a rule, the DC must have knowledge of the verified area and should be higher in rank than the DP or the peer of the DP not involved in the data preparation.
- The ESG team (ESG) is responsible for DMA and setting the reporting boundaries. Moreover, it is responsible for:

¹ The Corporate Sustainability Reporting Directive (CSRD) is EU legislation that aims to standardise sustainability reporting across Europe as part of the EU Green Deal and sustainable finance action plan.

² Limited assurance is the baseline level of assurance, wherein the independent auditor obtains “sufficient and appropriate evidence” limiting assurance to specific aspects of the report.

³ Reporting boundary refers to the entities and assets that are included or excluded from the Allegro Group reporting and which legal entities, subsidiaries, operations, activities, and value chain partners are consolidated and reported, such as subsidiaries, suppliers, or customers.

⁴ Operational control (over an entity, site, operation or asset) is the situation where the entity from the Allegro Group has the ability to direct the operational activities and relationships of the other entity, site, operation or asset.

⁵ Double materiality is a concept which provides criteria for determination of whether a sustainability topic or information has to be included in the Allegro Group's sustainability report. Double materiality is the union (in mathematical terms, i.e. union of two sets, not intersection) of impact materiality and financial materiality.

⁶ The European Sustainability Reporting Standards (ESRS) provide a framework for companies to report on environmental, social and governance (ESG) topics.

- Ensuring that all relevant personnel (with particular emphasis on Data Providers and Data Controllers) understand the requirements and standards of ESG reporting (including environmental, social, and governance metrics).
- Providing detailed instructions on methodology and the type of data required for ESG compliance.
- Overseeing the reporting process, in particular by cooperating with both the Analytical Review Team and the Verification Team.
- Disclosing the collected information both internally and externally.
- The Analytical Review Team - analyzes the submitted information for accuracy and rationality and implements control mechanisms. The Analytical Review Team ensures that the list of agreed metrics are provided in line with the ESG Team definitions and methodology. In case of identified discrepancies, the Analytical Team contacts Data Providers, Data controllers and the ESG Team providing a list of identified issues and cooperating with Data Providers, Data Controllers till the end of the verification process. See the scope of tasks performed by this team described below in the The Lines of Defense section.
- The Verification Team - is responsible for the documentation verification, with particular emphasis on work performed by the Analytical Review Team. Moreover, the Verification Team performs more detailed verification of metrics where the Analytical Review Team is not involved, including contact with Data Providers and Data Controllers in case of discrepancies (i.e. takes the role of the Analytical Review Team). See the scope of tasks performed by this team described below in the The Lines of Defense section.
- External auditor conducts its own independent audit of sustainability report content / data and issues limited assurance opinions together with the post audit list of recommendations.

4. Sustainability reporting process

The sustainability reporting process consist of the following 4 stages:

1. Boundaries review

The sustainability reporting process starts with an annual review of reporting boundaries and DMA that help to define the scope of reporting entities and metrics. In parallel the DCs and DPs list is updated and new people are trained by the ESG team with the support of the Analytical Review Team and the Verification Team.

2. Data gathering and calculation

The qualitative and quantitative metrics within the reporting scope are collected and validated at least once a year. With regards to Allegro Group top 5 priority KPIs defined in the ESG strategy, the process of data collection and validation is conducted during the year in order to manage the performance and present it to the ESGCo on a quarterly basis.

3. Data validation

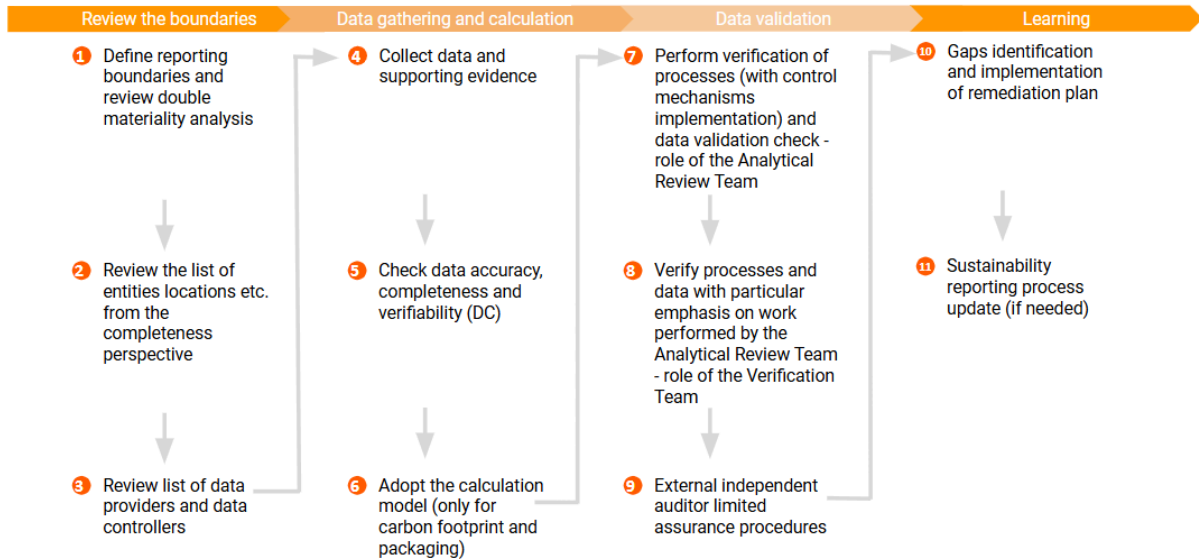
The validation checks are performed by both the Analytical Review Team and the Verification Team. The detailed scope of tasks performed by these teams are described below in the The Lines of Defense section. After validation checks the data are sent to the external independent auditor. The ESG team with the support of the Analytical Review Team and the Verification Team is representing the Allegro

Group in contact with the external auditor. Final decisions on any discrepancies or reservations in the auditor's opinion are confirmed with the Chief Financial Officer.

4. Learning

At least once a year, at the end of the sustainability reporting process, the learning and development session is planned by The ESG Team in order to identify the gaps and implement remediation actions that would improve the further sustainability reporting processes.

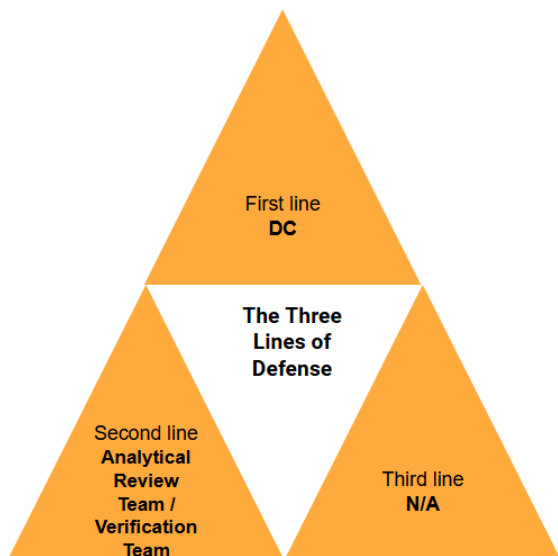
The detailed process is shown in the graphic below:



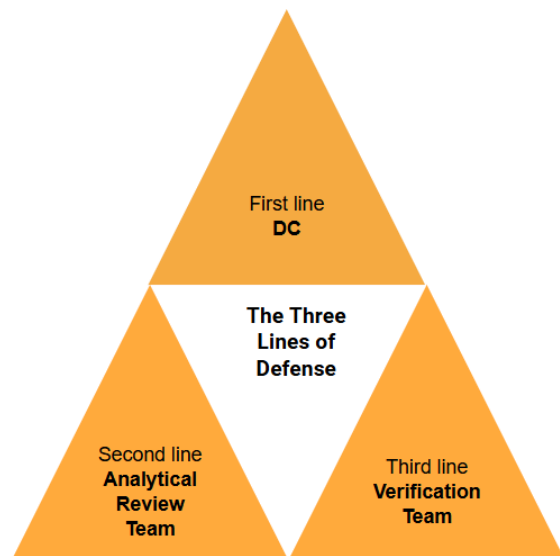
5. The Lines of Defense

Ultimately, there are three levels of data verification before the data are delivered to the external auditor for the purposes of limited assurance attestation.

2024



2025+



Since 2024 is the first year for which Allegro Group prepares data for sustainability reporting in accordance with CSRD, the process is different from the target structure and the exemplary Three Lines of Defense model. The target control over the process will take shape starting from 2025 sustainability reporting.

In 2024 the sustainability reporting control process consists of:

First line of defense:

Data controller checks the accuracy, completeness and verifiability of data and evidence provided by DP.

Second line of defense:

The Analytical Review Team implements control mechanisms, in particular:

- Implements checks to ensure that the data is logical, reasonable, and reflects the Group's actual performance against ESG goals.
- Implements checks to ensure that data prepared by Data Providers is complete and accurate, consistent with the correct source documentation, and was verified by DC.
- Compares current data against (depending on what is applicable): historical trends, industry benchmarks, and internal targets to identify any discrepancies or outliers.

If any issues or inconsistencies are identified, the Analytical Review Team provides feedback to Data Providers or Data Controllers, who then addresses the concerns for clarification or correction. The communication, investigation and clarification should be documented.

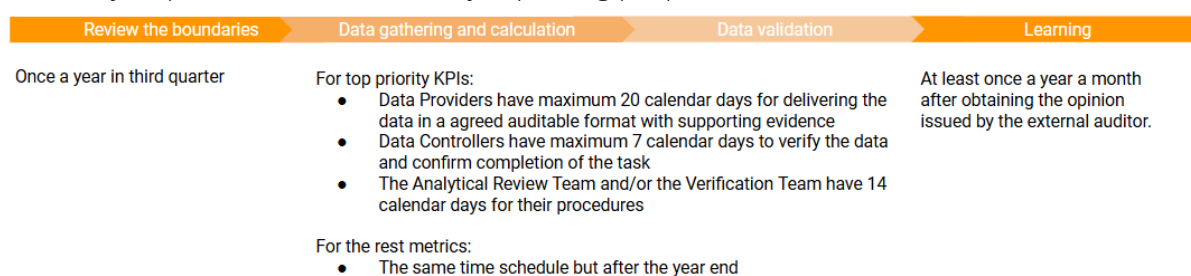
After the work performed by the Analytical Review Team, the designated Verification Team reviews (by control design evaluation and/or by operating effectiveness sample testing) the data collection and verification processes, as well as the submitted data against original source documents, such as records from SAP, accounting systems, or other internal and external databases.

- Documentation Creation: The Verification Team during the whole process of preparation of data for sustainability 2024 reporting will develop a formal Verification Procedure that outlines:
 - how the control design is evaluated, and
 - how calculated and reported sustainability figures are compared to source data.
- This procedure will be maintained and updated as necessary to ensure that future sustainability reporting follows consistent verification steps.
- Accuracy and completeness checks: The Verification Team will brainstorm additional metrics or sources that could be cross-verified to ensure the accuracy and completeness of the data (e.g. cross-referencing with external or internal reports, audits, or sustainability frameworks). The Verification Team will establish a periodic review process to evaluate the effectiveness of verification controls and suggest areas for improvement.
- Final Reporting: Once all data for a metric has been verified and documented, the Verification Team will approve the ESG metric for final submission to the appropriate stakeholders incl.

In 2024 the activities of the Analytical Review Team for selected environmental metrics are performed by the FP&A team and the activities of the Verification Team are performed by the Internal Audit team. For the remaining metrics in the scope of the sustainable reporting, the activities of the Analytical Review Team are performed by the Internal Audit Team.

6. Timing

The Data Provider has a maximum 20 calendar days to deliver the data and supporting evidence in agreed format, then the Data Controller has 7 calendar days to verify the provided data. Within the next 14 calendar days, the Analytical Review Team and the Verification Team perform their work. In total 6 weeks after the reporting period all the data are ready to present to sustainability reporting purposes.



Due to the fact that sustainability reporting is an integral part of Allegro Group Annual Report there can be no space for delays. In case of planned absence, please report this fact 14 days in advance to the ESG team with a proposal for an appointed replacement.

7. Policy monitoring and review

This Policy will be regularly updated by the ESG team and approved by the Board of Directors at least once a year or more frequently if there are significant changes to the process to ensure its relevance and effectiveness.

In the event of a breach of this Policy, immediate corrective actions will be taken to address the violation. Furthermore, the gross negligence findings and actions taken will be escalated and reported to the superiors and in extreme cases to the Chief Financial Officer and the Chief Legal Officer.