

Sustainability Reporting Policy

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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 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).

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.

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- **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 Competence Center** is responsible for DMA and setting the reporting boundaries. Moreover, it is responsible for:
 - 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 compliance.
 - Overseeing the reporting process, in particular by cooperating with the Verification Team.
 - Disclosing the collected information both internally and externally.
- **The Verification Team (VT)** is responsible for the reliability of metrics as well as the quality of documentation and adherence to the highest standards of reporting. The team's key responsibilities include:
 - Guidance and training - VT advises on best practices for preparing auditable documentation and provides regular training on data collection requirements.
 - Data verification - VT validates data integrity by verifying source documentation against key audit assertions (completeness, accuracy, cut-off), testing data samples for reliability, confirming quantitative ESG metric calculations align with defined methodology, and resolving discrepancies with Data Providers.
 - External audit liaison - VT serves as the link to the external auditor by delivering the final verified metrics to the external auditor, managing queries and acting as the primary point of contact.
- **The 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 Competence Center with the support of the Verification Team.

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2. Data gathering and calculation

The metrics within the reporting scope are collected and validated at least once a year. With regards to Allegro Group top 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.

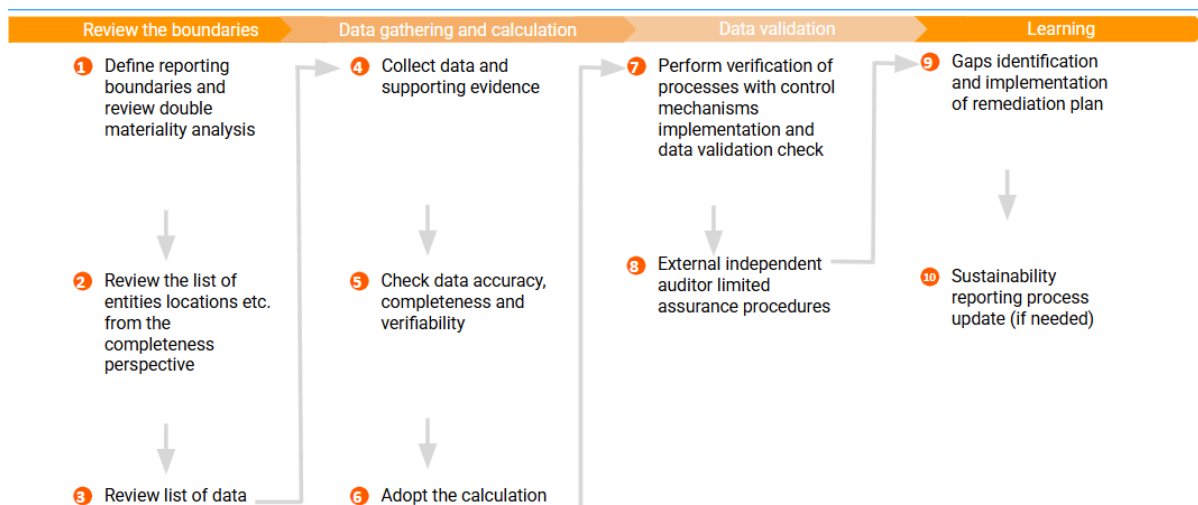
3. Data validation

The validation checks are performed by the Verification Team. The detailed scope of tasks performed by the team is described in dedicated procedures. After validation checks the data are sent to the external independent auditor. Final decisions on any discrepancies or reservations in the auditor's opinion are confirmed with the Chief Financial Officer and Chief Legal 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 Competence Center 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.

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At the current stage of process maturity, the organization's ESG reporting operates within the Three Lines of Defense model as follows:

First Line of Defense

The first line comprises Data Providers and Data Controllers, who are responsible for supplying data and calculating ESG metrics.

Second Line of Defense

- The ESG Competence Center holds an overarching coordination role, performing activities that span both the first and second lines of defense, including oversight and process alignment.
- The Verification Team ensures independent review and validation of ESG-related metrics and processes.

Given the current maturity level of the ESG reporting process, collaboration across functions remains fluid. Teams may temporarily support first-line activities, particularly in assisting data providers and controllers in data preparation as well as support other second line activities (eg. data verification).

Third Line of Defense

[2025 Reporting] The Internal Audit Function, representing the third line of defense, is currently in a cooldown phase, as in the previous year it has lost its ability to audit the area due to heavy advisory/consulting involvement (the entire Internal Audit team was involved in the verification process as the Verification Team (VT)). For the current cycle, the activities of the VT are being carried out by a selected team supported by the Director of Group Internal Audit (who remains involved due to his personal expertise and prior experience) that are segregated from other Internal Audit staff through a "Chinese Wall" mechanism to maintain independence.

[2026+ Reporting] Following the cooldown period and the introduction of "Chinese Wall" the IA will regain its ability to work as the third line of defence. In future Internal Audit engagements, the Manager of the Internal Audit Business & Finance Team will operate in a Quality Assurance capacity in the area of ESG reporting audits, working directly with the Chairperson of the Audit Committee to ensure appropriate governance, oversight, objectivity and independence during the Director's continued involvement (until the Director can rotate out of the process).

A decision regarding the structural separation of the Verification Team from the Internal Audit Function will be made by the Chairperson of the Audit Committee, taking into consideration the outcomes of the 2025 reporting cycle.

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6. Timing

The Data Provider and Data Controller has together a maximum 30 calendar days to deliver the data and supporting evidence in agreed format.

The 14-calendar-day review period for the Verification Team begins once the complete documentation has been received in pre-agreed schedule. 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 Competence Center 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 in a 2 years 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.

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