

SUSTAINABILITY REPORT 2023

Published in MAY 2024



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PASSION
IN SUSTAINABLE
BUSINESS
AND TRUST
IN OUR ABILITIES

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Letter to stakeholders



Dear Stakeholders,

I am pleased to present the Agrati Group Sustainability Report in its fifth edition aligned with the recognised GRI Standards, which will be published together with the yearly consolidated financial statements. Indeed, the purpose of this document is to explain what running a sustainable business means for us from an environmental, economic and social perspective. We are glad to provide a document that gathers forward-looking ideas, promotes collaboration and illustrates encouraging changes. Recognizing the impact of our business activities, we decided to adopt an outward-looking view in reporting our performance, standing by our corporate values that are an expression of our sustainability strategy.

The information in this report represents a concrete response to the increased attention from all of our stakeholders regarding our sustainability strategy and our ability to comply with national and international legislation. None of what is recounted in the following pages would have been achievable without the passion of those working together, day after day, for the continuous improvement and the long-term sustainability of our productive organization. Our team philosophy entails being equipped with an articulated framework of resources, energy, competences, ideas, vision and solutions that - if integrated - assure the vital nourishment necessary for our growth.

An Independent auditor has performed a limited assurance on the Agrati Group's Sustainability Report. KPMG's opinion may be found at the end of this report.

We are fully aware that sustainability is an essential value that will accompany our growth. I am delighted to confirm that Agrati supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We integrate the UN Global Compact and its principles as part of the

strategy, culture and day-to-day operations of our company, and we strive to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

In November 2021 we published the Carbon Neutrality Strategy with the ambition of reaching Carbon Neutrality by 2039, this document represents the constant effort to minimize our environmental impacts with a clear approach, goal and milestones. We are committed to minimizing externalities, reducing consumption of energy, water and other resources while reducing emissions, waste and pollution, at the same time reducing costs and improving profitability. Hence, increasing the efficiency of our operations becomes a fundamental factor in our success.

At the same time, we want to protect our consumers by ensuring product safety while keeping our employees safe. Given the importance of our employees, we continue to adopt recruiting methods focusing on universities and social media platforms to attract and retain talents and we actively promote good relations between the Group and its greatest assets.

Conscious of the potential impact of our operations on the environment throughout the supply chain, the Group continues to engage its suppliers through an effective operations management and regular audits. With the Supplier Code of Conduct we are involving the entire supply chain in order to achieve the common goal of a continuously enhanced environmental and social sustainability.

Lastly, concerning our governance, we believe that a strong corporate governance translates in understanding the risks factors and communicating transparently how we manage and reduce them in order ensure a long-term sustainable competitive advantage.

We believe that through our passion in doing sustainable business and by trusting our abilities, we build a better future every day.

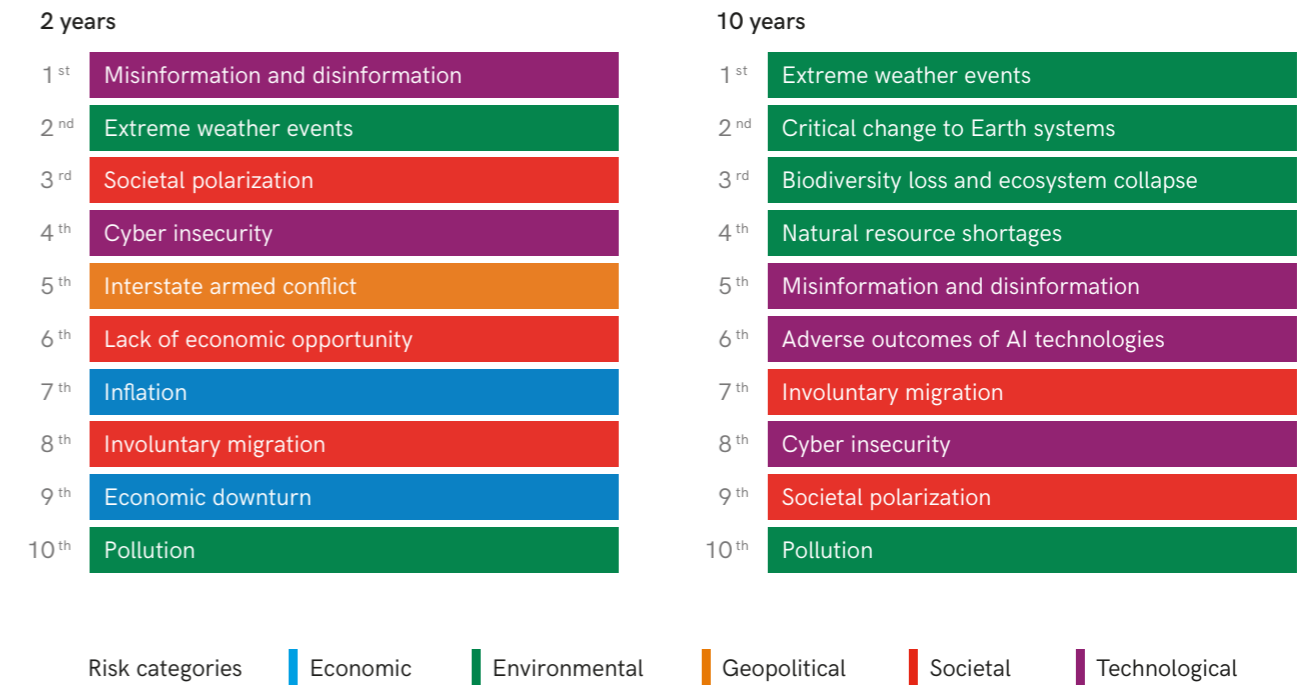
Cesare Agrati
The Chairman

The challenge for the future

The World Economic Forum, in its annual Global Risk Report, presents the top risks and trends facing the world. After the hottest Northern Hemisphere summer in recorded history in 2023, two-thirds of respondents selected Extreme weather (66%) as the top risk faced in 2024.

Environmental and technological risks are among those expected to deteriorate the most in severity over this period and dominate the longer-term global risks landscape. Nearly all environmental risks are included in the top 10 rankings for the decade ahead. Extreme weather events are anticipated to become even more severe, as the top ranked risk over the next decade. Furthermore, the current socio-economic vulnerabilities exposed by the fragile geopolitical situation has accelerated and highlighted the urgent need to rethink current business models and practices.

Global risks ranked by severity:



Source
World Economic Forum Global Risks
Perception Survey 2023-2024.

Coordinating effective international action to tackle these sustainability challenges is a fundamental aspect in determining success. The two main international actions have been the introduction of the Paris Agreement and the Sustainable Development Goals (SDGs).

The Paris Agreement, established in 2015 during the COP21, aims to keep the global mean temperature rise well below 2° C from pre-industrial levels and continue action to limit the temperature

rise to 1.5° C from pre-industrial levels, acknowledging that this could significantly reduce the risks and effects of climate change. The SDGs, approved as part of the 2030 Agenda for Sustainable Development by the UN General Assembly, are composed of 17 global goals to be achieved in a common effort towards sustainability.

On this end Agrati is continuously striving towards embedding sustainability principles into its business model. In its new and updated ESG-ERM Model, three of the top 10 Group risks were linked to sustainability aspects, which covered risks related to environmental pollution, responsible supplier management and ethical business conduct.

On this end the main projects carried forwards by Agrati, have been the development of a **Decarbonisation Strategy to reach**

Carbon Neutrality by 2039 and the **implementation of Sustainable Supply Chain Model**, in order to play its role and contribute towards the sustainable development of the world.

Sustainability in Agrati - 2023 HIGHLIGHTS



ENVIRONMENT

Carbon Neutral 2039

Decarbonization strategy in force

-21% CO2 emitted vs 2019

-5% Emission Intensity vs 2019

30.228 GJ saved
through focused energy efficiency initiatives

Installation of cogenerator in Veduggio

+1.441 MWh Electricity
from renewable sources

76% Recycled
input materials

82% Raw material
from scrap (EAF)



SOCIAL

Sustainability weeks in all Agrati sites

Agrati Volunteering program
extended

62% of purchases
from local suppliers

28 Hours
of training per employee



GOVERNANCE

First Sustainability Suppliers' Day

Supplier Sustainability Assessment
improved

Sustainability Policy
extended

735 Million €
of economic value generated

683 Million €
of economic value distributed

Agrati supports UN Global Compact

Internationally recognised ratings

ECOVADIS	The assessment is based on 4 pillars: environment, labor&human rights, ethics and sustainable procurement	SILVER MEDAL AT GROUP LEVEL
NQC SUPPLIER ASSURANCE - SAQ 5.0	Sustainability Assessment questionnaire which covers the sections: Company Management, Human Rights and Working Conditions, Health and Safety, Business Ethics, Environment, Responsible Supply Chain Management and Responsible Sourcing of Raw Materials	SCORE B FOR ALL PLANTS
CARBON DISCLOSURE PROJECT (CDP)	CDP is an international not-for-profit charity that provides disclosure systems on environmental information, in the categories of Climate Change and Water Security.	SCORE C AT GROUP LEVEL

2023 Prizes and recognitions

SUSTAINABLE ENTERPRISE AWARD "SPECIAL JURY" PRIZE	In occasion of the Sustainability Forum 2023 at Rome, Agrati Group received a special out-of-category award, the "Special Jury" Prize, appointed by 24 Ore Eventi thanks to its proactivity and continuous improvement on sustainability topics, especially on supply chain involvement.
"ENVIRONMENTAL STEWARDSHIP AWARD"	Agrati is committed to being globally sustainable in all its plants: witness the Environmental Stewardship Award that Agrati Inc. site in Medina in the United States received. Medina's colleagues undertook a major lighting transformation project in partnership with GreenTech Lighting LLC. Over the past two months, they have thus replaced 700 conventional light bulbs with more efficient LED lighting; this improvement will help reduce air pollution and environmental damage.
SUSTAINABILITY CHAMPIONS 2023/2024	Agrati Group ranks among 286 Italian companies "champions of sustainability" in the 2023/2024 edition compiled by the Istituto Tedesco Qualità e Finanza in partnership with La Repubblica, based on data collected through an online survey conducted in May 2023. The areas investigated are fully ESG: not only the Environmental, but also Social and Governance aspects were evaluated. Within the mechanical sector, the most represented in the ranking, Agrati ranks above the average of the sample analyzed, scoring 68.60.
GOOD CONTRIBUTION TO LOCAL SOCIETY	In 2023, The Laishan District Government awarded YAF as "Good Contribution to Local Society" for his capacity to continue to attract talents, stabilize employment, promote investment, and make contributions to the society in various aspects.

ISO Certifications achieved

ISO 14001

Environmental Management System

CERTIFICATION FOR ALL SITES

ISO 50001

Energy Management System

CERTIFICATION FOR ALL FRENCH SITES

ISO 45001

Occupational Health and Safety Management Systems

CERTIFICATION FOR ALL SITES

ISO 9001

Quality Management System

CERTIFICATION FOR ALL SITES

IATF 16949

CERTIFICATION FOR ALL SITES

ISO 14067

Integration of environmental aspects into product design and development

CERTIFICATION FOR VEDUGGIO SITE (IT)



WORLD FASTENER SOLUTIONS

1. Agrati Group

Agrati Group

Profile and business activities

As of 2023 Agrati presents its Sustainability Report together with the Annual Report in order to be among the forerunners in the fasteners market from the Environmental, Social and Governance (ESG) point of view, in light of the new paradigms on sustainable finance and business competitiveness. The Agrati Group Corporate Social Responsibility Report (hereinafter also "Sustainability Report" or "Document") is published annually and contains non-financial information related to environmental, social and employment matters, as well as its action on human rights, anti-corruption and bribery issues. Based on the materiality principle, the Group describes the strategies linked to these issues in order to provide an exhaustive, transparent and accurate representation of the undertaken actions and the results achieved by the Group.

The reporting of non-financial information focuses on the issues emerged in the materiality analysis and therefore considered strategic and critical, not only from the Group's point of view, but also taking into account relevant stakeholders' expectations. Agrati Group cooperated and involved its main stakeholders in drafting this report, in the attempt of mapping the main social and environmental impacts that the Group's activities have on the surrounding communities.

Even though Agrati reports its socio-environmental information on a voluntary basis, the Group compiled this Sustainability Report inspired by the requirements of the Legislative Decree no. 254 of 30 December 2016, which introduced the obligation for large public interest entities to draft and publish a "Non-Financial Declaration". To this extent, a description of the 'Company's business model is provided, together with its main performance results, its management and organization, the provided products and services, the primary risks and the major policies and initiatives that are implemented with regards to social and environmental impacts.

This Sustainability Report is drafted in accordance with the GRI Sustainability Reporting Standards ("core" option), the guidelines of the Global Reporting Initiative used by companies worldwide. Agrati Group identified a set of indicators that best monitor and communicate the Company sustainability performance; a description of the mentioned disclosures can be found in the Note on Methodology section of this Document, which helps the reader to identify the material topic, the GRI disclosures and the pages of the document where they are located.

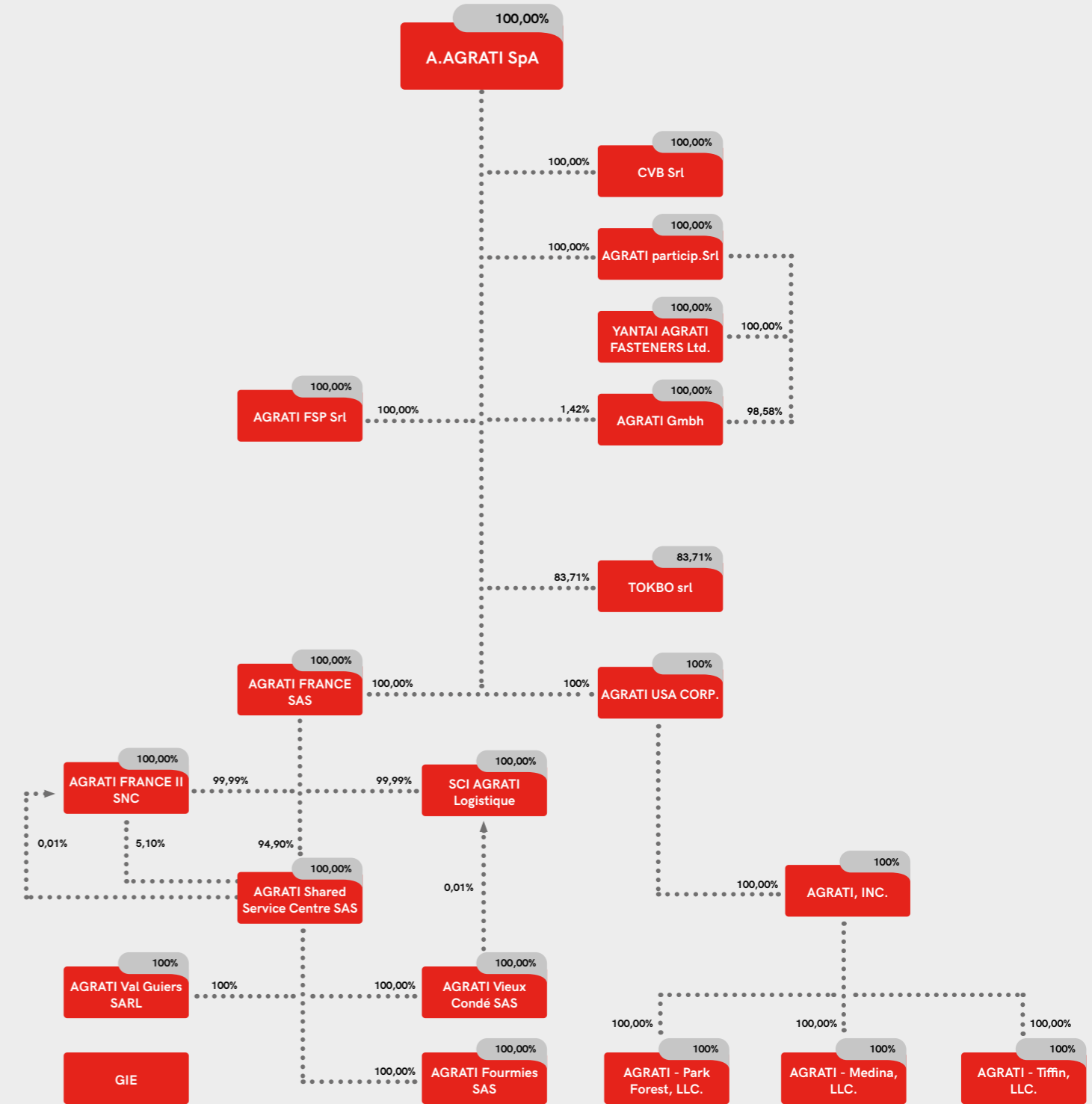
The reporting perimeter corresponds to that of the Consolidated Financial Statements and therefore includes information and complete data on all Agrati Group's companies consolidated using the full consolidation method with reference to the period from January 1, 2023 to December 31, 2023. The Report includes 2023, 2022 and 2021 figures. Explanatory notes and clarifying text are included in the document where the information was not available. **Agrati Group**, headquartered in Italy in Veduggio con Colzano

(Monza Brianza), operates in four regions (Italy, France, USA, China).

A.Agrati S.p.A. is the parent company of the Group and is controlled by Agrati family through Agrati Holding S.p.A. The main companies of Agrati Group are: Agrati S.p.A., with production facilities in Veduggio con Colzano and Dolzago that holds (directly or indirectly) the 100% of:

- **CVB S.r.l.**, an Italian company dedicated to the production of special fasteners with production facilities in Tronzano Vercellese;
- **Agrati-FSP S.r.l.**, an Italian company that operates as a Full Service Provider for selected Clients and part numbers with operative premises in Verona;
- **Yantai Agrati Fasteners Ltd**, a Chinese company dedicated to the production of fasteners for the Chinese automotive market with production facilities in Yantai;
- **Agrati France SAS**, a French holding company that holds the production facilities connected to Agrati La Bridoire S.a.r.l. (with production facilities in La Bridoire and Val Guiers); ii) Agrati Vieux-Condé SAS (with production facilities in Vieux-Condé); iii) Agrati Fourmies SAS (with production facilities in Fourmies), the corporate office in Créteil connected to Agrati Shared Services Center SAS and the logistic services organized under SCI Agrati Logistique.
- **Agrati Inc.**, a US company that holds the 100% the production facilities connected to Agrati Park Forest LLC (with production facilities in Park Forest (IL) and Valparaiso (IN) and a Sales Office in Southfield (MI)), Agrati Medina LLC (with production facilities in Medina (OH)) and Agrati Tiffin LLC (with production facilities in Tiffin (OH)).

Agrati S.p.A. controls also the sales offices organized under **Agrati GmbH**, **Agrati Japan GK** and **Tokbo srl** (these entities are out of scope of this Report).



Business model: presence on the territory and main operational data

Agrati Group is a truly global leader in fastening systems with footprints in all key geographies. Its operations are rooted in three different continents: Asia, Europe and North America. The Company has a global platform with production plants and sales offices close to the main automotive Original Equipment Manufacturers, counting:

12 PRODUCTION PLANTS

- ITALY: Veduggio con Colzano, Dolzago, Cornate d'Adda, Tronzano Vercellese;
- FRANCE: Vieux-Condé, Val Guiers, Fourmies;
- CHINA: Yantai;
- USA: Park Forest, Valparaiso, Tiffin, Medina.

5 LOGISTIC CENTERS

- ITALY: Verona, Trezzo sull'Adda;
- FRANCE: Vieux-Condé;
- USA: Park Forest, Medina.

4 TECH CENTERS

- ITALY: Veduggio con Colzano;
- FRANCE: Val Guiers
- CHINA: Yantai;
- USA: Southfield.

13 SALES AND APPLICATION OFFICES

- ITALY: Veduggio con Colzano, Verona;
- FRANCE: Creteil;
- GERMANY: Braunschweig, Rot am See, Heidelberg, Munchen;
- TURKEY: Bursa;
- USA: Southfield;
- JAPAN: Kariya;
- CHINA: Shanghai, Tainan;
- SOUTH KOREA: Gyeonggi-do.

With its over 1.000 equipments, Agrati Group covers a surface of over 300.000 square meters, employing more than 2.300 people, distributed as follows:

- **1.555 employees in Europe;**
- **418 employees in the USA;**
- **332 employees in China.**



Globalization: countries of operations and markets served

Even though Agrati Group history dates back to 1939, the Company has been able to cope with the globalization-led processes. Today, Agrati is a worldwide leader in fastening and component solutions supplying EMEA, NAFTA, LATAM and APAC automotive markets; it is indeed a global leader with a large majority of its revenues coming from outside the Italian territory. This feature confirms the Company's global presence that focuses mainly on the most specialized markets with high growth potential.

Agrati Group's net revenues are mainly generated in the EMEA area, which accounts for 67% of the total. To follow, 27% of Group's net revenues are generated in NAFTA/LATAM area, and

6% in APAC area.

The strategy of Agrati Group is focused on the automotive sector, which constituted over 95% of net revenues in 2023.

The remainder mainly relates to the industrial sector, which represents 5% of the Group's total market.

Globalization has represented a precise target for the company over the last 10 years and Agrati is now able to cover the world's three leading automotive markets. The strategy implemented since 2006 has led to the creation of a production site in China exclusively focused on the local automotive market, the consolidation of Agrati's position in Europe and the acquisition of a leading fastener manufacturer in the United States.



Agrati history

Decades of growth: Agrati Group's evolution

1930s - 1940s

The roots of Agrati Group trace back to 1939, when three ambitious brothers, Carlo, Luigi, and Peppino Agrati, inherited a modest iron-working workshop from their father.

With a workforce of just 20 people, the company initially focused on manufacturing screws for woodworking and furniture.

1950s - 1960s

The post-war era witnessed Agrati's expansion into the production of screws and bolts, alongside the manufacturing of motorcycle saddles under the Prestigio brand. As demand increased, Agrati tried its hand at designing specialized screws to meet the burgeoning automotive industry.

Working with Simmonds, a renowned French company, Agrati solidified its position in the automotive industry by incorporating Urama Simmonds. This move marked a crucial shift toward exclusive bolt production, leading to the abandonment of saddle production in 1965.

1970s - 1980s

The establishment of Attrezzerie Adda in 1974 further consolidated Agrati's expertise by centralizing the production of tooling. From the late 1970's and throughout the 1980's, the thrust and intuitions of the new generation led to a doubling of the production capacity.

The Company was still divided into four companies: Agrati, specialized in high-strength nuts and bolts, FEV in low resistance screws, FIVIT in self-tapping screws whilst Urama, which liquidated its French partners in 1989, confirmed its excellence in the production of nuts.

1990s

With a keen eye on global expansion, Agrati diversified its presence across Europe and the United States, establishing distribution hubs in key markets.

Despite facing a prolonged crisis in the 1990s due to political instability in Italy, Agrati emerged stronger, transitioning into a fully-fledged corporate entity.

2000s

The new millennium heralded a transformative phase for Agrati, marked by enhanced production capabilities and streamlined operations. Strategic acquisitions, such as CVB in 2003, broadened Agrati's product portfolio to include specialized components, laying the groundwork for future growth.

Agrati's commitment to innovation remained unwavering, exemplified by the establishment of YAF in China in 2006, tapping into burgeoning markets and customer demands.

Today YAF is a company that counts on more than 360 employees, a fully integrated production cycle, 1 Tech Centre and a strong sales organization in Shanghai that ensure the support of the main Chinese OEMs and TIERs1.

Since 2008 the Group has been led by Cesare Agrati, in the role of President & CEO with a governance perspective where ownership and Top Management team come together to aim for new goals.

2010s

The changes did not stop with the opening in early 2009 of the new logistics centre in Trezzo D'Adda and in 2010 with the acquisition of the French division of Acument: 4 plants between the North and the South of France (Vieux Condé, Fourmies, La Bridoire, Amiens), and a commercial and application engineering office in Paris for a total of more than 800 employees.

In 2015 there was a further investment in the supply chain department with the new logistic centre in Verona (Agrati FSP) and in Val Guiers (Agrati France).

In 2016 YAF completed its third phase by increasing the production capacity (the second phase was completed in 2012).

In the same year the new R&D Tech Centre in Veduggio was inaugurated, which became ATC in 2018.

In 2018, CVB expanded its plant by 6.000 square metres, while in Agrati France there was the inauguration of the new heat and surface treatment lines at Val Guiers plant.

2020s

Agrati's global footprint expanded further with new sales offices in Japan and Turkey, reinforcing its position as a frontrunner in the fasteners and components industry.

Today, Agrati Group stands as a testament to decades of resilience, innovation, and unwavering commitment, boasting 12 production plants, 4 logistic centers, and a workforce exceeding 2,300 employees worldwide.

Throughout the decade, Agrati continued to invest in infrastructure, research, and development, culminating in the launch of TOKBO, a pioneering venture integrating IoT technology into fastener solutions. At this time Agrati has developed a decarbonization strategy with the ambition of reaching Carbon Neutrality by 2039.

With a legacy built on adaptability and foresight, Agrati continues to set new benchmarks in the business landscape, driving progress and shaping the future of fastening solutions.

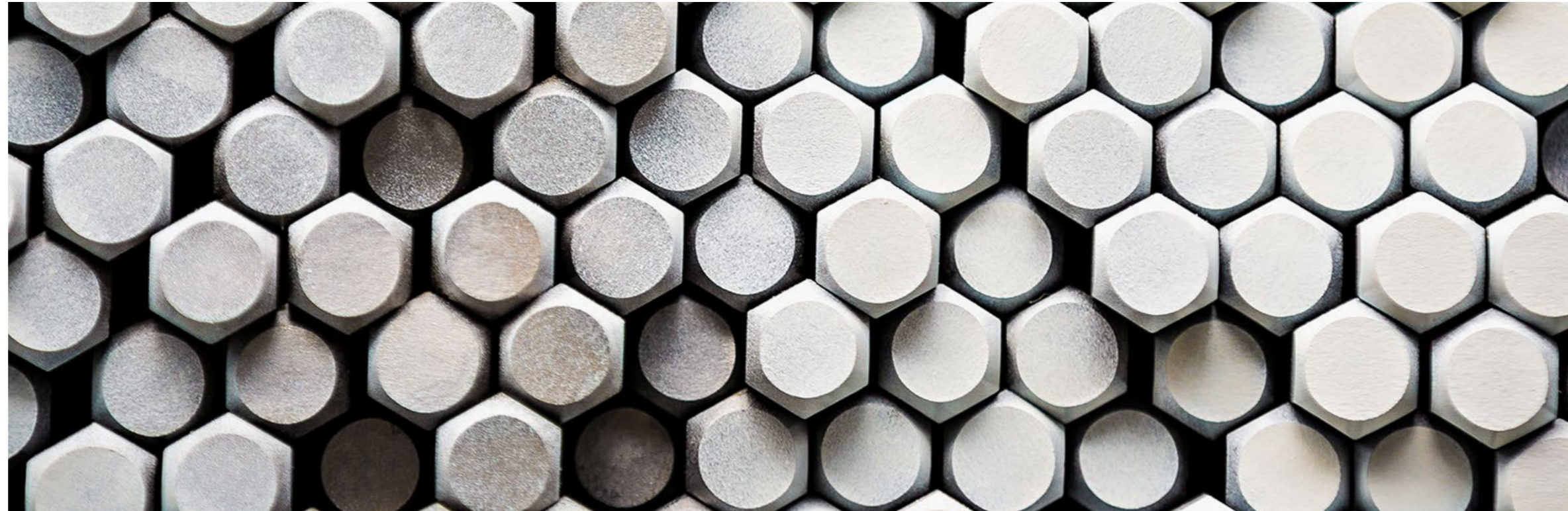


Vision, mission and values of Agrati

Mission

Agrati strongly believes in its mission of "Developing, with Customer, innovative fastening solutions". Cooperating directly with clients increases the likelihood that the manufactured product fits with the market needs and meets customers' expectations worldwide. Therefore, the mission of the Group is also summarised in its pay-off "**World fastening solutions**":

- **World:** Agrati is a technology supplier, specialized in complex fastenings, able to offer quality, high levels of service and significant technical competence primarily in Co-design activities; Agrati also created a Tech Centre, which fosters excellence in research and development in the sector.
- **Fasteners:** Screws, nuts and bolts represent the history of the company and reveal why the name Agrati is recognized and respected worldwide.
- **Solutions:** Advanced fastening systems are an essential service offered by the Group in addition to screws, nuts and bolts. Agrati offers products, services, components as well as ideas and solutions too. Over the years, Agrati has become a valuable support for customers in the processes of planning and validating complex products, including design, functional testing and the analysis of finished elements and prototyping.



Vision

Agrati Group is committed to supply excellent products and services through cutting-edge technologies, always listening to its customers and developing a strong and cooperative relationship with them. In doing this, Agrati is determined in preserving and caring for the environment, monitoring its impacts on the society and the surrounding environment and keeping quality at the core of its processes.

Customer satisfaction is Agrati Group's final goal, with the main aim to support and supply consumers on a global scale.

Values

The Corporate Vision and Mission of Agrati Group arise from shared values that guide the Company's activities; they form the basis of the company's way of working and are proof that the people are the main and constant referent of Agrati's actions. The main Company values are the following:

Respect: Agrati believes in the respect for colleagues, customers, suppliers, environment, rules and working principles.

Proactivity: Agrati believes the ability to anticipate the customers' needs is a key strategy to success, as it provides extended enterprise value for all parties.

Innovation: Agrati thinks innovation can be found everywhere in technology and in organizations outside the Company. To be innovative and prepared for the future, the Company solves problems and brings its customers new solutions able to provide value.

Accountability: Agrati believes that accountability means to be held responsible for what the Company does, both at an individual and collective level. Being accountable means being held responsible for time, money, all expended resources and the achievement of results.

Communication: Agrati is confident that building constructive relationships with its customers is the basis of success, as good relationships contribute to working well together.

Team Spirit: Agrati thinks that the attitude of working together, sharing information and knowledge are prerogatives to cooperate and work well as a team.

Continuous learning: Agrati believes in learning, sharing information and knowledge, giving everyone an opportunity to grow, as constant learning is vital for both the Company and its stakeholders.

Sustainability: Agrati thinks that sustainability is the success factor that steers corporate growth and the achievement of the company's economic, operational, environmental and social targets.

The mentioned values are the base of Agrati Group's activities and allow the Company to reach its goals on an economic, governance, financial, social and environmental side. Moreover, they enable the Group to be recognized by its customers and more extensively by its stakeholders.

Our challenges



OUR RESOURCES

FINANCIAL CAPITAL

Family shareholding
Independence
ERM-Sustainability function

HUMAN CAPITAL

2.300 employees
Agrati University
Agrati Care
Empowerment spirit

MANUFACTURING CAPITAL

Presence on 3 continents
12 manufacturing plants
4 logistic centers
> 1 000 machines and lines
300 000 sqm of covered surface

INTELLECTUAL CAPITAL

Innovation board
4 Tech centers

ENVIRONMENT CAPITAL

ISO 14001 certification for all plants
ISO 50001 certification for French plants

SOCIAL CAPITAL

Business Ethics and integrity
Code of Ethics
Risk Management
Supplier Code of Conduct
UN Global Compact supporter

OUR BUSINESS



OUR VISION

We are committed to supply excellent products and services through cutting-edge technologies.

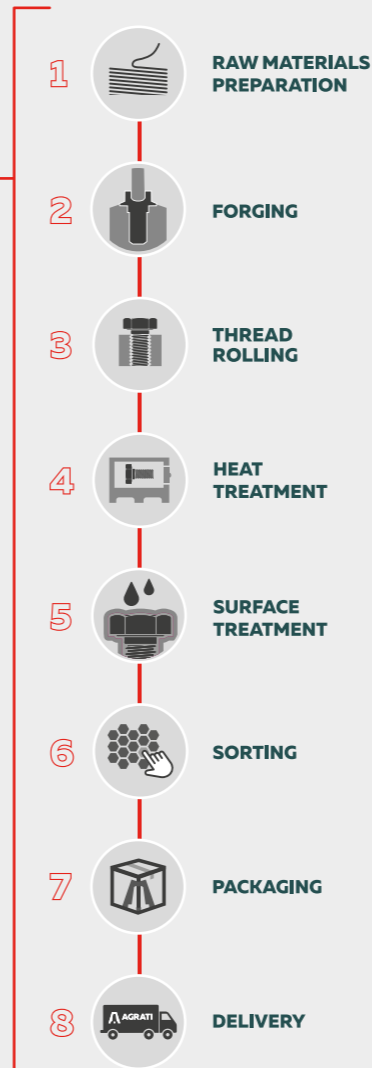
We are determined in preserving and caring for the environment.

We listen to our customers and develop a strong and cooperative relationship with them.

Total Quality is at the core of our process.

Customer satisfaction is our final goal.

We support and supply our customers globally.



CREATING VALUE FOR OUR STAKEHOLDERS

FINANCIAL

735 M€ of economic value generated
683 M€ of economic value distributed



HUMAN

83% Employee satisfaction
28 Hours of training per employee
10,3 Injury frequency rate
84% of Men, 16% of Women



MANUFACTURING

ISO 9001 & IATF 16949 certifications
62% of purchases from local suppliers



ENVIRONMENT

Decarbonization strategy in force
-21% CO2 emitted vs 2019
-5% Emission Intensity vs 2019
30.228 GJ saved through focused energy efficiency initiatives
Installation of cogenerator in Veduggio
+1.441 MWh electricity from Renewable Sources
76% Recycled input materials
82% Raw material from scrap (EAF)
CDP Score C
239.413 CO2 emissions (Scope1,2,3)



SOCIAL

EcoVadis Silver level
Agrati Volunteering program
First Sustainability Suppliers' Day
Supplier Sustainability Assessment improved
Agrati supports UN Global Compact



OUR VALUES

RESPECT • PROACTIVITY • INNOVATION • ACCOUNTABILITY • COMMUNICATION • TEAM SPIRIT • CONTINUOUS LEARNING • SUSTAINABILITY



OUR HOLISTIC APPROACH

2. Sustainability in Agrati

Sustainability in Agrati

The approach to sustainability

Agrati's approach to Sustainability is centred on taking up the challenges presented by the current economic transition and focused on analysing risks and managing them through associated opportunities. As highlighted in the previous chapters the current global trends and risks are many and of varying nature. Therefore, in order to manage them as comprehensively and effectively as possible, Agrati has identified three key areas of action: Decarbonisation, Responsible Supply Chain management and Circular Economy Innovation.

Agrati's goal is to integrate and embed sustainability transversally in all its business processes starting from risk management to product development and innovation.

The ERM & Sustainability function ensures effective management of these ambitions; it is coordinated by the Executive Vice President Andrea Costantini. The ERM & Sustainability function is responsible for the integrated management approach of ESG risks and related opportunities.

Under the ERM & Sustainability function, the Sustainability Team is in charge for proposing, coordinating and launching projects and initiatives in the area of environmental and social responsibility. It monitors the action plans of the various organizational units, also considering the external best practices and examining stakeholder information and stakeholders' requests on sustainability issues. As Agrati Group engages in a transition towards the incorporation of the ESG factors into its own business model, the Sustainability Team is gaining more and more importance in the Company structure.

Agrati's Sustainability Team is responsible for:

- the analysis of the material topics for the Company, based on an internal evaluation involving top management, trying to combine both the internal view and the stakeholders' expectations;
- the definition of the relevant KPIs that help monitoring and fostering the management of the Company's most relevant topics;
- the collection of the updated KPIs, performed on a yearly basis in the first quarter of the fiscal year.

The Sustainability Team drafts the Sustainability Report, involving all key departments from all locations in order to collect comprehensive and reliable data regarding the Group's Sustainability performance. The data collected is then consolidated into the Sustainability Report which represents a key tool to monitor and communicate internally and externally Agrati's sustainability performance and progress.

The mentioned team also promotes employees' engagement activities related to sustainability topics and trainings on sustainability issues. The Sustainability team, throughout 2021, implemented a series of awareness and training campaigns, aiming to promote bottom-up and inclusive approaches to innovative sustainability

solutions spread throughout the whole Group.

Agrati intends to integrate innovative economic, social and environmental business practices to deliver long-term value to shareholders, customers, partners, communities, employees and the environment, always keeping in mind that these sustainability practices must be integrated with core business activities. Agrati Group's main purpose is to use its scale and expertise to enable a more responsible, balanced and sustainable future. The Company strives to become even more sustainable in the fastening systems sector.

Sustainability is one of the Agrati's values and is intended to be "the success factor that steers corporate growth and the achievement of the company's economic, operational, environmental and social targets". In fact, other corporate values such as Continuous Learning, Innovation, Respect and Responsibility, contribute to the strengthening of Environmental, Social and Governance Company efforts. These shared values distinguish Agrati Group in the market, for its unique style, and inside the company, for the palpable sense of belonging that unites all its collaborators. In addition, these values are embedded into corporate strategies such as the Research and Development initiatives, mainly aimed at promoting products, instruments, processes and behaviours that often increase technical efficiency, reduction of detrimental environmental impact, improvement of the health and safety conditions of employees and engagement of the customers and local communities. These initiatives have positive externalities also in terms of how sustainable the business activities are.

Agrati Group's approach to sustainability issues translates into concrete actions thanks to the Stakeholder Engagement's process, which identified the most relevant Stakeholders and the main engagement channels and mapped the material and most relevant topics from the Company's perspective via the Materiality Analysis procedure.

Stakeholder engagement

Thanks to the stakeholder engagement, Agrati Group interacts with its stakeholders to the overall benefit of the corporate activities and the surrounding community. The successful completion of a corporate initiative usually depends on the stakeholders' perspectives and involvement. Therefore, stakeholder engagement represents a key tool for Agrati to listen and communicate with its main counterparts, in order to understand their level of satisfaction and their point of view on the company activities.

This interaction represents an opportunity for the Company to understand the areas of improvement and which topics need to be leveraged on. The stakeholder engagement is also functional to identifying the relevant issues in the preparation of the Sustainability Report, taking in consideration the different perspectives of the people or entities negatively or positively affected by the Company's initiatives. Agrati Group's attention towards its stakeholders is stated as a key principle in the Code of Ethics under the Corporate Social Responsibility paragraph, underlying that the strategies dedicated to the Group's main counterparts are part of the sustainability purpose.

Due to the diversified interaction methods adopted by Agrati, the Group has been able to identify five different categories of relevant stakeholders, with whom the Company interacts:

Stakeholders	Stakeholders' involvement opportunities	Stakeholders' expectations towards Agrati
Customers	<ul style="list-style-type: none"> • Co-design activities: promotion visit and workshop • Audit performed by the customers in Agrati plants • Agrati University: training workshop on fastener technology • Agrati Tech Centre: the structure to provide customer with the most advanced R&D solutions: following customers from the early stages of defining fastening points of automotive platforms 	<ul style="list-style-type: none"> • Satisfy customer requirements and drawings through Agrati engineered products • Close collaboration, trustful and strong relationship • Constantly looking for designing new products, technologies and process lines • Ad hoc Full Services logistic lines • Conciliate customer needs with expertise and training by learning and studying with them new solutions that support and teach them the 'language of fasteners'
Employees	<ul style="list-style-type: none"> • Internal job satisfaction and engagement surveys • Communication through internal channels such as intranet and totems • Engagement opportunities and employee participation at plant level 	<ul style="list-style-type: none"> • Retention of employees • Professional development opportunities • Clear responding to request submitted by employees
Suppliers	<ul style="list-style-type: none"> • Supplier evaluation: Vendor Rating performance, Quality Audit, yearly targets • Group Purchasing meeting • Daily activities of Purchasing Team • Agrati University: specific courses to increase suppliers' technological level, set closer relationship and develop stronger cooperation 	<ul style="list-style-type: none"> • Timely and proper fulfilment of contractual conditions • Revision and examination of supplier accomplished targets • If necessary, top management involvement with suppliers in specific meeting

Public Authorities	<ul style="list-style-type: none"> • Ordinary and extraordinary communication with supervisory authorities • Data provision, report compilation, meetings 	<ul style="list-style-type: none"> • Call for action to address global and national challenges: climate change, energy security, human rights, skills shortage, education • Ensuring full compliance with current regulatory framework and specific regional laws
Local communities	<ul style="list-style-type: none"> • Every Agrati plant involves the local schools present in the area in order to engage with current students to provide information regarding Agrati's activities and in some cases provide training • Several employee initiatives, for supporting the economic, social and cultural development of local communities through selected associations 	<ul style="list-style-type: none"> • Manage economic, social, cultural, and/or environmental impacts on local communities • Anticipate and avoid negative impacts on local communities

Therefore, Agrati is part of the following organizations:

EIFI	European association of fasteners manufacturing industry is the recognized European industry association representing producers of bolts, screws, washers, nuts, rivets and other mechanical industrial fasteners <i>Agrati managers also hold a chair in the governance body.</i>
IFI	North American association of industrial fasteners producers is a trade association helpful to Agrati to gain collective strength and knowledge to accomplish tasks, projects, and objectives that are not practical or economically feasible for a single company. Beyond this general benefit, there are many tangible and specific benefits to be gained from IFI membership.
CLEPA	European association of automotive suppliers deliver innovative solutions for road transport. Thanks to a wide range of innovative technologies, safe, smart and sustainable mobility improves every day, for the greater benefit of consumers, in terms of cost and comfort.
ARTEMA	French association of mechatronic industries is the trade association that brings together more than 150 member companies: suppliers of components, solutions and systems in different fields.
UPIVEB	Italian association of fastener producers gathers as members all the Italian fastener manufacturers who have reached the highest production efficiency levels, and are in a position to offer advanced products, the high quality of which is officially recognized and appreciated by both the domestic and the international markets. <i>Agrati managers also hold a chair in the governance body.</i>
CONFINDUSTRIA	Confindustria is the main association representing manufacturing and service companies in Italy. The association's activities are aimed at guaranteeing the central importance of companies, the driver's of Italy's economic, social and civil development. By representing companies and their values at institutions of all levels, Confindustria contributes to social well-being and progress, and from this standpoint guarantees increasingly diversified, efficient and modern services.
ASSOLOMBARDA	Association of business located in Milan, Monza e Brianza and Lodi is the largest territorial association of the entire entrepreneurial system in Italy. The Association aims to protect and represent the enterprises' interests in dealing with the political world, with social and political organizations and with local authorities as well as with trade unions.

AMERICAN CHAMBER OF COMMERCE IN ITALY	Organization representing US business corporations is the world's largest business organization representing companies of all sizes across every sector of the economy. It advocates for pro-business policies that help businesses create jobs and grow economy.
UNSIDER	Unsider is the Italian Body Federated to UNI in charge of carrying out standardisation activities for the steel sector (steel and cast iron) and the sector dedicated to materials, equipment and structures at sea for the oil and natural gas industries. Unsider draws up technical standards in the sector that contribute to improving the efficiency and effectiveness of the Italian economic and social system and to support technological innovation, competitiveness, trade promotion, consumer protection, environmental protection and product and process quality. <i>Agrati managers also hold a chair in the governance body.</i>
ANFIA	Italian association of automotive players represents and offers services to companies in the automotive sector in order to support and strengthen their competitiveness, their growth in foreign markets and their integration within transportation systems.
ANRA	The National Association of Risk Managers and Insurance Companies Managers promotes the exchange of experience and information among its members on company risk management, business management, insurance policies, definition and management of insurance contracts and it contributes to the progress and dissemination of risk management techniques, through the organisation of training courses, professional refresher courses and any other initiative.

Materiality analysis

In 2023, the European Commission introduced the new European Sustainability Reporting Standards (ESRS) through the Corporate Sustainability Reporting Directive (CSRD), which Agrati is expected to adopt for the fiscal year 2025.

In response, Agrati revised its material topics identified in 2022 to be included in the 2023 Sustainability Report, aligning them with the topics and sub-topics outlined in the ESRS. Except for "Strategic innovation & respect of intellectual property" and "Data privacy and security," which are unique to the company and therefore considered as 'company-specific topics', each material topic was linked and renamed to correspond with the relevant ESRS topic or sub-topic. Furthermore, certain impacts and definitions were adjusted to align with ESRS topics.

The materiality analysis is based on the concept of impact materiality, based on the 2021 GRI Universal Standard. This has allowed a new reflection on the impacts that the organisation generates on the economy, the environment, people and their human rights and on its role in the territories in which it operates, with an eye to the long term to prevent and mitigate any negative impacts.

The term "impact" refers to the effect that an organization has or could have on the economy, environment, and people because of its activities or business relationships. The analysis considered actual or potential, negative, or positive, short-term or long-term, predictable or unpredictable, reversible or irreversible impacts. Negative impacts refer to the effects that Agrati Group directly causes or contributes to through its activities, as well as those directly attributable to its processes, products, or services. Positive impacts are related to how the Group contributes, or could contribute, to sustainable development through its activities, the offering of products and services, investments, procurement, and hiring policies.

The analysis was divided into four phases:



IDENTIFICATION

During the first phase, an assessment of the Group's internal scenario was carried out (corporate identity, activities performed, types of stakeholders), followed by a benchmark analysis to assess the main evolving trends in the sector. Similar competitor companies and the requirements of the main international standards, research institutes and investors were considered. A comparison was also made with the aspects identified in the 2022 materiality analysis.

Seventeen topics relevant for the assessment have been identified and classified into four macro areas: **Environment, Social, Governance and Company specific**, according to the ESRS.

The limited assurance of KPMG does not apply to those aspect that one related to ESRS.

EVALUATION

During a second stage, the revision of the identified impacts was conducted through a dedicated analysis and evaluated by top management.

Impacts have been evaluated considering:

- the **magnitude** which represents how severe or significant the impact can be;
- the **probability** which represents the chance of occurrence of the impacts associated with the theme.

A rating scale from 1 to 5 was used, where 1 stands for "negligible" and 5 stands for "very high." The joint assessment of magnitude and probability allowed to obtain a significance value for each impact.

PRIORITIZATION

Finally, the prioritization led to an ordered list of seventeen material topics as detailed in the table below. Three of the most relevant for the Group: **Equal treatment and opportunities for all, Social inclusion of consumers and/or all end-users and Working conditions.**

The results confirmed a clear connection between the material topics and the corporate strategy based on the valorization of people, partners and customers and on the sharing of a system of values through choices and behaviors. Furthermore, demonstrate that other topics have remained as foundational and of high relevance for the Group. The results was shared with top management in the periodical ESG meeting.

The list of revised Agrati's material topics and associated impacts is reported below, in the prioritized based on the top management impacts' assessment of 2022.

The Sustainable Development Goals (SDG's) were associated with Agrati's 2023 material topic according to the document 'Linking the SDGs and the GRI Standards', published by the Global Reporting Initiative.

Legend

- Environment (Green square)
- Social (Red square)
- Governance (Blue square)
- Company specific (Yellow square)

AGRATI GROUP'S MATERIAL TOPICS

	MATERIAL TOPIC	Positive impacts	Negative impacts	SDGs
Social	1 Equal treatment and opportunities for all	Adoption of policies and initiatives aimed at guaranteeing equal opportunities and improving workers' professional and personal development.	Lack of workers' engagement, inclusion, personal and professional growth, resulting in discriminatory episodes and employees' dissatisfaction.	4 DECENT WORK AND ECONOMIC GROWTH
	2 Social inclusion of consumers and/or all end-users	Creation of stable and solid relationships with clients through constant engagement, ensuring the incorporation of the market's needs in the business strategy.	Lack of clients' and final consumers' listening and engagement, resulting in poor performances and market dissatisfaction.	8 DECENT WORK AND ECONOMIC GROWTH
	3 Working conditions	Adoption of policies and procedures dedicated to health and safety issues and to employee well-being, resulting in rare occurrence of work-related injuries.	Incidents of occupational injuries in the company's plants.	8 DECENT WORK AND ECONOMIC GROWTH 3 GOOD HEALTH AND WELL-BEING
	4 Information-related impacts for consumers and/or end-users	Proper management of customers' complaints, ensuring that their requirements are timely met.	Failure to adopt proper management of customers' complaints, compromising the satisfaction of their demands.	8 DECENT WORK AND ECONOMIC GROWTH
Environment	5 Energy	Increased energy efficiency during production stages, resulting in company's limitation of direct and indirect energy consumption.	Inefficient use of energy, producing direct and indirect GHG emissions during operations and along the company's supply chain.	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY
	6 Waste	Responsible management of industrial operations aimed at reducing the amount of waste.	Production of waste during the company's operations and along the supply chain.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Environment	7 Water	Efficient and responsible management of water, guaranteeing its quality and availability for the environment and local communities.	Inefficient management of water, resulting in the reduction of water bodies quality and/or availability for the environment and local communities.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 6 CLEAN WATER AND SANITATION
	8 Pollution	Responsible sourcing and management of raw materials, preventing leakages and pollution of air, water and soil.	Exploiting and managing raw materials irresponsibly, generating air, water and/or soil pollution.	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

9	Personal safety of consumers and/or end-users	Adoption of ambitious product standards, guaranteeing quality and end-users' safety.	Failure to adopt adequate quality and safety standards, compromising end-users' safety.	
10	Corruption and bribery	Adoption and diffusion of integrity values, including compliance with legal and anti-corruption provisions, resulting in transparent business management in line with responsible conduct procedures.	Incidents of corruption and/or unethical behavior resulting from the failure to adopt integrity and transparency principles in business conduction.	
11	Climate Change	Transition towards renewable energy in direct and indirect consumption sources, resulting in the company's GHG emissions reduction.	Use of fossil fuels, producing direct and indirect GHG emissions during operations and along the company's supply chain.	
12	Research, development and innovation	Introduction of innovative technologies and strategies, while at the same time protecting the company's processes, resulting in a more sustainable and efficient production.	Use of outdated systems, strategies and technologies and/or failure to provide the adequate protection to innovative solutions, limiting the contribution to markets' innovation and sustainability.	
13	Cyber Security and Data Protection	Presence of safeguards and procedures for data protection and security of IT systems that guarantee stakeholders' right to privacy.	Incidents of cyber-attacks and data breaches that can compromise stakeholders' privacy.	
14	Communities' economic, social and cultural rights	Creation of local employment opportunities and participation in social, cultural and educational initiatives, which contributes to communities' protection and growth.	Lack of connection with the local community and territory, resulting into the inability to address local communities' needs.	
15	Corporate culture	Ensured stability and continuity of the company's operational activities, also by incorporating ESG perspectives into business strategy, guaranteeing value creation and distribution among stakeholders.	Unstable business management and failure to integrate ESG perspectives and values, resulting in poor performances and stakeholders' dissatisfaction.	
16	Management of relationships with suppliers including payment practices	Responsible management of the company's supply chain, including compliance with social and environmental requirements and the integration of sustainability practices.	Failure to integrate and oversee ESG aspects along the supply chain, resulting in poor working conditions and environmental performances.	
17	Resource use and circular economy	Introduction of eco-design and circular economy initiatives, such as using low-impact steel or steel produced from scrap, to extend the product life cycle.	Increased environmental impact caused by the use of materials without proper consideration of their end-of-life.	

Beyond the listed material topics, it is pivotal to underline that some of them play a crucial role for the Group, being at the core of the Corporate identity, mission and activities.

“Working conditions” - through the Materiality Analysis, Agrati Group demonstrated that this topic contributes to the sustainable growth of the Company Business. This means that not only positive results were taken into account, but also the negative results coming from accidents and non-conformities are the basis for the creation of action plans to improve the EHS Management System. Agrati understands that the goal of occupational health and safety programs is to foster a safe and healthy work environment and is aware that co-workers, family members, employers, customers, and many others who might be affected by the workplace environment could also benefit from a good health and safety management and practice. For this specific reason, all Agrati manufacturing plants are certified ISO 14001 and ISO 45001 standard from 2020, with the exception of FSP Verona which is scheduled to be certified in 2023.

“Research, development and innovation” - a key factor in the Company's strategic plans nowadays. Agrati undertakes several activities to develop existing or new services and products; the Company is indeed aware that research is the first stage to develop a potential product or an innovative production process. For this reason, Agrati also assesses for improvement its significant product and service categories as far as health and safety impacts are concerned. The launch of each new product is managed in accordance with the IATF 16949 standard, which provides the application of the Advanced Product Quality Planning (APQP) process.

“Energy” - managing the consumption of energy plays a crucial role in Agrati's activities. Energy efficiency is not only a cost savings aspect but also reduces the exposure to market fluctuations and is a pivotal lever in Agrati's decarbonization efforts. Agrati is constantly developing several initiatives to reduce consumption and increase energy efficiency. On this front all French sites have obtained the energy management certification ISO 50001. Developing the Decarbonization Strategy a number of energy efficiency actions and investments were set; in order to reach milestones each plant, in coordination with the Sustainability Team, will report the progress.

“Constant attention to customer needs” - Agrati supports its customers in all applications of fasteners technology with innovative products and solid technical solutions, for the new challenges ahead. The Group is responsible for the direct supply of materials to customers, guiding them along a productive and streamlined organization, based on outstanding products and Business to Business services. Agrati believes that customers are the Company's greatest asset and, following the purpose of building a strong relationship with them by teaching and supporting them, it has created the University for Customers, a training focused on internal and external threading systems produced within Agrati. The program consists of a series of modular courses divided into main categories.

SUSTAINABLE CORPORATE MODEL

3. Governance

Governance

2023 HIGHLIGHTS

- ESG Master course for EVP and Sustainability department

RELEVANT SDGs



Sustainable corporate governance

Agrati's corporate governance system has been structured in order to guarantee adherence to the guiding principles of transparency, accountability, security and sustainability at all levels of the organization, starting from the board of directors and managers.

Within the framework of the Group management team, three advisory committees have been created:

A. Project Committee. The role of the Project Committee is to discuss the implementation of a wide range of different new projects. Attendees includes CEO, Executive Vice President, Operations Director, Group CFO, HR Director, Product Development Director and Sales Director, that meets at regular intervals (at least once every 3 months).

B. Finance Committee. The role of the Finance Committee is primarily to provide financial oversight for the organization (including budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies). Attendees are President & CEO, CEO, Executive Vice President, Group CFO, Operations Director, HR Director, Product Development Director and Sales Director, that meets at regular intervals (monthly).

C. Management Committee: all the companies of the Group implemented a Management Committee attended by managers of all departments that meets at regular intervals (at least once every month).



ERM & Sustainability function and the sustainability team

The ERM & Sustainability function, supervised by the Executive Vice President, is responsible for the integrated management approach of ESG risks and related opportunities. Involving the management of the Group, the ERM & Sustainability function coordinates the implementation and update of the ESG integrated Enterprise Risk Model (ERM), monitor sustainability linked risks and evaluate the Group's ability to mitigate possible impacts in a timely manner.

Under the coordination of the ERM & Sustainability function, the Sustainability Team is in charge for proposing, coordinating and launching projects and initiatives in the area of environmental and social responsibility. It monitors the action plans of the various organizational units, also considering the external best practices and examining stakeholder information and stakeholders' requests on sustainability issues. Agrati's Sustainability Team is responsible for: (i) the analysis of the material topics for the Company, based on an internal evaluation involving top management, trying to combine both the internal view and the stakeholders' expectations; (ii) the definition of the relevant KPIs that help monitoring and fostering the management of the Company's most relevant topics; (iii) the collection of the updated KPIs, performed on a yearly basis in the first quarter of the fiscal year.

A monthly meeting is held with top management to discuss the progress of sustainability projects and to examine emerging risks, stakeholder requests and propose new actions or strategies. The importance of these meetings lies in keeping all the functions of the group aligned so as to follow a shared path and vision and to bring together different skills and ideas in order to find the best solutions.

The people involved are: Executive Vice-President & ERM Sustainability Director, ERM & Sustainability Leader, Group CEO, Group Sales Director, Group Purchasing Director, Group Chief Operating Officer, Group Chief Financial Officer, Group Innovation Officer, Group HR Director, Group EHS manager, Group General Counsel; based on the agenda other people can be involved (also external, such as consultants).

In 2023 the Executive Vice President & Sustainability Director and the Sustainability Leader participated to the "Master ESG - Sustainability advanced management" in order to acquire the necessary technical skills to comprehensively manage sustainability topics from a strategic and integrated perspective, improve knowledge of the methodologies and how to manage an effective ESG performance improvement path and improve knowledge of the operational tools and innovative intervention activities in the ESG field.

The sustainability Team:

Position	Member	Role in the Sustainability Team
Executive Vice-president	Andrea Costantini	<i>Project responsible</i>
Group APS Leader & HSE Manager	Julien Errera	<i>Responsible of HSQE data management and production contact person</i>
Group Human Resources Director	Gianluca Bella	<i>Responsible for social data and policies</i>
Group General Counsel	Francesco Arlati	<i>Responsible for governance and anti-corruption data</i>
ERM & Sustainability Leader	Marco Zanfrini	<i>ESG projects coordinator</i>



Sustainability ambassadors

Sustainability is collaborative by nature. When all gathered at one table, different backgrounds, perspectives, knowledge, expertise and approaches to problem solving can bring human creativity and innovation to the next level.

This is even more important when working toward goals that are applicable to so many different interest groups and are as complex and vast as sustainability.

For this reason Agrati has developed the Sustainability Ambassadors project:

Sustainability Ambassadors are sustainability-minded Agrati employees who work to amplify companywide efforts at group and local level. Ambassadors support the Sustainability team investigating areas of improvement on ESG topics, sharing and propose vision/ideas and creating engagement to inspire Agrati's employees.

The program also serves as a community for sharing best practices among teams in different settings and locations.

Member	Position
Francesco Bossi	Strategy & Planning
Valentina Mapelli	HR Manager Italy
Muriel Alagapin	HR Director France
Gabriele Riva	Ind. Engineering Manager Europe
Michela Petrillo	Group Communication Manager
Ilaria Piatti	Senior Communication Specialist
Valentina Corbetta	Executive Assistant
Walter Mauri	Group Innovation Officer
Costanza Colombo	Innovation Metallurgy Specialist
Carolina Beretta	Buyer
Monica Basso	RSPP
Graciela Lepore	Key Account Manager
Oliver Knoebl	Key Account Manager

Risk management

Agrati Group believes that the identification, evaluation, and prioritization of risks are pivotal for reaching success.

For this reason, the Company maps all possible risks threatening its value chain whenever some risk factors (listed in this chapter) materialise and may have negative impacts on the Group's activity and its economic and financial situation. For they ever growing importance and criticality, ESG related risks are carefully and continuously monitored.

As an international business, Agrati's sustainability risks are diverse and inextricably linked to the regions in which it operates. The Group's sustainability risk assessment is based on the idea that sustainability impact management must be integral to the way in which the company manages its business, and it must be integrated throughout the entire management system. A system of Balanced Scorecard, shared by the management at Group level, sets the goals and verifies their achievement for each function.

In order to guarantee a successful and resilient future, in a world characterized by sudden and extreme changes, in part conditioned by the development of technology, but also by new and disruptive external risks (e.g. pandemic risk and climate change risks) a continuously evolving risk management model is an essential and differentiating factor.

Therefore Agrati will have to combine three elements: strategic planning, risk management and sustainability, in a holistic vision, which if successful, will be rewarded primarily by the community,

and then recognize also by customers, suppliers and employees.

The Enterprise Risk Model (ERM) is a key instrument guiding risk assessment and mitigation in a holistic view. The ERM Matrix comprehends a specific risk category "ESG & Climate change", created to take under control sustainability linked risks and evaluate the Group's ability to mitigate possible impacts in a timely manner.

In general, the ERM goals are:

- **Integration and synergies:** Managing enterprise-wide risks in a holistic way leads to identify the "big picture", rationalizing the efforts to find interdependencies across risks and inconsistencies or synergies between activities, controls etc.;
- **Continuous update:** Risks evolves continuously, through the ERM periodic updates new threats can be found minimizing unexpected problems or variances;
- **Focusing controls:** Risks and mitigations evaluation leads the planning of periodical controls, internal audits and the implementation of improvements, in order to focus efforts on the areas with the highest risk and threats.
- **Defending KPI:** support board and management in establishing the risk exposure, the probability and severity of unexpected threats and performance variances that could affect firm value.

The Agrati Risk Model is structured in "Macro risks categories" and "Sub-categories" as detailed below:

		"EXTERNAL" RISKS				"STRATEGIC" RISKS	"INTERNAL" RISKS	
Macro Risk Category	COUNTRY	REGULATORY EVOLUTION	ESG & CLIMATE CHANGE	FINANCIAL	STRATEGIC	OPERATIONS AND COMPLIANCE		
I Level-Sub Category	RISK related to socio-political and economic instability in the countries in which Agrati operates	Risks connected with the evolution/changes in regulations	Risks associated with impacts caused by natural disasters, climate change, social events	Liquidity, market and credit risks	Risks arising from changes in the operating environment or failure to implement appropriate and/or suitable decisions and poor responsiveness to changes in the competitive environment	Risks from inadequately implemented processes and skills, systems failures and personnel errors		
						CORE BUSINESS	BUSINESS SUPPORT	
						Operational risks in core process related to personnel systems and procedures	Operational risks in non-core processes related to personnel, systems and procedures	

The implementation project was developed as follow:

- **Identification of Risk Management tools and methodologies:** Analysis of the external and sectoral risk framework, identification of the organisational structure and its potential risk exposure. Then the risk matrix and risk scoring methodology were structured.
- **Corporate risk profile assessment:** Identification of the main risks affecting the Group's objectives through analysis of international risk reports and interviews with management and supervisory bodies.
- **Assessment of Potential risks and mitigations:** Risk assessment based on probability of the risk event occurring and its possible impact in economic, operational, reputational, compliance, HS and environmental terms. Assessment of the measures put in place by Agrati (EU, US, CHI) in terms of risk mitigation.
- **Residual risks and mitigation improvements:** Valuation of risk mitigation improvement in order to lower risk exposure, define priorities to reduce residual risk and integrate Internal Audit plan with ERM model in order to define assurance activities.

Below are some of the most significant macro ESG risks for the Agrati Group and the associated mitigation systems.

Environmental and health & safety risks

In order to reduce the Environmental and Health & Safety risks' exposure, Agrati adopted specific measures in accordance with the ISO 14001 procedures on environmental management systems and OHSAS 18001, replaced in March 2018 by ISO 45001, on health and safety in the workplace. In accordance with environmental and safety in the workplace legislation, all Agrati Group's plants have the necessary environmental and health and safety authorizations (including fire prevention certificates), as required by the respective national regulations. The respect of the law and legislation is followed by the adoption of specific measures in terms of environmental and safety performance.

Supply chain risks

Trends in raw material or energy resources prices, possible supply difficulties and dependence on certain suppliers are categorized as Supply Chain risks. Agrati Group depends on external suppliers for the procurement of raw materials, mainly steel.

For this reason, the Group is exposed to supply chain risks when it comes to the selection of the suppliers and the quality of raw materials and price fluctuation. In order to monitor the risk level of raw material suppliers, the purchasing department carries out annual evaluations on all suppliers to ascertain their financial sustainability, supplier dependence, supplier saturation rate, natural risks, quality of their raw materials, technical/technological capabilities and the supply chain structure's compliance with Agrati's requirements.

Moreover, in order to ensure the presence of a plurality of partners able to carry out the processes considered critical by type or purchase volume, the Group collaborates only with entities which undergo the purchasing department evaluation and certification. The suppliers' sustainability performances (referring on environment, social and governance) is a fundamental factor in order to

achieve our goals and only the involvement of the entire value chain in developing strategies including ESG objectives can ensure a more sustainable future. On this end, in 2022, the group drafted the Supplier Code of Conduct in order to engage suppliers on ESG topics and monitor them on sustainability aspects and target.

Risks related to human resources and protection of human rights

Agrati identifies risks related to human resources (HR) all risks connected to personnel management. Specifically, an inability to attract and retain sufficient high-caliber employees could become a barrier to the continued success and growth of Agrati.

This risk is mitigated with a clear HR strategy, which is aligned with the business strategy and focused on attracting, developing and retaining the best people for the company. This is underpinned by an employee framework which describes how Agrati manages its people consistently. Agrati's employees are introduced to a talent and performance management systems to help them identify and nurture their talent. In addition, the core of this management is the Agrati University, where people get the chance to learn and with the highest training quality standards and professors and to practice directly on the equipment they will use at work.

Additional risks are the reduction of individual performance, lack of motivation and bad internal climate, which could compromise employee personal satisfaction, wellbeing and business growth.

As far as the protection of human rights, Agrati poses great attention to this topic by implementing training session on general provision of whistleblowing process and Decree 231/2001.

Here, mechanisms for seeking advice about human rights are both internal and external. Both, the update of the Ethical code and 231/01 model represent useful instruments to reduce the number of discrimination related claims.

The 231 Compliance Program Supervisory Board ("OdV") with the support of the Legal Department are in charge for this activity.

The OdV annually reports to the Board of Directors.

The process has been strengthened with the implementation of the whistleblowing system in anonymous form and through a user-friendly system of reporting.

Throughout 2020 Agrati implemented a Group level Whistleblowing procedure aimed to allow its stakeholders to report complaints regarding internal corruption behaviours carried out by both executives, managers and employees.

According to the procedure (the full text is published on the intranet and on the public website as a summary), every stakeholder may submit to the Supervisory Body (an independent committee appointed by the Board of Directors) a report.

The Supervisory Body will analyse the report and as consequence provide feedback. If it is ascertained that the report is funded, the Company shall take appropriate disciplinary measures, including legal actions if necessary.

The procedure has been developed in accordance with automotive sector standards, European directives and national legislations. In order to improve the mitigation process related to Human Resources risk, the Group has decided to provide general information on the procedure during 2021 and specific training to relevant top management members.

Business risks & market transition

Business risks are related to Agrati Group's specific nature and market sector, therefore product quality, product liability and litigation related to the performance of its activities. To address these risks, Agrati's companies have taken out insurance policies. Given the fact that some of the production phases of the Group's products may be outsourced to third party operators, the Company, especially the Quality System Management, has procedures aimed to ensure that the non-conformities of the suppliers of raw materials, components and all other subcontracting activities do not affect the finished products manufactured by Agrati Group.

If the company does not take the necessary steps to incorporate risk analyses into the shop floor processes since the beginning, can end up paying the price of a product that is out of specification, contaminated or a consumer safety risk. The resolution process ends up costing the organization time, resources and money to resolve, otherwise known as the Cost of Poor Quality (COPQ).

In order to create better management of their processes and procedures, Agrati Group uses the risk management program combined with technological devices, to obtain a more predictive system that can help in identify and manage hazards and risks more proactively and to avoid poor quality output.

Corruption and regulatory compliance risks

A substantive ethical breach and/or non-compliance with laws or regulations could potentially damage Agrati's reputation, fines and prosecution.

Agrati has a number of measures in place to mitigate this risk, including the adoption of the Ethical Code, the implementation of the anti-corruption Group Policy and the implementation of a specific organization and management model pursuant to Legislative Decree no. 231 of 8 June 2001 (the "Legislative Decree 231") and the organization of training programs support the respect of the Ethical Code and Anti-Bribery and Corruption and competition law procedures.

Furthermore, the potential non-conformity with the General Data Privacy Regulation ("GDPR") and, generally, the security of data constituting confidential knowledge is addressed by reducing the frequency of potential breaches of the system and by implementing new systems to ensure the safeguarding and protection of know-how and all related confidential information. In this context, Agrati keeps monitoring the functioning of IT systems and IT security and where possible the potential impact of cyber-attacks on the Group's activities. Especially because of the adoption of the Management, Organization and Control Model, Agrati intends to ensure compliance in the conduct of its business activities in order to safeguard its reputation and all its stakeholders.

The updated Model will help Agrati to mitigate the corruption and regulatory compliance risks because of the numerous control tools, such as formalised procedures and control activities introduced for each internal process.

Another topic to consider is Agrati Group's ability to ensure continuous product innovation, in relation to changing customers' behaviours and needs, market transitions (e.g. development of the electric vehicle market), technological evolution of the sector.

The Group has to manage the timely implementation of development strategies and future programs to ensure long term value creation. Agrati is an innovation-driven company: it continues its effort towards product innovation, following the automotive trends that are driving the industry into the new era of mobility.

In order to face the future challenges of the automotive sector, Agrati has decided to set itself ambitious goals regarding innovation, reviewing its approach and organisational model.

First of all, an Innovation Team has been set up comprised of resources who, with various roles, have the objective of dealing with technological discontinuity, proposing radical solutions and modifications that can characterise the years to come.

The Agrati Tech Centre (ATC) represents one of the Key factors for the Group: an integrated team of experts involved in different fields - material engineering, moulding and mechanical processes, coatings, design, applications and experiments - with the mission to develop and promote innovative solutions.

In conclusion, Agrati certifications help the organization to monitor and review the risk assessment on a daily basis. This is why the Group pays attention to the renewal of its certifications. Currently, the Group is certified under ISO 9001, IATF 16949, ISO 14001, ISO 50001 and the ISO45001/OHSAS18001. The Group also plans to acquire additional certifications for some of the Group's production sites and, specifically, to expand the coverage of the ISO 50001 certifications outside of France for energy management systems.

Strategic approach and management

Agrati Group adopted a so-called "traditional" administration and control system pursuant to articles 2380-bis et seq. of the Italian Civil Code, which includes:

A.a Board of Directors composed of 6 members in the persons of Cesare Agrati (Chairman), Paolo Giovanni Pozzi, Andrea Costantini, Alessandro Cattani, Giorgio Palumbo, Carlo Marchetti, in office until the date of the Shareholders' Meeting approving the 2023 Financial Statements; and

B.a Board of Statutory Auditors composed of 3 standing members and 2 alternate members in the persons of Riccardo Garbagnati (Standing Auditor and Chairman), Ilaria Verani (Standing Auditor), Diego Maroni (Standing Auditor), Carlo Larcher (Alternate Auditor) and Oliviero Perni (Alternate Auditor).

Board of directors

The composition of the Board of Directors follows:

Position	Member	Year of birth	Seniority in office	In office since	In office until	Exec.	Non Exec.	Attendance to meeting 2023
President & CEO	Rag. Cesare Annibale Agrati	19/08/1944	>10 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023	X		100%
Executive Vice President	Dr. Andrea Costantini	22/05/1976	>5 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023	X		100%
Chief Executive Officer	Ing. Paolo Giovanni Pozzi	24/07/1967	>10 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023	X		100%
Director	Dr. Giorgio Palumbo	04/01/1942	>10 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023		X	100%
Director	Ing. Alessandro Cattani	15/08/1963	>10 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023		X	100%
Director	Dr. Carlo Marchetti	27/12/1973	>10 years	30/04/2021	Approval of the Financial Statement as of 31.12.2023		X	100%

No. 4 meetings held during the year of reference (2023)

Board of statutory auditors

The Board of Statutory Auditors is composed by 5 members: 3 acting auditors and 2 substitutes auditors

Board of Statutory Auditors							
Position	Members	Year of birth	Date of the last appointment	In office since	In office until	Attendance to SABoard's meetings in 2023	Attendance to BOD's meeting in 2023
Chairman	Riccardo Garbagnati	31/01/1961	05/05/2022	>10 years	Approval of the Financial Statement as of 31.12.2024	100%	100%
Acting auditor	Ilaria Verani	10/09/1968	05/05/2022	>10 years	Approval of the Financial Statement as of 31.12.2024	100%	100%
Acting auditor	Diego Maroni	20/10/1961	05/05/2022	>10 years	Approval of the Financial Statement as of 31.12.2024	100%	100%
No. 4 of meetings held during the year of reference (2023)						Board of Statutory Auditors: 3/3	Board of Directors: 3/3

Supervisory body

The Supervisory Body, in office in A.Agrati S.p.A., C.V.B. S.r.l. and Agrati FSP S.r.l., is granted all the powers necessary and appropriate for the implementation and control of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, and it is responsible for the management of the whistleblowing system at Group Level. It is composed of the following members:

Supervisory Body					
Position	Members	Year of birth	Date of the last appointment	In office until	Attendance of Supervisory's Board meetings
President	Diego Maroni	20/10/1961	08/05/2020	Approval of the Financial Statement as of 31.12.2023	100%
Member	Riccardo Garbagnati	31/01/1961	08/05/2020	Approval of the Financial Statement as of 31.12.2023	100%
Member	Carlo Monti	03/03/1959	08/05/2020	Approval of the Financial Statement as of 31.12.2023	100%

No. 3 meetings held during the year of reference (2023)



ETHICS
INTEGRITY
POLICIES

**4. Responsible business
management**

Responsible business management

2023 HIGHLIGHTS

- Agrati supports UN Global Compact
- Sustainability Policy extended

RELEVANT SDGs







Agrati endorses the United Nations Global Compact

To demonstrate our continued commitment to the creation of a sustainable and inclusive global economy, Agrati has embedded the Ten Principles of the United Nations Global Compact into strategies and operations and in all our value chain. We see this commitment as a great opportunity to underpin our claims to sustainable, responsible corporate governance and to develop these further in the long term.

The UN Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals (SDGs). Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with more than 15,000 companies and 3,000 non-business signatories based in over 160 countries, and more than 70 Local Networks.



The ten principles of the United Nations Global Compact

- | | |
|--|---|
| 
HUMAN RIGHTS | <ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses. |
| 
ANTI-CORRUPTION | <ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation. |
| 
ENVIRONMENT | <ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies. |
| 
LABOUR | <ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery. |

Agrati business ethics and integrity

The purpose of Agrati Group's Code of Ethics is to guide the behaviour of those involved every day in its business towards integrity, impartiality, fairness, respect, enhancement of people and transparency.

The Code of Ethics is part of the company's strategy and organisation and represents one of the main tools to ensure compliance with the principles and values that have characterised Agrati since its constitution. It contains the values to which all employees, members of the Boards, managers and third parties must conform, and it defines a strategy of corporate responsibility towards communities, employees and collaborators, suppliers, customer, shareholders, governments and the law in general:

- Responsibility towards **communities**: Agrati supports the development, cohesion and environmental protection of the territories in which it operates and is also committed to supporting the needs and requirements of the community.
- Responsibility towards **suppliers**: Relations with suppliers are regulated only by objective criteria and maintain stable, transparent and cooperative relationships with them;
- Responsibility towards **customers**: Agrati commits to acquire and retain customers with continuous R&D, and to provide products and solutions that satisfy customer expectations in terms of quality, service, safety and environmental impact;
- Responsibility towards **employees and collaborators**: Agrati is committed in protecting the health and safety of the working environment for employees and third parties; it undertakes to respect and value the exclusive contribution of each individual and to create an inclusive work environment that respects the dignity of each worker, equality, respect and continuous learning;
- Responsibility towards **shareholders**: Agrati Group is committed to protecting shareholders' investments and achieving reasonable, sustainable returns through financial ethics;
- Responsibility towards the **Governments and Public Administrations**: Agrati attaches great importance in supporting and collaborating with government bodies and public administrations, respecting the laws and regulations governing transactions with them;
- Responsibility towards the **law in general**: Agrati is committed to ensuring that all its activities are carried out in compliance with applicable national and international regulations; Agrati is also committed in protecting and making responsible use of the ideas, innovations, technologies, brands and confidential information of customers, suppliers, employees and other stakeholders.

The Ethical Code recognizes the importance of respecting the environment for the benefit of future generations, the value of diversity and the promotion of equal opportunities. Agrati is committed to ensuring equal opportunities and no discrimination of any kind on the grounds of ethnicity, gender, language, religion, political opinion, social origin or any other condition is tolerated. Diversity is considered as a key value for the company. For this reason, Agrati takes into account the contribution of each and recognise the strength of differences. Furthermore, dignity of each individual is considered as the guiding principle of any activity. Agrati observes and promotes respect for human rights in all

Countries and does not tolerate any behavior in any way detrimental to human dignity.

The Group does not use child Labor, provides fair compensation and benefits in accordance with applicable law, does not use forced or compulsory Labor, recognizes and respects the right to work and freedom of association, does not tolerate any form of discrimination, complies with working time regulations, does not tolerate and does not make use of trafficking in human beings and slavery.

While executive-level positions maintain the responsibility to ensure the compliance with the Code, Agrati also implemented a Supervisory Body that is the recipient of the Whistleblowing reports and periodically conduct audit and evaluations of compliance with the Code; the Supervisory Body reports to the Board of Directors at least on annually basis.

The organization, management and control model pursuant to Legislative Decree 231/2001

The implementation of Anti-corruption and the above explained Code of Ethics are extremely relevant considering the market in which Agrati operates, the size of Agrati facilities, employee numbers and the issues related to the market of raw materials. For all these reasons, the anticorruption behaviour is a fundamental attitude of all Agrati functions, in every step of its value chain.

By the resolution of the Board of Directors, since 2010, A. Agrati S.p.A. and C.V.B. S.r.l. have strengthened their Internal Control and Risk Management system by adopting their own Organization, Management and Control Model (hereinafter referred to as the "Model"), in compliance with the provisions of the Legislative Decree 231/2001. In 2020, the companies updated the Model in the light of legal and doctrinal developments as well as the regulatory evolution of the Decree and the companies' organizational and structural changes, in addition the Model was adopted also by Agrati FSP S.r.l. The revision of Model aimed to implement an organic complex of principles, rules, provisions, organizational schemes and related tasks and responsibilities, which are functional to the implementation and to the diligent management of a system's control and monitoring of the activities identified as sensitive for the purposes of the Legislative Decree 231/2001.

A series of activities were carried out to identify, map and assess the risks pursuant to Legislative Decree 231/2001, which can be summarised as follows: (i) analysis of the corporate context, through the examination of corporate documentation and interviews with the persons in charge of the activities, in order to map the areas of the Company's activity relevant to the offences in accordance with the Decree; (ii) analysis of potential risks with the identification of the offences which may potentially be committed during the activity; (iii) "as-is analysis" through which the existing system of preventive controls in the various risk areas was analysed; (iv) "gap analysis" through which a series of areas for integration and/or improvement in the system of controls were identified, against which the appropriate actions to be taken were defined; (v) sharing

of the results and improvement actions with the managers of the activities.

On the basis of the results of these activities, the new Organisational, Management and Control Model was approved and further internal procedures were implemented, in addition to the values spread by the Code of Ethics, in order to cover main areas exposed to corruption, as the supplier approval process, the expenses report procedures, the power of attorney system, which prevents corruption risks through a defined and robust "four eyes principle".

Furthermore, with the approval of the new Code of Ethic and the analysis carried out for the new Model 231, Agrati in 2021 has approved the anti-corruption policy and a set of new Group procedures in order to better respond to the corruption risks (e.g. "Relations with Public Authority", "gifts", "sponsorships").

The Company intends to ensure compliance with the highest levels of fairness and integrity in the conduct of business activities in or-

der to safeguard its reputation and all its stakeholders.

Through the voluntary adoption and effective implementation of the Model, the Company intends to pursue the following purposes:

- implement and strengthen the effectiveness of its Ethical Code and improve the internal control system along the business and support processes, further raising awareness among all recipients, so that in carrying out their activities they will behave in accordance with the applicable provisions of law and the highest levels of integrity and ethics;
- reiterate that any unlawful conduct is strongly condemned by the Company, insomuch as behaviour is contrary to provisions of the law or Ethical Code and Company procedures;
- make the recipients of the Model aware that, in case of violation, they may incur the provisions of the Model related to offences punishable by penalties both significant to them and directly to the Company itself;
- prevent the risks arising from the liability of the entities that have not adopted their own Model effectively.

Agrati policies

Sustainability policy

Agrati Sustainability Policy is the document that establishes our commitment to respect for the Environment, People, Wellbeing and Safety. In order to proactively shape the global fastening systems market and to be recognized as a Leader in the automotive sector, Agrati ensures that its business is able to produce profitability, while ensuring the health, safety and well-being of its employees, as well as protecting the environment in which it operates. Through this policy, the Group integrates stakeholders' expectations in the Agrati's decision-making process on a daily basis. This policy aims to facilitate the integration of sustainability in the Group's strategy and processes.

Updated during 2023, Agrati Sustainability Policy has set ten main commitments to anticipate environmental and social challenges, manage the risks and opportunities they entail and ensure long-term growth:



The document is meant to actively involve diverse actors, for instance managers, employees and business partners – both individually and collectively.

Energy, health & safety policy

In line with Agrati's strategy and the Group's Ethical Code, Agrati developed an Health & Safety Policy and it is committed to provide safe, healthy and environmentally friendly workplaces wherever it operates. Agrati Environmental Programs and Risk control Plans are the Group's cornerstones of a successful sustainable business. Indeed, this policy identifies the guiding principles to which the strategies and objectives for the environmental management of Group companies must refer in order to ensure environmental protection and visible EHS Active Leadership and to reinforce EHS culture to both employees and contractors through a robust EHS Management System. The Group's ambition is to respond to the challenges posed by the current professional contexts. All of this nurture the Group's motivation towards continuous improvement while managing to guarantee its ability to create long-term value, in a logic of compliance with rules and regulation and of control of H&S risks.

The principles underlying the Policy are inspired by sectoral best practices and expressed by specific commitments: zero accidents and environmental damage, care for people's Safety and Health and for the operative workplaces of Agrati.

Quality policy

The Agrati Group Policy, approved by the CEO and all directors in 2020, states the purpose and strategic direction to align all organization's function and provides a framework for quality objectives.

The main objectives outlined in the policy are:

- satisfy the norms and the customer specific requirements;
- motivate staff to achieve the targets;
- achieve excellent quality and service performance;
- develop with the customer innovative solutions;
- deploy the APS global industrial system;
- analyse and reduce risks, develop opportunities.

Aligned with its vision, the group maintain as its guiding targets: "Zero defect", "Zero delay" and "Lean Thinking" in all plants.

The Group committed to put in place the organization and resources to achieve its goals implementing continuous improvement. In this way Agrati will reach the satisfaction of its customers, employees and shareholders.

Agrati Group supplier quality manual

Agrati manages the relationship with its suppliers through the Agrati Group Supplier Quality Manual, a document that describes the Company's standardized and global approach and sets out the basic tools and requirements to maintain a high level of quality. Agrati is determined to establish and develop close and long-lasting partnerships with its business partners, since the products and services provided by its suppliers have a direct impact on the

quality of the Company's products, solutions and services provided to the client.

The requirements included in the mentioned Manual are mandatory for the Group to reach its targets and to facilitate a common and sustainable growth shared with its suppliers, with the objective to satisfy the Company's customers. The provisions of the Manual are applicable for materials and services like coating, machining (i.e. rolling, turning, grinding and other), semi-finished or finished products, patches, washers, heat treatments, sub-assemblies and final Process Selections.

Agrati Group asks its suppliers to submit documents such as the supplier business register license, the Quality Management System – a third party certification – if applicable, signed-off copies of Agrati's Sustainability & Corporate Social Responsibility Policy, the General Purchasing Conditions and the Non-Disclosure Agreement.

Anticorruption policy

In September 2021 the Anticorruption Policy has been approved by the Board of Directors of A.Agrati S.p.A. and adopted by the entire Group. Agrati, through this policy, wants to confirm its committed to respecting the highest standards of integrity, honesty and fairness in all its relations inside and outside the company, adopting a "zero tolerance" policy towards any form of corruption attributable to its managers, employees and partners. All forms of corruption, whether direct or indirect, active or passive, are therefore strictly prohibited. All relationships with, or in relation to, private or public individuals must be conducted in compliance with the Policy by all employees and stakeholders.

Agrati promotes the communication of these principles of conduct by making the Policy available to all the internal recipients of the Group on its IT channel (company intranet) and to all parties, including third parties, on its company website. The Policy indicates how to report any breach of its principles as well.

Management systems

The protection of the environment, health and safety at work represent an essential value that accompany the growth of Agrati Group's business. These principles are recognized in the corporate EHS strategy, as well as in the policies concretely implemented in compliance with the Group's Ethical Code. The achievement of EHS objectives is pursued with "sustainability" logics, which have been described in the Ethical Code as essential cornerstones of the company's values.

Compliance with the laws and regulations applicable in the various countries where the Group operates is at the basis of the business growth. The implementation and maintenance of Management Systems in compliance with international EHS standards (ISO 14001 and ISO 45001) are a guarantee of strict application of rules and standards aimed at continuous improvement of process performance.

The cornerstones of these Management Systems are consistent with the EHS policies and objectives at the corporate level, which are reviewed and approved annually by the Group management and from which other policies and objectives derive at the local level (by country and by plant).

In addition, an accredited independent auditor (DNV), which has certified their compliance with international certification requirements for 2018, audits the EHS Management Systems annually.

The EHS Management System documents are published on the Company's intranet for a proper management of updates and for

Information and data security

Earning and keeping the trust of customers is of paramount importance. Agrati considers the comprehensive protection of all data provided or made available to the Group, concerning customers as well as employees, to be an integral part of its business activities. Therefore, it treats them with an extremely high level of care and attention. Customers trust Agrati to keep their – and its own – data safe and to offer reliable products. Agrati complies with its legal obligations to protect customer data, which can differ from country to country. Indeed, all business units have adopted the General Data Protection Regulation (GDPR) 679/2016/EU that qualifies as binding corporate rules. The goal here is to ensure compliance with the requirements under the current legislation, with privacy regulations and with the regulations protecting both clients and workers data. That is why all collected information is kept under strict confidence and will not be sold, reused, rented, loaned, or otherwise disclosed to third parties.

The key aspects of the Agrati's security strategy are designed to adapt to industry standards and needs. The processes and technical measures in this area are based on continuous observation of possible threat situations through internal and external security reviews, to make sure that system is always available, and all employees are profoundly aware of legislations requirements and updates. Agrati has implemented various policies on GDPR: the "Data Breach" policy; the "Records Retention" policy; the policy on visitor's register data retention.

In addition, preventing and mitigating the risk of cyber attacks is essential for Agrati, to preserve its cyber security, avoid loss of sensitive information, time and money. The topic of cybersecu-

quick consultation by all employees.

Among the innovations introduced by the ISO standards (ISO 14001 for Environment and ISO 45001 for Health & Safety) there is the Risk and Opportunity Assessment, which addresses EHS specific issues within a broader context and considering all stakeholders, both internal and external to the organization. This assessment was reviewed and approved by the Group's Management at the end of the year.

The control on the precise and correct application of laws and regulations, which were also carried out during the year by specialized third-party consultants, did not reveal critical non-compliance situations relating to safety, health or environmental issues.

In support of these verifications, the activity carried out by the Supervisory Body is of particular importance. Through specific periodic audits, it also contributed to the emergence of some minor risk situations (in relation to which appropriate remedial actions were taken).

Lastly, it is worth mentioning the ongoing training process, which is a fundamental aspect of the prevention culture promoted and spread throughout the Group. EHS training covers not only the topics mandatorily defined by law, but also explains specialized and continuous improvement areas that contribute to the growth of the culture of prevention and risk management.

ty is managed at all levels: from its implementation in the Group ERM model to specific operational guidelines which employees adopt every single day. To manage the risk of cyber-attacks, the Group, continuously seeks to identify potential breaches and improve network and computer security. To mitigate potential vulnerabilities all employees are asked to access sensitive data only from controlled devices. This issue has become of increasing importance during the current pandemic, as employees were working from home on different networks. Nonetheless Agrati managed the transition to homeworking without any further IT implementations given the already structured VPN and safe network system in place.



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ECONOMIC
VALUE
GENERATED

5. Economic performance

Economic performance: creation and distribution of the economic value generated

2023 HIGHLIGHTS

- 735 Million € of economic value generated
- 683 Million € of economic value distributed

RELEVANT SDGs



Agrati is fully committed to create value and to distribute it to its stakeholders. The calculation of value added gives the Company a better and clear understanding of its economic impacts among its fundamental stakeholders. This distribution allows the Group to determine how much and how wealth is created, and who benefited more from this distribution.

In 2023, the value added generated by Agrati's activities and distributed to its different stakeholders totalled €683 Million, equivalent to 93% of revenues, with a strong incidence of economic value distributed to suppliers and employees, equivalent to 75% and 23% respectively. In addition, economic value is mostly distributed to local suppliers by geographical area as described in the section 7 (Suppliers).

Economic value generated, distributed and retained (€ thousand) Agrati Group

	2021	2022	2023
Economic value generated	550.213	680.073	734.584
Economic value distributed	500.060	622.099	683.453
Suppliers	367.381	475.934	512.303
Employees	121.887	137.523	155.254
Investors and lenders	10.924	6.639	12.476
Government & Public Institution	-133	2.003	3.420
Economic value retained	50.153	57.974	51.131

Note: amounts referred to Consolidated Financial Statements. From the fiscal year 2017, the Group has exercised its right to voluntarily adopt the international accounting standards (hereinafter also "International Financial Reporting Standards" or "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission for the preparation of the Financial Statements pursuant to Article 4 of Italian Legislative Decree No 38 of 28 February 2005, which governs the exercise of options set forth in Article 5 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of the international accounting standards.

Tax Transparency

Agrati acknowledges the centrality of taxes for fiscal policy and macroeconomic stability of countries, and in this respect recognizes the centrality of fiscal transparency and reporting. Clear reporting on this theme develops trust and credibility between Agrati and its external stakeholders, spreading a transparent image of the Group's fiscal structure and strategy.

Agrati operates in several countries under different jurisdictions, making even more important the adoption of a shared management approach of the tax policy, balanced and integrated with ethical, social and sustainable development, which plays a relevant role in Agrati strategy.

Agrati's Approach

Current income taxes are calculated based on the tax rate in force at the financial statements date. Current tax receivables and payables are measured at the amount expected to be recovered from or paid to the tax authorities. Management periodically evaluates the choices made in determining taxes with reference to situations in which current tax legislation lends to interpretation and, if it considers it appropriate, it accounts for provisions determined on the basis of the taxes it expects to pay to the tax authorities. Deferred taxes are recognized: on the basis of temporary diffe-

rences arising between the tax base and the carrying amount of assets and liabilities in the balance sheet and only if there are probable future taxable profits against which the deferred tax assets can be utilized. Furthermore, deferred taxes are determined on the basis of tax rates and laws that are in force or substantially in force at the financial statements date and that are expected to be in force when the deferred tax assets are realised or the deferred tax liabilities are paid.

Tax Governance and Control Framework

Agrati has a structured governance and control framework in order to ensure compliance, efficiency and transparency regarding taxation. There are clear roles and responsibilities: the CFO, who take care of all the fiscal fulfilments necessary for the regular execution of any type of transaction carried out by the company, oversees all aspects. Supporting him is the Group Accounting function and an external specialized tax firm.

Furthermore, Agrati has adopted a clear operating methodology on transfer pricing which allows to effectively monitor all aspects connected to the topic. Agrati annually drafts the **Master file** that allows a complete transparency and traceability of the entire process and facilitate any subsequent controls.

The financial statements are audited by Deloitte and during audit activities the audit team carries out appropriate controls on tax within its tax office. Deloitte conduct specific audit procedures on declarations and tax models.

Revenues and Taxes paid by Jurisdiction (€ thousands)

	Number of Employees	Revenues from third-party sales	Revenues from intra-group transactions	Profit/(loss) before tax	Tangible assets other than cash and cash equivalents	Corporate income tax accrued on profit/loss
Italy	1.010	386.961.250		18.631.743	456.610.727	-6.500.665
France	545	150.376.974		9.012.889	97.057.195	754.500
USA	418	184.129.409	-28.190.023	-20.795.949	190.416.966	3.845.291
China	332	41.103.135		942.840	43.440.128	-123.621
Total	2.305	762.570.768	-28.190.023	7.791.523	787.525.016	-2.024.495



CARE
EMPOWER
COMMUNITY

6. Agrati's people

Agrati's people

2023 HIGHLIGHTS

- 28 hours of training per employee
- Sustainability weeks in all Agrati sites
- Agrati volunteering program extended

RELEVANT SDGs



Being an Agrati employee

AGRATI CARE

Our employee's safety is the starting point of our well-being idea, the concept that Agrati Group enlarges to all stakeholders.

Main effort aims to:

- Reduce our accident rate
- Reduce gravity of accident
- Understand and improve physical and psychological well-being of employees, extending this concept even to their families

Our Employees satisfaction is our final target. Agrati Care concept is our way to extend the welfare of our employees to keep them on board with the right level of motivation.

EMPOWERMENT

We promote entrepreneurship in our company by supporting people's ideas and creativity and providing each of them skills and competence to innovate and improve our daily and future activities.

Personnel management policies have maintained adherence to current labor legislation and the principles of the company's new Code of Ethics (Responsibility towards Employees), with the primary aim of aligning the company's human resources (skills, knowledge and abilities) to the needs of the global economic context and at the same time allowing our employees to develop and grow. The Company plans projects and staff motivation activities aimed at increasing the level of employee satisfaction and, consequently, individual and company performance.

Agrati Group applies an HR Model. This model is composed of two core parts: HR mission and HR Values, and three evolving and constantly improving components: HR Strategy, 5 HR Pillars and HR process.

The HR Strategy is aligned with the business strategy; actual strategic guidelines include: (i) protect people, (ii) attract, develop and retain talents, (iii) boost the performance, (iv) win the labor shortage, (v) age management. The 5 HR pillars are: organizational model, Agrati university, Agrati care, Manual of Competences and Workforce Plan. The HR process includes: budgeting & reporting, recruitment and induction, evaluation, training, talent review, compensation and benefits, communication, payroll, labor union. With around 2.300 employees on three continents, Agrati workforce is of special significance with respect to sustainability. Healthy, motivated and well-trained employees are the key to succeed. Responsibility for labor practices lies with the HR Manager of each company who reports to the Group HR director. There is a functional connection with Regional COOs.



Employees' headcount by region¹ (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	1.323	182	1.505	1.319	178	1.497	1.366	189	1.555
America	277	86	363	339	105	444	311	107	418
Asia	241	83	324	226	79	305	257	75	332
Total	1.841	351	2.192	1.884	362	2.246	1.934	371	2.305

Agrati is fully committed to offer its employees the ideal workplace, that is why every two years it conducts an engagement survey. The 2022 results of the survey showed a satisfaction indicator of 83%. These results are extremely positive for Agrati considering that the satisfaction level amongst its employees was able to increase despite the complications caused by the Coronavirus. This result proves the Agrati's ability to maintain employee wellbeing as a priority, especially in difficult periods. As planned, the new survey is going to be carried out during 2024.

Occupational health and safety

The protection of the health and safety at work is a pivotal feature that meets the needs of Agrati Group to ensure a sustainable and durable business growth. Therefore, the Company drafted several important documents, which are common to Environment and Health and Safety management, namely the EHS Corporate strategy and the Group's policies and Ethical Code. These documents are periodically reviewed and approved by the top management: all the plants receive specific instructions on a country basis to draft policies and objectives at local level. The final document set consists of procedures, operating instructions and forms that supports the EHS Management Systems, with the purpose of ensuring process repeatability, providing support and tools for monitoring and performing a continuous improvement. In addition, medical and healthcare services are included in two main programs, the employee benefits plan (insurance plan managed by global broker) and collective agreement (Italy and France).

The Group complies with all regulations, standards and applicable laws on this topic, in all various countries where it operates. The implementation and maintenance of certifications according to the schemes of the international EHS standards are key strategy to ensure the continuous performance improvement.

Agrati also ensures the monitoring of the process and the correct application of the EHS standard through the following set of:

- External audits, which can be performed on the overall system or can be specific, as the legal compliance audit;
- Internal audits, as the compliance checklist or the internal audit;
- Improvement audits, as the behavioural observation visits.

Occupational Health and Safety is one of the main priorities of Agrati Group, and this is why clear and defined targets have been set every year.

EHS GOALS 2024

SAFETY, HEALTH & WELLBEING	EHS MANAGEMENT SYSTEM
<ul style="list-style-type: none"> • Injury Frequency Rate 7,95 • Injury Severy Rate 0,14 • Finish training on "Shared vigilance" in Europe • Promote at minimum 1 healthy program/initiative per plant 	<ul style="list-style-type: none"> • Maintain EHS Corporate Regional certifications (ISO 14001 & ISO 45001) and ISO 50001 (France) • Realize ISO 50001 gap analysis for Italian plants • Achieve ISO 45001 certification for FSP

¹ The three macro-areas include the countries specified below: (i) Europe: including Italy and France; (ii) America: including United States; (iii) Asia: including China.

Agrati first deployed a health and safety management system in accordance with the OHSAS 18001 standard before switching to ISO 45001 in all its plants, with the only exception of FSP Verona which is expected to receive it by mid 2024. In terms of injuries, Agrati reached an Injury frequency rate of 10,3.

Agrati Group is also convinced that in order to reach EHS goals, the Group has to act as a single entity, and the commitment of all the employees is essential. The communication with Agrati's human capital is meant not only to raise awareness among all the controlled entities but also to engage with customers, suppliers, local authorities and neighbours. In fact, the connection with all stakeholders is fundamental, especially with those who are external to the Company. These latter are provided with information available to visitors at the plant's entrance, with the information communicated in the event of a contract, by answering questionnaires and stakeholders' requests.

Therefore, the communication of the Company's policies and of the main initiatives is the key to raise awareness among the Group's human capital. The language used changes whether the beneficiaries are offices or plants' employees. All communication concerning Environment, Health and Safety and Sustainability are made available internally via the company Intranet, as well as via the plant's notice boards. Internal scheduled meetings at all levels guarantee maximum communication and involvement, participation and consultation of all employees.

During the contractual phase of contractors and external stakeholders, communication on this matter is clear and guaranteed through full disclosure of EHS and Sustainability policies.

Agrati Group therefore drafts and adopts several business policies practices and commitments to guarantee the Occupational Health and Safety. The Environment, Health & Safety Policy defines principles and commitments of senior management in meeting legal and other requirements, the management of H&S risks and environmental impacts, the commitments towards continuous improvement, the correct communication to all interested parties.

Furthermore, this policy ensures that Agrati business is sustainable, produces profitability, but at the same time addresses the health, safety and well-being of its employees, as well as the environment in which they operate. To make it possible, the Group integrates its ambitions and the expectations of its stakeholders in the daily decision-making process, anticipating the environmental

and social challenges and managing the risks and opportunities towards a long-term growth.

A functioning Organizational Health and Safety management system also foresees a communication channel where employees can report potential Health and Safety crimes; Agrati Group indeed has a confidential whistleblowing channel, where every report is received and analysed by the Supervisory Body, that is independent from the organization and handles the report ensuring confidentiality and non-retaliation. At a corporate level, parameters defined to guarantee legislative compliance are outsourced to specialized external providers on an annual basis. This approach ensures that the Company does not incur the risk of non-application or incorrect application of mandatory standards, or deviation from limits for certain specific measurement parameters.

Agrati Group provides training on reporting mechanisms to its employees. This allows Agrati to monitor initiatives' results and define future improvement plans.

On a local level the Environment, Health and Safety managers of each Agrati plant are in charge of updating the indicators created to monitor EHS performance, and for this purpose, an EHS manual has been defined to describe each indicator. Part of these indicators flows into corporate BSCs (Balance scorecards), while others are used at Group level and flow into shared network folders for their maximum diffusion.

During 2023, as well as during 2022 and 2021, 100% of employees were covered by an occupational health and safety management system. Agrati Group also pays constant attention to the health and safety of all those people who, despite not being Group employees, operate in the company plants or office facilities providing 100% of them with occupational health and safety management system's cover.

Health and safety performance is a key measure of Agrati's duty of care. Thanks to a centralized data collection, Agrati has the possibility of assessing occupational health and safety data and make comparisons at a Group level. Generally, low injury and absentee rates are linked with positive trends in staff morale and productivity. During 2023, the total amount of hours worked was 4.559.242 for both employees and other workers. Below are the work-related injuries rates for the last three years and the distribution by geographical area.

Employees and workers rate* of recordable work-related injuries by region

	2021	2022	2023
Europe	11,9	12,0	12,5
America	3,0	7,4	11,5
Asia	9,0	4,5	2,2
Total	9,8	9,7	10,3

* The calculation of reported accident rates takes into account accidents occurred to both employees and workers that have taken place at the workplace, including the ones with high consequences. More precisely, the accident frequency rate is calculated using the following formula: No. of recordable accidents / No. of hours worked) x 1,000,000.

In 2023, 2 recordable work-related ill health was documented in France.

Number of recordable work-related ill health and fatalities as a result of work-related ill health of employees (No.)

	2021	2022	2023
Total number of recordable work-related ill health	4	0	2

In addition, a key business aspect to note regarding Health & Safety, is the inclusion of a specific H&S target within the group's MBOs. All beneficiaries of the MBOs are evaluated on a series of KPIs, one of the entity level KPI is the "injury frequency indicator". The inclusion of such an indicator, highlights the priority placed by the Group regarding health and safety.

Welfare and diversity

At Agrati, employees are the most important asset. That is why the Group works hard to identify individuals that share Agrati's values and openly welcome and translate them in their daily actions. This is important because, when values resonate with employees' personal ideals, the Group is able to provide a greater sense of belonging resulting in a more engaged and supportive workforce.

The Ethical Code encloses the social values of the Group, in particular those concerning welfare, inclusion and diversity. Considering the market in which Agrati operates, the number of employees and the Group's global presence, attention towards inclusion and diversity is a fundamental aspect. These values, whilst already ap-

plied daily, will be further consolidated in a formalized group policy. Furthermore, some companies of the Agrati Group promote wellbeing programs and initiatives which include medical visits, tobacco free areas, fitness activities and improved work environment conditions.

The composition of Agrati's employees is spread out over several age categories: 13% of employees are under 30 years old, 27% between 31 and 40, 32% between 41 and 50, and 27% are over 50. This distribution allows for a diverse working team with a range of experiences and skills, with an average age of 38 years old. In terms of gender differences, men represent a larger proportion



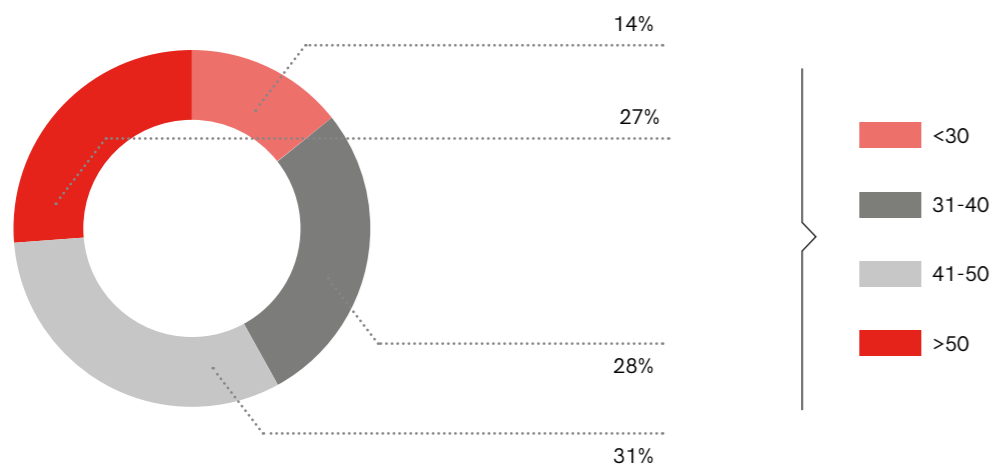
of the work force, accounting for 84% of all employees against a female component of 16%. This figure remains in line with the particular characteristics of the Automotive industry and related job market. In addition, for Agrati, the concept of diversity and inclusion means also taking care of people with disabilities. On this end 50 people with disabilities were working in the company as of December 31st, 2023.

The proof of Agrati's commitment towards its employees on the matter of employment is the percentage of staff hire with a permanent contract. More than 90% are hired with a permanent contract. Furthermore, 95% of the workforce is covered by a collective bargaining system.

Employees by age and gender (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 30	280	38	318	270	41	311	283	36	319
31-40	494	107	601	500	117	617	515	121	636
41-50	583	113	696	596	111	707	607	114	721
> 50	482	95	577	518	93	611	529	100	629
Total	1.839	353	2.192	1.884	362	2.246	1.934	371	2.305

2023 Employees by age



Agrati volunteering program



AGRATI VOLUNTEERING

A sustainable deed.

As part of Agrati's sustainability commitment, societal engagement is an important pillar that contributes to the solution of relevant societal challenges for communities surrounding its sites and vulnerable communities worldwide. A vivid society with high social cohesion needs voluntary engagement. Therefore, Agrati is determined to contribute to a sustainable society and supports its employees to engage in local volunteering options. Volunteering is a unique and virtuous experience that can bring tangible benefits to everyone: to the workers, to the non-profit organizations, to their charitable activities, to the company itself and to the territory to which all this returns. It is a tangible sign of active citizenship and inclusion in the productive sphere.

In 2023, Agrati organized four volunteer days focused on environmental and social/relational issues, demonstrating our tangible commitment to creating a positive impact in the community. During the first two days, our volunteers joined forces to deal with local environmental challenges. From organizing park clean-ups

to fixing degraded green areas, we worked together to preserve and improve our environment. These activities not only helped reduce our ecological footprint, but also strengthened the sense of environmental responsibility among the participants. The activities were carried out in collaboration with Legambiente. The remaining two days were dedicated to social engagement and inclusion together with Impresa Sociale Il Carro di Monza, which works to combat youth difficulties by combating school drop-out, welcoming families, and providing support and educational activities for young people. We embraced diversity and worked to build a more supportive community.

The results of the volunteer days have been remarkable. Besides the visible improvement of the environmental areas involved, we have also strengthened the bonds between our employees and the community. These experiences have raised awareness about sustainability and social responsibility, turning individual actions into a positive collective impact.



Employee engagement projects

YAMBLA: the revolution of the improvement proposals

From 2019, Agrati Group has implemented specific projects to give a more active role to employees within all departments, allowing them to express their full potential and increasing their retention rate. Agrati Group aims at increasing employees' engagement, increasing the team spirit, making sure to grant the best employees' experience and professionalism and making the organization more efficient and stronger.

The idea is submitted by the employee to his supervisor, who evaluate the proposal and forward it to the upper level. When the idea is approved, it starts the execution that, in some cases, can turn even into cross-function projects, feeding from the bottom the process innovation program of the Company.

This system is also composed by dedicated "improvement teams", that regularly meet together to discuss new improvement ideas and follow a specific training program that enhance the continuous improvement culture and spread it into the Company.

All employees at all levels are involved in this initiative, that began from the headquarter then has been extended to all the plants of the Group.

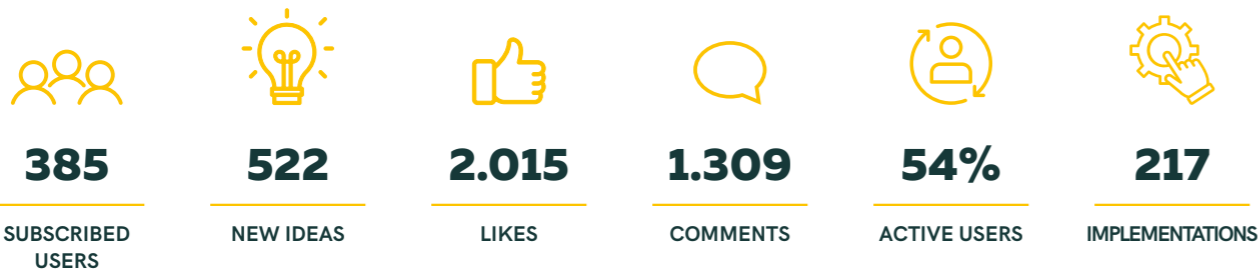
This method results every year in over 500 improvement proposals, that helps the Company improving its efficiency and its financial results.

Once the tests were concluded, Yambla was launched in October 2021 for the whole Agrati SpA with the aim of extending the tool to



the Italy Region and in the future to the rest of the Group.

During the course of 2023, 522 new ideas on YAMBLA were added. Particular attention was given to the improvement of the working environment, machines, as well as on health and safety or environmental sustainability topics.



The impact of employees' engagement on ESG topics:



Agrati strongly believes that to build a sustainable future it is necessary to make the improvement of innovation an essential part of the corporate culture. It is therefore not just about ideas, but also about taking on the responsibility of being an active part of the change as employees.

Agrati University: 'We learn by doing'



Our Knowledge. Our Excellence.

Agrati University is a learning center composed by a group of skilled trainers that teach to Agrati employees the best way to perform a core job.

All the courses organized by the University have been defined to improve the skills and competences of Agrati employees, with the declared aim to reach excellence. Our knowledge is a dynamic factor, continuously shared and enhanced through learning.

All Agrati's employees must attend training courses on all processes where the product life cycle is concerned. Agrati manages its internal core competences thanks to its internal University, a learning centre composed of skilled trainers that teach Agrati Employees the best way to perform jobs.

Agrati University is composed by 4 main training areas dedicated to Employees, Customers, Schools, Suppliers.

- Employees:** internal courses about our core competences and focused on 8 training paths. The aim is professional growth and development of Agrati People.
- Customers:** technical workshop held within customers sites with aim to build a strong relationship with them and to be a business partner and not only a supplier.
- Schools:** courses held by Agrati trainers in high schools and university with aim of employer branding, talent attraction and anticipation of future employment needs.
- Suppliers:** course held to raise awareness, increase relationship and improve the overall performance of suppliers.

Agrati's knowledge becomes a dynamic factor, continuously shared and enhanced through learning. The ability to learn is essential in generating and using knowledge as the base to reach the company's goals. It provides also a large overview on support that Agrati can offer, such as TCS, R&D, Co-Design.



The responsibility for raising awareness and controlling human right issues (e.g. non-discrimination, freedom of association and the right to collective bargaining) rests with Corporate compliance and goes along the entire supply chain.

An important element is continuous training offered to Agrati employees: in 2023, 64.748 hours of training were provided, reaching an average of 28 hours for each employee, an increase of 8 hours per employee compared to 2022.

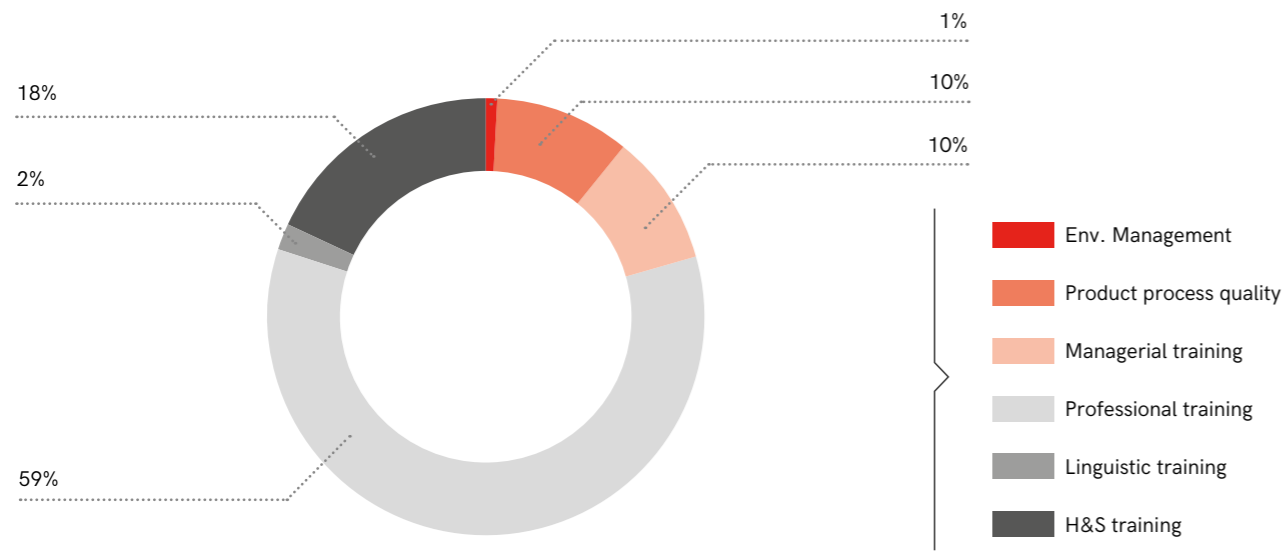
The training courses consisted of mainly Professional Training (60%) and Health & Safety training (18%). Furthermore, each local company has identified specific managerial courses addressed to their managers.

These courses are mainly related to people management, leadership, negotiation or coaching programs held by internal certified coaches.

Training hours by gender and employee category (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	3.813	865	4.678	4.325	774	5.098	4.597	938	5.535
White Collars	11.032	3.096	14.129	8.445	2.890	11.334	9.605	4.077	13.682
Blue Collars	22.560	1.416	23.976	25.802	1.729	27.530	41.664	3.866	45.530
Total	37.405	5.377	42.783	38.571	5.392	43.963	55.866	8.882	64.747

2023 Training provided by type and content (% on total hours)



Talent attraction and retention

Agrati Group has developed a strategy of talent attraction managing several tools: participation to specific career day held in university and high schools; membership in local association dedicated to promote the company and the work in the factory; an account LinkedIn Recruiter, which allows the Company to look for unaware talent, to capture interest, to build a talent pipeline, to capture applicants and to engage with candidates directly.



People hired by region (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	78	20	98	230	34	264	272	41	313
America	100	23	123	206	99	305	98	32	130
Asia	36	7	43	17	4	21	20	3	23
Total	214	50	264	453	137	590	390	76	466

People terminated by region (No.)*

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	123	24	147	229	36	265	187	32	219
America	102	24	126	187	43	230	132	44	176
Asia	33	7	40	25	5	30	18	8	26
Total	258	55	313	441	84	525	337	84	421

People hired and terminated by age (No.)*

	2021		2022		2023	
	Hired	Terminated	Hired	Terminated	Hired	Terminated
< 30	105	70	189	196	184	115
31-40	66	84	187	135	129	109
41-50	48	61	126	72	88	92
> 50	45	97	88	122	65	105
Total	264	312	590	525	466	421

*The figured include "intercompany" movements.

Sustainability weeks

During 2023, Agrati organised the Sustainability Weeks in all plants, reaching all Agrati's employees, in order to spread the value of sustainability in our business and daily lives.

With the Sustainability Weeks, Agrati wants to draw attention to sustainability within the whole Group. The aim is to bring sustainability out of the bubble, making it universally interesting and highly visible, making everyone in the group not only aware of the projects we are managing, but also make employees promoters of the change. Sustainability is not a centralised project with a 'top-down' approach. It is necessary to involve the regions: the more opinions we collect, the more complete will be our perception of stakeholders' needs, in order to align our priorities, and where possible, anticipate their needs.

WE ARE SUSTAINABILITY

GLOBAL SUSTAINABILITY WEEKS ROADMAP 2023





ACTING THROUGH VISION

7. Environmental sustainability

Environmental sustainability

2023 HIGHLIGHTS

- -21% CO2 emissions from 2019¹
- -5% emission intensity from 2019²
- 30.228 GJ saved through energy efficiency initiatives
- Installation of cogenerator in Veduggio con Colzano
- +1.441 MWh electricity from renewable sources

RELEVANT SDGs



TECHNOLOGY, ENERGY AND THE ENVIRONMENT

Technology is a core part of our business, we keep our equipment up-to-date, and we search for the latest state-of-the art available on the market in order to reach an Industry 4.0 standard in our plants.

We want to maintain a light footprint on global resources, we invest to reduce our environmental footprint and to lower our energy consumption.

Agrati Group is constantly trying to reduce the company's environmental footprint and to lower its energy consumption; in doing this, the development of new technologies is pivotal to reach the goals, being them a main part of the Agrati business results. The protection of the environment as well as sustainability are essential values that help and facilitate the Company business growth. These principles are at the very base of the EHS Corporate strategy, as well as the Group's policies and Code of Ethics. In 2021 they were consolidated in the Group Climate Strategy, which sets out a roadmap and strategy to reach carbon neutrality in all operations by 2039.

Various countries where Agrati operates guarantees a conscious and aware business development; for this reason, Agrati pays attention to the implementation and maintenance of certifications compliant to the schemes of the international EHS standards (ISO

14001 and ISO 50001). Through these instruments, the Group is on the pursuit of continuous improvement and amelioration of performance.

The documents and initiatives that are key to the Group Environmental Management System are represented by the Environment, Health and Safety and Sustainability Policies and the goals issued at corporate level. These documents are annually reviewed and approved by the top management of the Agrati Group, drafting Policies and objectives at local level (Country and Plant). The Procedures, the Operating Instructions and the Forms support the EHS Management System, guaranteeing process repeatability and providing support, rigor, and tools for monitoring and continuous improvement of performances.

Agrati Carbon Neutrality 2039 - Decarbonization Strategy

Following the clear current global trends, and recognizing its responsibility as an economic actor, Agrati has chosen to adopt sustainability as a guiding pillar in its business model and approach. The impacts of Agrati both on social and environmental sustainability are clear and on this front the Group wants to turn them into an opportunity to rethink its strategy and shift towards a long-term value creation approach.

To this end Agrati has developed a Decarbonization Strategy, with the ambition of reaching Carbon Neutrality by 2039.

The strategy, developed by the ERM-Sustainability function, aims to define a clear trajectory, following the clear decarbonization and electrification trend of the automotive industry. The goal of the strategy is to align the Group's activities with the main international Pacts and strategies such as the Paris Agreement and the European Green Deal, which aim to maintain temperature rise below 1.5°C compared to preindustrial levels and reach Carbon neutrality in Europe by 2050.

Agrati's decarbonization path to 2039 Carbon Neutrality has set two main milestones, years 2025 and 2030.

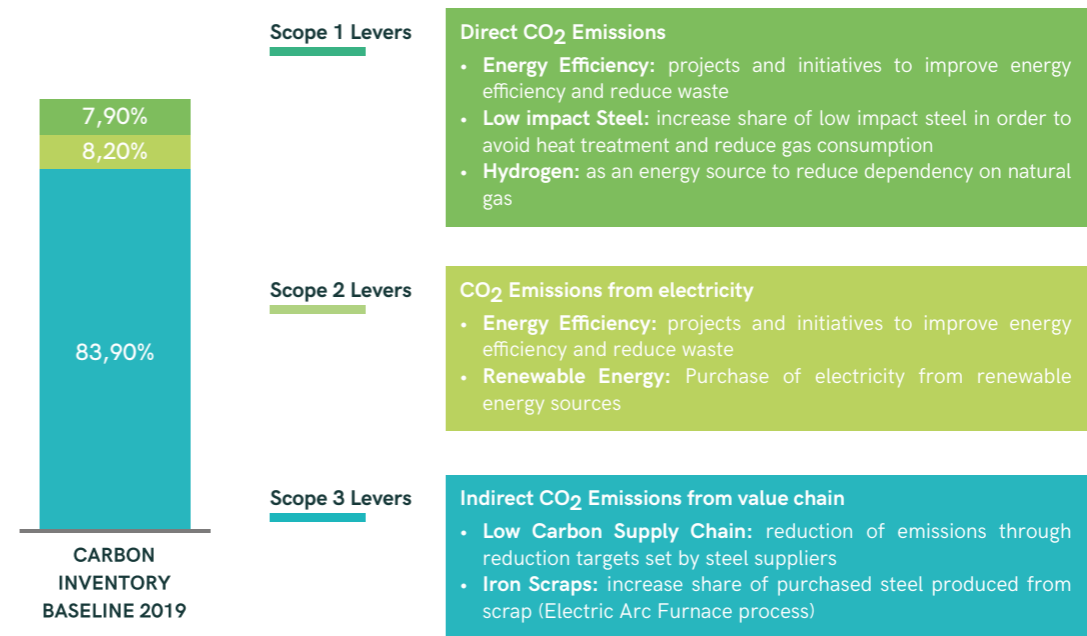
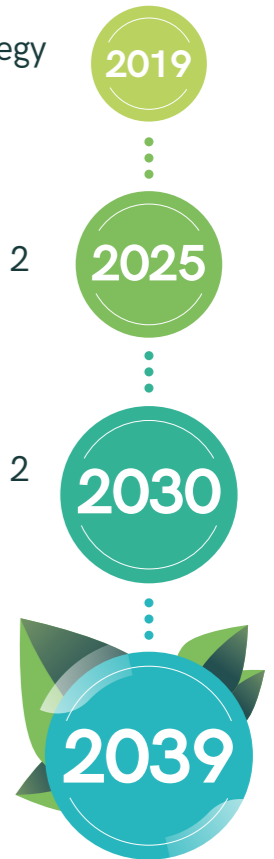
In order to reach these ambitions targets Agrati will leverage the following levers in order to reduce its CO2 emissions: the improvement of energy efficiency in various stages of production, the purchase and generation of electricity from renewable energy sources, the use of low impact steel, the shift towards Hydrogen, and the purchase of recycled iron scraps as shown below.

Baseline and Strategy Development

-55% Scope 1 and 2
-12% Scope 3

-60% Scope 1 and 2
-18% Scope 3

Carbon Neutral



Scope 1 Levers

Direct CO₂ Emissions

- **Energy Efficiency:** projects and initiatives to improve energy efficiency and reduce waste
- **Low Impact Steel:** increase share of low impact steel in order to avoid heat treatment and reduce gas consumption
- **Hydrogen:** as an energy source to reduce dependency on natural gas

Scope 2 Levers

CO₂ Emissions from electricity

- **Energy Efficiency:** projects and initiatives to improve energy efficiency and reduce waste
- **Renewable Energy:** Purchase of electricity from renewable energy sources

Scope 3 Levers

Indirect CO₂ Emissions from value chain

- **Low Carbon Supply Chain:** reduction of emissions through reduction targets set by steel suppliers
- **Iron Scraps:** increase share of purchased steel produced from scrap (Electric Arc Furnace process)

CARBON NEUTRAL 2039

¹ 2019 used as baseline of Decarbonization Strategy
² 2019 used as baseline of Decarbonization Strategy

Circular economy and circular innovation

Agrati acknowledges the importance of moving towards Circular business Models, in order to reduce the environmental and social impacts of its activities. Aligned with the New European Commission, Circular Economy Action Plan, which is understood as "a production and consumption model which involves reusing, repairing, refurbishing and recycling existing materials and products to keep materials within the economy wherever possible". Agrati recognizes the importance of implementing a circular busi-

ness strategy in a systemic way, reasoning and integrating all parts of the business, from the production of raw materials to the final disposal, trying to reduce negative impacts and develop a sustainable way of operating. Circular economy highlights key opportunities for Agrati in the value chain to decouple economic growth from resource consumption, while reducing emissions to the environment.






Agrati wants to face this new challenge as an opportunity to develop new sustainable processes and products and establish collaborative partnerships with both suppliers and clients.

1. Eliminate waste and pollution;
2. Circulate products and materials;
3. Regenerate natural systems.

This innovative attitude will be based on three core principles:

Agrati's circular strategy promotes:

-  The progressive **integration of a circular economy** in all processes in order to rethink the production in a holistic manner.
-  An increased **development of ambitious initiatives**, enabling more efficient processes in terms of resource efficiency, and increasing the possibility of recycling materials and components.
-  A continuous **collaboration with internal and external stakeholders**, accelerating the development of innovative solutions and enhancing synergies to build a circular economy.

Agrati's innovative approach, integrating new technologies in all its processes and using them to think in a holistic manner its production, has empowered the Group to develop a circular thinking. Developing innovative fastening solutions, has enabled more efficient processes in terms of waste minimization, increasing the possibility of recycling materials and components.

Thanks to Agrati's open innovation approach, which involves external stakeholders, such as Universities, Research Centres, accelerators and start-ups, in order to develop ideas and enhance synergies and common interests, will act as a catalyst for Circular Innovation.

The circular approach will enable the Company to innovate, mitigate its impacts on the environment, keep up with wider market trends, spread good practices along the supply chain and generate cost saving solutions.

Product Carbon Footprint - ISO14067

In order to be able to analytically measure the reduction of the environmental impact of its products and processes, Agrati has implemented a methodology for quantification and reporting of the carbon footprint of a product (CFP), in a manner consistent with International Standards on life cycle assessment (LCA) (ISO 14040 and ISO 14044). The calculation process is based on a "Systemic approach" and has been certified by a third party body in accordance with ISO 14067, this for A. Agrati S.p.A. (Veduggio, Trezzo and Dolzago plants) and CVB Srl (Tronzano Vercellese plant).

Quantify the CO2e emissions for every product and design a set of solutions for our clients to reduce the impact of our products.



MEASUREMENT SYSTEM

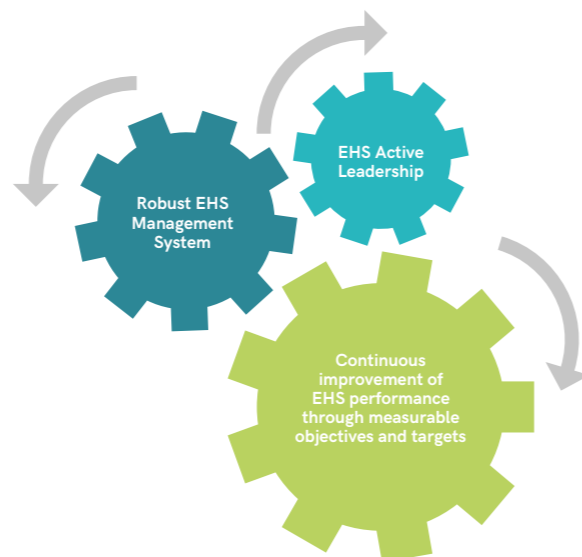
STEP 1
Required by customers

PRODUCT CARBON FOOTPRINT REDUCTION SOLUTIONS

STEP 2
Innovative way to propose value

Resource conservation

The Group Sustainability and EHS Policies show how Agrati is trying to avoid any environmental damage, minimizing its impacts, and striving for continuous improvement of the EHS performance, always in compliance with applicable laws. In order to achieve these ambitious goals, the Agrati Group acts through a visible EHS Active Leadership, a robust EHS Management System in place and the continuous improvement of the EHS performance through measurable objectives and targets. The stakeholder engagement keeps being one of the main assets of the EHS policy implementation, because it allows the Agrati Group to take into consideration the needs of all the internal and external communities.



2021 - 2025 Vision

The Group's commitment towards a robust EHS Policy is reflected in the intention of transforming the policy into commitments that have to be realized through dedicated actions.

As evidence of the fact that Agrati looks forward and does not limit its strategic view to the current fiscal year, the Group EHS vision takes into consideration the continuous improvement of the environmental performances, as:

- Develop safety culture
- Improve risk process
- Improve activities on field
- Abolish hazardous chemicals
- Provide access to complementary medical care
- Promote healthy life
- Develop best environment of work
- "Clean" our manufacturing processes
- Use circular economy
- Reduce wastes & consumption of chemicals, oils
- Anticipate & search for "Clean" solutions
- Eliminate paper
- Implement a sustainable car policy
- Develop ISO 50001 certification
- Improve energy efficiency
- Develop new buildings with energy autonomy
- Use renewable energies
- Carry out carbon footprint assessment



Agrati is committed to reach its goals in the environmental sphere because the environmental aspect is material to the Group.

As a matter of fact, this latter reflects one of the main willingness of Agrati, that is to say the purpose to continue growing responsibly.

As already mentioned, respecting the regulations and the applicable laws on this matter and the search for continuous performance improvements are key principles of the Group's policies and objectives; for this reason, throughout the Materiality Analysis, the Company has paid significant attention to the environmental aspects, as energy management, water and waste related aspects.

In addition to it, Agrati is responsible for guaranteeing that all the Group stakeholders respect its environmental values.

From vision to action

A key aspect of Agrati Group's Environmental Management System is that all the 12 Agrati manufacturing plants are ISO 14001 certified, therefore having a complete set of procedures and instructions able to manage its impacts on the surrounding environment and to draft appropriate reports, to solve complaints and to address critical issues and emergencies. Moreover, the three Agrati manufacturing plants in France are also certified ISO 50001.

In order to reach the goals set by the Environmental Management System, Agrati Group is aware of the fact that appropriate resources, both on the human capital and on the economic side need to be defined and approved based on the annual EHS objectives at the corporate and at the local level.

Concerning the management and training of human capital, the organization charts show the hierarchy of roles and responsibilities within the Organization; specific job descriptions are drafted for determined tasks, and they are communicated to the entire Group by posting on company bulletin boards and publishing on the Intranet. In order to be fully compliant with the regulations and the applicable laws obligations, as well as by the important and binding standards defined by Agrati Group, specific training plans on Environment, Health and Safety related matters are guaranteed to all the employees. Indeed, training is undoubtedly one of the assets Agrati Group's culture, and therefore all the Company employees receive training on EHS Management system awareness. In addition, other training linked to Environmental topics are delivered to people with active roles related to the environmental spheres, and roles and responsibilities related to the environment are clearly set and defined.

On the economic side, the necessary resources are defined annually in the budget for the ordinary functioning of the Organization, or for structural and strategic needs. Each functional manager is

authorized to validate expenses in accordance with the approved budget.

Agrati Group has in place internal and external mechanisms for seeking advice on ethical and lawful environmental management, assigning roles and responsibilities for the mentioned mechanisms to facilitate the communication and the providing of useful advice. More in detail, specialized environmental providers have been selected by the EHS and Purchasing departments, based on competencies and skills required by the applicable laws and necessary for the Environment, Health and Safety Department.

The set of the specific EHS providers cover the following topics (the list is not exhaustive):

- laboratories for environmental analysis;
- specific analyses on field related to environmental aspects;
- information on new laws and the respective impact;
- legal assessment audits;
- training;
- PPE's suppliers;
- energy and water providers;
- waste movements - disposal suppliers.

At last, dedicated information channels are available for facilitating the flow of information and a whistleblowing system is active at Group level. The mentioned system has been set by the Group in order to manage and ascertain any unlawful conduct, and to adopt the proper measures to solve the issue and maintaining the anonymity. Therefore, Agrati Group has a confidential information channel, available to all employees and aimed at reporting potential EHS crimes. The recipient of this report is the Supervisory Body that handles the reporting and ensures the confidentiality, and that communicates the outcomes of the reports to the reporting party. So far, trainings on the reporting mechanisms have been provided only to employees.

Energy efficiency and emissions

Being the CO2 emissions from energy and power generation one of the main contributors to the emission of climate-altering substances, energy efficiency has tremendous impacts to boost economic growth and to lower the carbon footprint. Agrati Group is committed to increase the rate of progress and to facilitate the transition towards a low carbon economy and production, and the introduction of a certified Energy Management System in line with the ISO 50001 standard is an example of the Company commitment.

Therefore, Agrati is strongly committed to reduce its impact due to the use of energy and to contain global warming. Renewable energy is integrated into the Company processes, as are the most efficient energy consumption systems; moreover, Agrati invests in reducing its environmental impact and lowering the energy consumption. The following table describes the major initiatives undertaken by the Group in order to reduce the energy consumption; the reported data are aggregate¹.

	2022	2023
Initiatives focused on the reductions in energy consumption (Gj)	9.567	30.228

¹ The reported data refer to: A. Agrati S.p.A., Agrati France, Agrati Inc., CVB Srl, Agrati FSP Srl and Yantai Agrati Fasteners Co.

The main projects deployed throughout 2023 aiming to reduce energy consumption within the organization were:

GJ saved	Action	Entity and plant
13.431	Energy savings from use of cogenerator heat (3730.76 MWh).	A.Agrati S.p.A. - Veduggio con Colzano
7.235	Revamping heat treatment line Ferré2 (188.640 sm3).	A.Agrati S.p.A. - Veduggio con Colzano
3.024	Implementation of VRS energy audits with specific monitoring of waste, which results in a gas saving of 442 MWh over the year. Installation of an automatic valve on the air inlets as well as the hunt for leaks results in a gain of 397 MWh for 2023.	Agrati France - Fourmies
6.539	Separation of lighting between the Heat Treatment and the Cold Forging: 4Kw saved per WE. Adjustment of heating thermostats before the cold season: 12,600 kW per year Weekly communication on compressed air consumption, switching off machines not in use to reduce electricity and gas consumption.	Agrati France - Vieux-Condé

Cogenerator in Veduggio con Colzano

With the aim of optimising energy costs and reducing CO2 emissions compared to traditional solutions, a 3.5 MWh cogenerator was started up at the Veduggio con Colzano site in September 2023, capable of satisfying a large part of the plant's energy demand. In fact, the plant is able to generate electric energy by means of a Rolls-Royce engine fuelled by methane gas and, at the same time, thermal energy by recovering the residual heat resulting from combustion (exhaust fumes, engine cooling, etc.). Since start-up, the installation has been operating at full capacity and is delivering significant improvements in energy and economic efficiency.



During 2023, the total Agrati Group direct and indirect energy consumption has been equal to:

Total Direct Energy Consumption (KWh)

	2021	2022	2023
Total Direct Energy Consumption	160.889.714	155.047.090	150.239.872
Non Renewable Sources:			
Fuel (Diesel)	2.062.504	994.011	511.067
Natural Gas / Methane	158.827.210	154.053.079	149.728.805
Total Indirect Energy Consumption	102.218.721	103.884.947	105.270.312
Non Renewable Sources			
Renewable Sources	331.646	1.242.875	2.684.257
Total Energy Consumption	263.108.435	258.932.037	255.510.184

Concerning the non-renewable sources, in the Agrati Group plants natural gas is mainly used for heat treatment, namely for the processes of quenching, tempering and annealing, but also for plants heating systems and for the washing machines. For what concerns the Italian plants, forklifts are electric driven as well as in China, while we have LNG in France and part of the US while liquid petroleum gas (LPG) is used as an adjustment of the internal atmosphere of quenching furnaces.

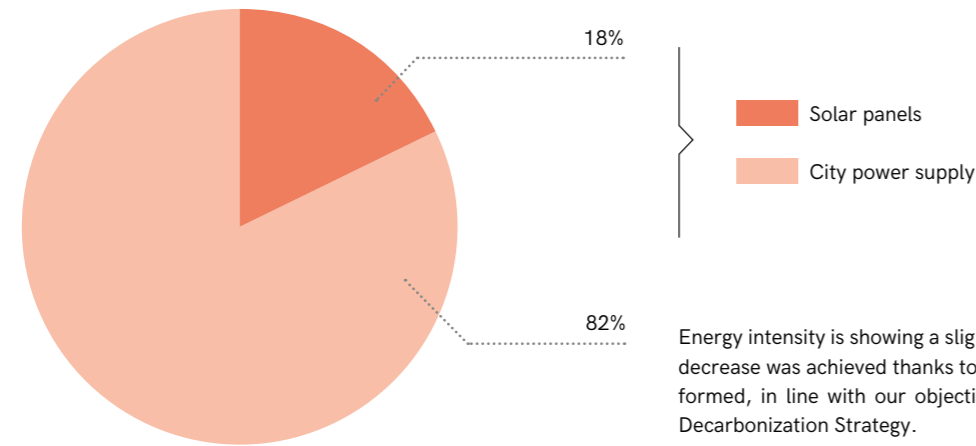
Concerning electricity from renewable sources, the figure refers to electricity produced by solar panels installed on Dolzago, Veduggio con Colzano, Tronzano and Yantai plants.

Electricity from solar panels in YAF

In line with the Group's objective to increase the use of energy from renewable sources, YAF - YANTAI AGRATI Fasteners Co., Ltd completed the project of installing solar panels on plant roof and on parking lot roof in June 2022.

This project greatly decreased Agrati's environmental impact starting from mid-2022 and from 2023 at full potential. It is an important step towards our 2039 Carbon Neutrality goal. The solar power supply started on 16th July 2022. In 2023 the percentage of electricity used in YAF that came from solar panels was 18,48%.

YAF electricity consumption by source

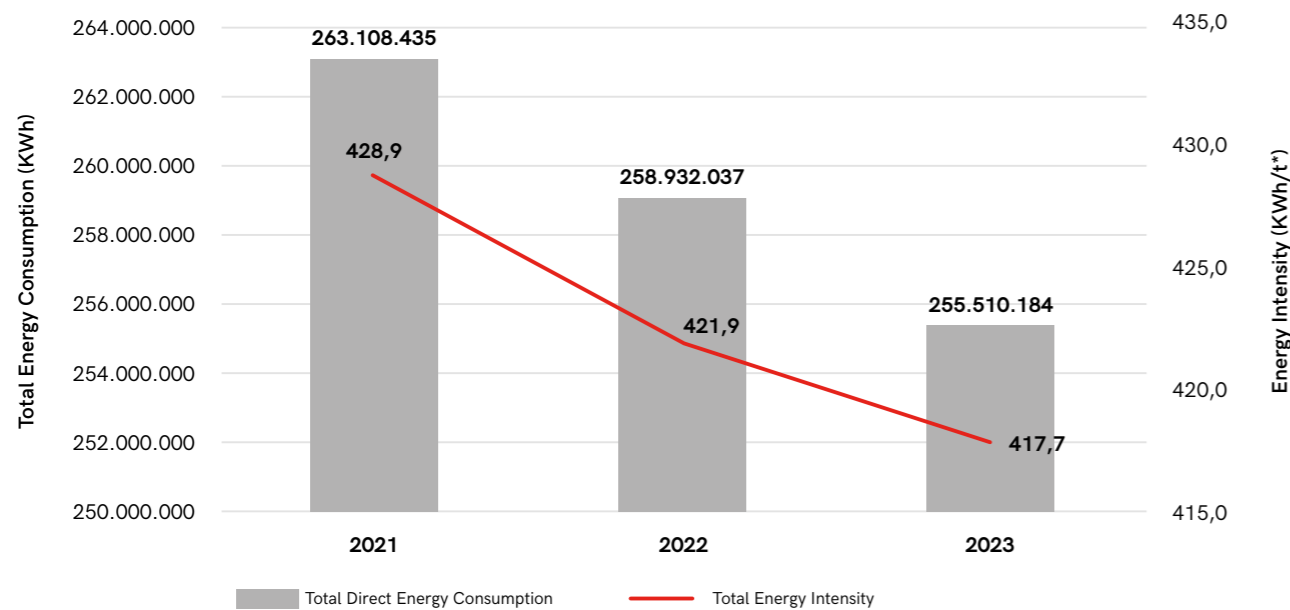


Energy intensity is showing a slight decrease during last years. This decrease was achieved thanks to the energy efficiency actions performed, in line with our objectives and the targets stated in the Decarbonization Strategy.

Energy intensity (KWh/t)*

	2021	2022	2023
Energy intensity	428,9	421,9	417,7

Energy Consumption and Intensity



* The organisation specific metric chosen to calculate the energy intensity indicator is the over cumulative production of each step of production process, of all workshops expressed in tons. The type of energy included in the intensity ratio are electricity, diesel, LPG and natural gas.

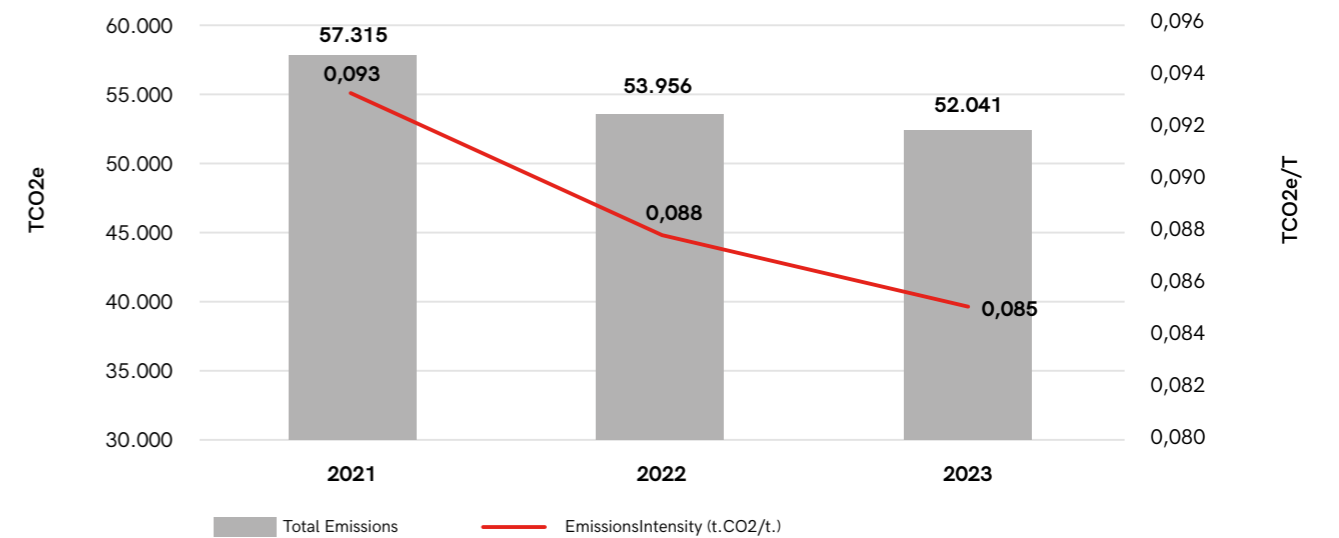
Agrati's emissions

Total direct and indirect GHG emissions t.CO2e

	2021	2022	2023
Direct emissions (scope 1)	29.579	28.452	27.547
Indirect emissions (scope 2)	27.735	25.505	24.494
TOTAL Scope 1&2 (t.CO2e)	57.315	53.956	52.041
Emissions Intensity (t.CO2e/t.)	0,093	0,088	0,085

Source: Scope 1 emission factors DEFRA2023, Scope 2 emission factors ISPRA2023 for Italy and Terna2019 for other countries.

Scope 1 & 2 CO2 Emissions



Agrati has managed to reduce its Scope 1 and 2 Emissions by 21% compared to 2019, the Baseline of its Decarbonization Strategy, and by 3% compared to 2022. Whilst also reducing its Emission Intensity (the CO2 emitted per Tonne of product produced) by 5% compared to 2019 and by 3% compared to 2022.

**-21%
CO2e Emissions
vs 2019
(Scope 1 and 2)**

**-5%
Emission
Intensity
vs 2019**

The Group has expanded its carbon inventory including Scope 3 emissions deriving from upstream and downstream activities. The Group carried out a relevance analysis and identified eight key Scope 3 categories to monitor.

Scope 3 categories calculated are the following:

Scope 3 Category	Emissions 2021 (tCO2e)	Emissions 2022 (tCO2e)	Emissions 2023 (tCO2e)	% on scope 3
Purchased goods and services*	185.679	118.279	121.646	76,5%
Fuel and energy related activities	11.921	11.611	11.299	7,1%
Upstream transportation and distribution	53.990	37.445	14.899	9,4%
Downstream transportation and distribution		118.141		
Waste generated in operations	2.238	2.411	2.546	1,6%
Business travel	244	1.969	1.056	0,7%
Employee commuting	2.980	4.296	4.539	2,9%
End-of-life treatment of sold products	2.810	2.838	2.961	1,9%
TOTAL Scope 3 (tCO2e)	259.862	296.990	158.947	

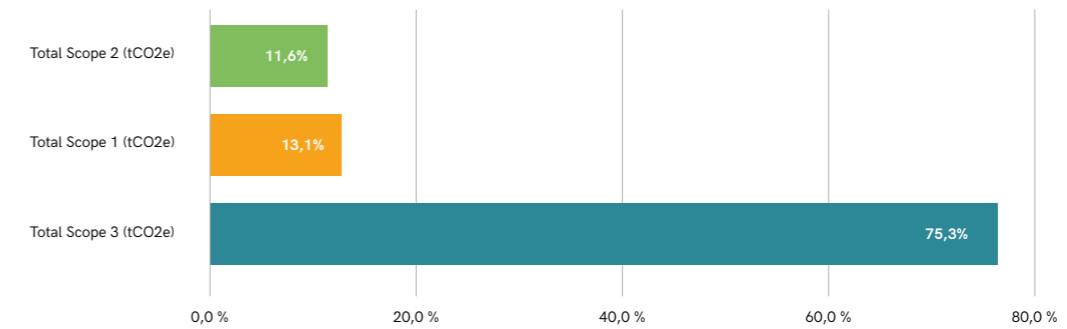
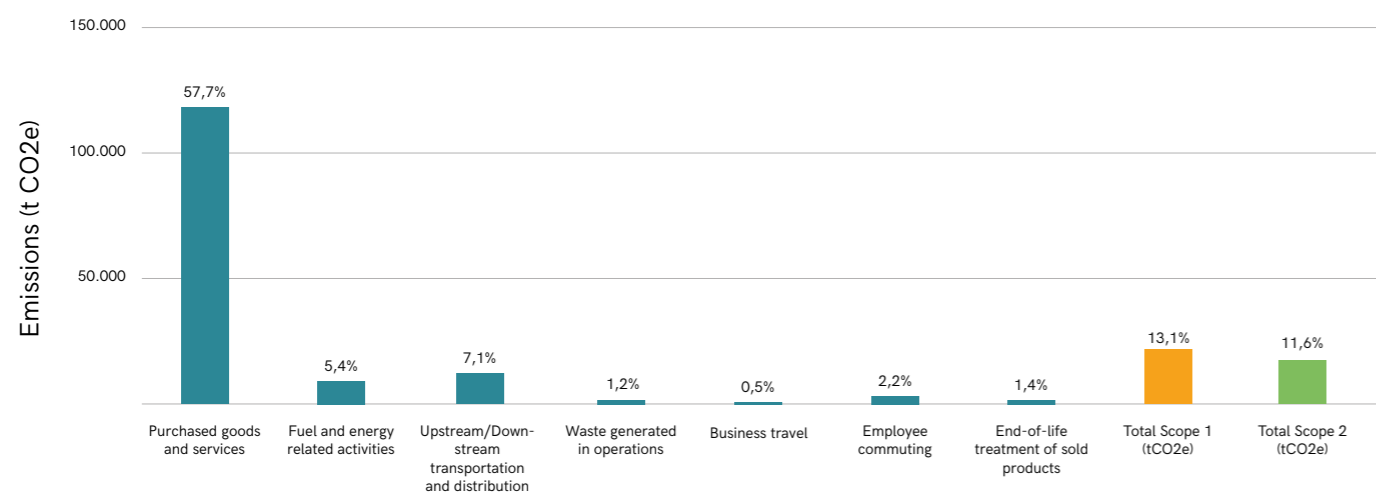
* Calculated using an emission coefficient for each type of supply, the analysis was made on a significant pool of suppliers

Due to its complex nature, the calculation of Scope 3 emissions involves the use of necessary assumptions and estimates. Starting from 2022 data a more robust analysis of main suppliers' emissions was implemented leading to a more precise calculation of "Purchased goods and services". In 2023, we made a considerable effort to refine and improve the data collection and calculation methodologies for Scope 3 emissions, resulting in a broader scope of data collected, the fine-tuning of assumptions and more details on relevant aspects. However, since this process could not be applied retroactively, it should be noted that the 2023 data cannot be fully compared to the previous years, particularly for upstream and

downstream transportation and distribution. In 2023 a new methodology for Upstream and Downstream transportation's emissions was implemented: in particular, the implementation of a new tool - that collects data for each shipment - allowed a significant improvement in the calculation accuracy. The significant reduction of CO2 emissions from transportation is mainly due to a lower use of air transport compared to the previous year and more customer-led transport, as well as an improvement in the efficiency of the routes managed by Agrati.

Scope 3 emissions represent the 75% of Agrati's total emissions.

Agrati CO2 Emissions 2023 (Scope 1,2 & 3)



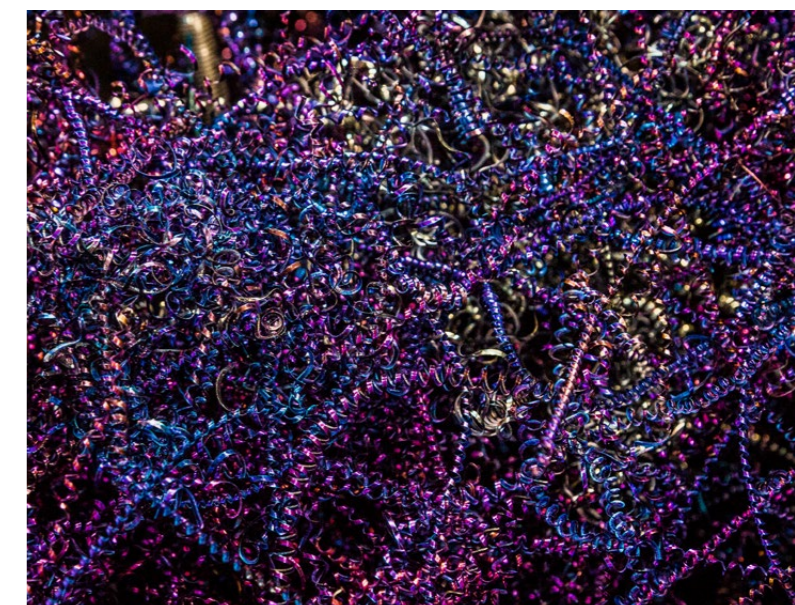
Moreover, as a matter of fact, air pollutants have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health, and therefore international laws and regulations are more and more increasing the requirements on the control of air emissions¹. In the attempt to comply with the applicable laws on the subject, Agrati Group reports the main significant air emissions by weight, as shown in the following table:

Significant emissions by weight (t)

	2021	2022	2023
Nox	79,59	88,43	69,37
Sox	16,61	16,23	12,78
Volatile organic compounds (VOC)	7,53	2,43	7,51
Particulate matter (PM)	17,24	25,27	27,60

Waste management

Agrati Group's commitment to reduce its environmental impact does not end in improving the energy efficiency and reducing the GHG and air emissions. In accordance with the idea of circular economy, the Company is convinced that an efficient waste management and disposal system is pivotal to reduce the Group carbon footprint and the impact on the environment.



¹ The emissions are based on the analysis of external laboratory: once every year or two years, all the emissions are subject to external laboratories control.

Waste diverted from disposal (t)

	2021	2022	2023
Total weight of hazardous waste	2.754	4.559	4.604
Re-use - offsite	54	118	-
Recycling - offsite	747	1.461	2.922
Other recovery operations - offsite	1.953	2.980	1.683
Total weight of non hazardous waste	9.795	12.956	12.437
Re-use - offsite	414	-	855
Recycling - offsite	3.190	3.885	2.959
Other recovery operations - offsite	6.192	9.070	8.623
TOTAL waste diverted from disposal	12.549	17.515	17.041

Waste directed to disposal (t)

	2021	2022	2023
Total weight of hazardous waste	2.584	3.258	4.546
Total weight of hazardous waste directed to incineration (with energy recovery) - offsite	100	465	818
Total weight of hazardous waste directed to incineration (without energy recovery) - onsite	43	-	-
Total weight of hazardous waste directed to incineration (without energy recovery) - offsite	332	138	150
Total weight of hazardous waste directed to landfilling - offsite	452	529	1.333
Total weight of hazardous waste directed to other recovery operations - offsite	1.656	2.126	2.245
Total weight of non hazardous waste	8.817	2.966	3.980
Total weight of non hazardous waste directed to incineration (with energy recovery) - offsite	9	64	64
Total weight of non hazardous waste directed to landfilling - offsite	6.711	40	226
Total weight of non hazardous waste directed to other recovery operations - offsite	2.105	2.862	3.690
TOTAL waste directed to disposal	11.400	6.224	8.526

In the Agrati Group plants, waste quantities are directly influenced by production rates and by the performances of waste water treat-

ment stations, on which the Company is investing a lot, searching for new technologies and solutions.

Soil defence

Soil defence allows the prevention of loss of the topmost layer of the soil from weathering, such as erosion or reduced fertility caused by over usage, acidification and salinization of soil contamination. At a first glance, these kind of impacts on the natural environment might seem the result of a merely agricultural activity; nevertheless, every kind of industrial activity has its own kind of impact on the soil, and in order to facilitate a transition towards a greener economy, companies must put more effort in preventing soil spoil. One of the Agrati Group's main impacts on the natural surrounding environment is the use of water, which the Company

tries to exploit in a sustainable way, mainly monitoring the withdrawal and discharge rates of the resource. To reduce its impact on water consumption, Agrati started to capture rainwater and use it in its processes of production.

During 2023, Agrati Group's total water withdrawn was 474 Mega Litres, while the total water discharged was 298 Mega Litres, which makes the total water consumption equal to 176 Mega Litres. The main features can be found in the following tables:

Water withdrawal by source (Mega Liters)

	2021	2022	2023
Surface water	25,77	27,82	30,90
from freshwater	25,77	27,82	27,43
Ground water	58,47	101,00	105,60
from freshwater	58,47	101,00	105,60
Third-party water	307,14	344,61	338,31
from freshwater	291,59	329,61	320,45
from other water	15,55	15,00	17,86
Total water withdrawal	391,39	473,43	474,81

Regarding water stress, the overall exposure of the group is relatively low. In the Italian and American plants, the water stress level is low and of no concern. In France, in general the risk remains low but in particularly dry periods the group, following recommendations of local authorities, reduced at a minimum consumption le-

vel; nonetheless this remains extremely rare. Concerning the YAF plant, where the risk is considered higher, Agrati currently follows all guidelines and recommendations of the local authorities but is planning on developing a preventative plan in order to anticipate and prevent risks associated with water shortages.

Water discharge by destination (Mega Liters)

	2021	2022	2023
Surface water	34,00	32,44	35,67
Ground water	5,44	4,43	5,55
Third party water	233,42	267,88	257,11
Total water discharge	272,86	318,00	298,33

Water discharged volumes are influenced by production levels; moreover, the presence of certain substances on discharge is influenced by the contribution of each step of the production process, as some processes are continuous, and some others are batch. Daily internal tests are led for most critical substances or

parameters, and in addition external tests are performed on average every three months (please note that the frequency may vary depending on site location).



CUSTOMER STRATEGY ROADMAP

8. Product excellence and innovation

Product excellence and innovation

Constant attention to customer needs

The Group has to be innovative and move fast to turn ideas into products and services that create differentiating customer experiences to keep pace with customers' evolving needs and at the same time continuing to deliver on Agrati's Customer Promise. The continuous attention to customers' needs is a key point in Agrati's philosophy. This approach brings to a close collaboration with the customers that turns into a trustful and strong relationship.

Agrati strongly believes that customers are a great asset for the company because it is thanks to them that the Group is prompted to constantly look for and design new products, new technologies and new process lines. One key indicator of the continuous attention to customers is the ability to develop new products following customers' requirements. Agrati is able to develop around 1.000 new products every year, and considering that active parts are 15.000, the innovation ratio is around 7%. This is the core activity of our technical department, that starts from the customer requirements and drawings that are transferred into engineered products.

The initiative that better explain our attention to customers in terms of products is the co-design, that is the design of complete automotive platforms and industrial development of complex parts. In one year, the number of co-design activities is very variable, depending on the wideness of the project.

In this way, Agrati is able to offer its clients with the best solutions in terms of product and price with the flexibility of a fully equipped logistics centre for every requirement.

Another asset that helps Agrati enrich its relationship with customers is the Agrati University. During the year, several training workshop on fastener technology are organized. Starting from the basics of fastener terminology, the course builds up to more technical modules on more advanced fastening systems. These kinds of courses and workshops, intended not only for Agrati's engineers, buyers, purchasing managers, quality and manufacturing department staff, but also for customers and suppliers, represent a great opportunity to enhance Agrati network and reputation.

One of the most important pillars of Agrati's idea of attention to customers is product quality. Our customer quality department is focused on understanding how to transfer the customers' requirements into Agrati's processes and organization.

Starting from 2015, the Agrati group has defined a specific approach to manage customer relationship with a dedicated team, where many functions of the organization are involved, from sales to quality.

Customer Strategy Roadmap

The Company, starting from 2020, developed a specific initiative to strengthen its attention to customers called "Customer Strategy Roadmap".

The goal of this initiative is to have a regular and solid monitoring of the health status of the main customers of the Group. The issues on the focus of this analysis are sales development, new business acquisition, new product development, quality and service levels.

All these aspects are analyzed in details, and the results are shared with all the departments that are directly or indirectly involved with the customer (Sales & Marketing, Customer Service, Quality).

At the end, this activity can turn into a specific action plan, with a list of detailed initiatives that aim to address all customer's painpoint and improve the relation. The Company, starting from 2020, developed a specific initiative to strengthen its attention to customers called "Customer Strategy Roadmap".

Agrati actively engages on major Social Networks, where it shares content aligned with an annual editorial plan crafted around business strategies and the mission of attracting talent and engaging with people.

Agrati's audience spans diverse buyer personas, ranging from clients to technicians, from senior professionals to younger people (Gen Z).

Social media management falls under the purview of the Group Communications team within the Sales & Marketing Department.

This team oversees Agrati's presence on LinkedIn, Facebook, Instagram, and Youtube. Agrati's corporate Pages collectively boast 24.746 followers (an 18% increase from 2022), with nearly 92% originating from LinkedIn, 5% from Facebook, 2% from Instagram, and 1% from YouTube.

The primary advantage of Agrati's social media presence lies in fostering a network of relationships, cultivating a dedicated community, and enhancing brand awareness.

LinkedIn and Instagram serve as the most effective platforms, enabling Agrati to connect with its target audience within the automotive and mechanical industry, while also bolstering corporate reputation and employer branding through engagement with Agrati's social community.

Product's quality and security

Agrati is dedicated to establishing the necessary organization and allocating resources to achieve our objectives while embracing continuous improvement, in strict adherence to the highest ethical and quality standards. By doing so, we aim to ensure the satisfaction of our customers, employees, and shareholders.

This commitment is reinforced by our Group Quality Manual written to satisfy the IATF16949 standard, with the comprehensively outlines the company's internal processes.

Moreover, the Group collaborates with leading certification bodies in the industry to define quality and sustainability criteria that govern the industry itself. Each corporate procedure mandates the appointment of a Process Manager responsible for delegating tasks to department personnel. However, this responsibility cannot be delegated.

Approximately 10% of Agrati's product line falls under the category of "Safety Products." Alongside ensuring optimal performance, specific procedures have been established. Agrati's Safety Products Management Procedure delineates methods for identifying and overseeing security parts, critical components, or items subject to regulation. The organization documents processes for managing product safety-related products and manufacturing processes, which encompass defining responsibilities, outlining escalation processes, and facilitating information flow, including notifications to top management and customers. Furthermore, Agrati Group has appointed a "Product Safety Officer" (PSCR) for each manufacturing plant, tasked with establishing business risk management systems.

The foundation of Agrati's high product quality lies in the skills of its employees. Each manager is dedicated to determining the requirements of personnel assigned to specific tasks and evaluating their training needs. Additionally, staff competencies and awareness are fostered through the "Agrati University" training program. Employees undergo comprehensive training courses, which include both theoretical and practical components, with experienced personnel serving as mentors and access to specialized machinery. Furthermore, periodic and targeted courses, such as "Safety Products Management," are conducted to ensure proper management and control of product safety. This training regimen is implemented through the "Training" Group procedures and is administered to all new employees every three years to maintain an optimal level of competence.

"Agrati University" includes 7 training courses specifically dedicated to Quality:

- Failure analysis basics
- Quality tools to achieve excellence

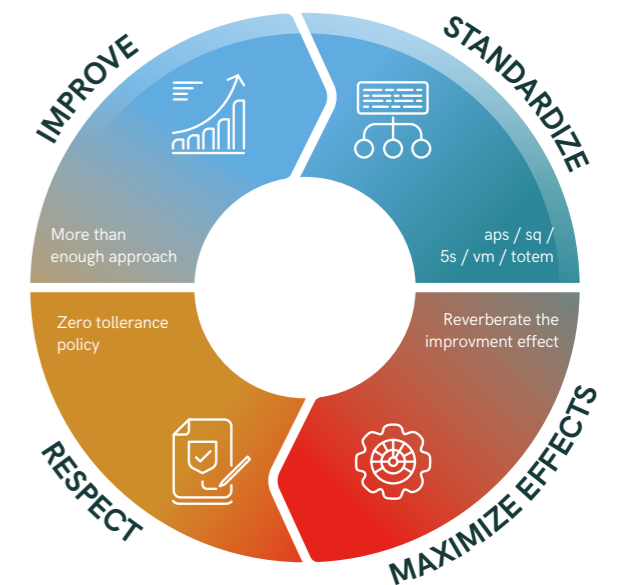
To support communication, Agrati also has a team of ambassadors with the following objectives:

- Communicating the Agrati world
- Strengthening brand reputation
- Advancing Agrati's key business objectives
- Attracting top talent
- Increasing follower count and engaging them.

- Problem solving methods
- Customer claim
- Statistical process control (SPC)
- Quality system basics
- Management of safety characteristics
- FMEA

In addition, other courses are organized by external teachers or entities, mainly dedicated to the quality system and its audits, and the qualification of the auditors.

All Group Policies¹ include systemic commitments and complete the strategic vision of the upper management. Precisely, it is in this policy documents that short- and medium-term goals and missions come from, as well as the principles contained in the Group's Ethical Code. In particular, the Group Quality Policy, states the purpose and sets the strategic direction of the company, to align all organization's function, providing a framework for quality objectives, including a commitment to meet applicable requirements in terms of quality and safety. Agrati's approach aims to satisfy several goals such as respect norms and customers specific requirements, achieve excellent quality and service performance and develop with the customer innovative fastening solutions while deploying the APS global industrial system, analyzing and reducing risks and developing opportunities.



¹ Quality, EHS (Environment, Health and Safety) and Sustainability.

Annually, the Group's Steering Committee conducts a formal review of results known as "Management reviews," following a specific procedure. This review encompasses audits results, customer data (including satisfaction levels, claims, and feedback), process status, actions taken, and potential changes affecting the Management System. Utilizing this data, the General Manager and Project Pilots draw conclusions regarding the adequacy, performance, and efficiency of processes, and decide on guidance and resource allocation for the upcoming year. Furthermore, Country and Plant Management may conduct their own management reviews within their respective areas, while plant management ensures these reviews occur at least once annually.

In addition to the yearly management review, a periodic quality committee is convened to evaluate site quality results and implement corrective or preventive measures. Similarly, a parallel approach is adopted for Environmental Health and Safety (EHS), with periodic meetings held at the plant level involving various stakeholders, including unions, to share EHS indicators, accidents, and actions. These meetings also serve as a platform for establishing and implementing objectives and targets. The Quality function, alongside Operations, particularly Continuous Improvement, collaborates to ensure the execution of improvement plans.

Processes are directly overseen by centralized functions and are standardized across all Agrati Group entities. Project Pilots oversee process outcomes and resource utilization, considering internal, customer, and legal developments, and defining acceptance criteria for products and services in alignment with customer requirements. Additionally, performance indicators are defined annually during the management review to assess process efficiency.

Agrati has implemented a quality management system covering all its plants, compliant with ISO 9001 and IATF 16949 standards, validated by an independent third-party Certification Body.

100% Plants with IATF 16949 Quality Certification

A formal review of results named "Management reviews" is conducted yearly by the Group's Steering Committee according to a specific procedure. The minimum content of the review is about Audits results, Customers data (satisfaction, claims, feedback), Processes status, Review of actions, Changes that can affect Management System. Based on this data, the General Manager and the Project Pilots make conclusions on adequacy, performance and efficiency of processes and decides on guidance and resources to be implemented for next year. Contextually, Country and Plant Management can also conduct management reviews in their respective areas, while plants' management reviews are conducted by the plant management at least once a year.



The launch of each new product is managed by Agrati Group in accordance with APQP process: Advanced Product Quality Planning. Thanks to this process, all products are assessed and included into continuous improvement process. APQP process evaluates the level of criticality in case of failure for each individual product feature (this level is normally defined by the product designer: the customer). Based on this, following the design of the product and of the production process, in accordance internal procedures, the mode and effects of any potential failure are analysed through FMEA (Failure Mode and Effect Analysis) techniques.

The FMEA is an automotive quality core tool demanding a multidisciplinary approach that require different persons and competencies to sit together to evaluate risk and corrective actions; also by seeking advice among different functions of the organization. Following the APQP process, implemented in accordance with group procedures that define product and process design/development, the mode and effects of any potential failure are analysed through FMEA techniques". Finally FMEA generates the Control Plan defined for each individual product; including checks and specific controls that will be carried out by the production staff, internal quality, laboratory staff or by external companies selected on the basis their capability to perform tests and international accreditations. An escalation process is established to properly and timely react to any quality, safety and serious environmental issue. The non-conformities found are recorded using specific systems. Non-conformities are analysed according to their severity and corrective actions are defined and implemented. A sharing system of the "lessons learnt" ensures the transmission of information to each site of the Agrati Group.

Thanks to the Agrati Group Corporate Quality System, the quality level received by customers is monitored through the IPB indicator (Incidents Per Billion parts delivered).

Agrati annually monitors complaints that have been forwarded to the Group for defects relating to product characteristics defined by the customer's "safety" technical specifications, at plant, company and Group level.

	Quantity shipped (No. in Billion)	Concerns (No.)	Incidents Per Billion	Concerns regarding "Safety" features (No.)	Involved IPBs (safety features)
2021	7,52	132	17,54	5	0,66
2022	6,72	277	41,22	7	1,04
2023	6,88	236	34,29	78	11,33

The data revealed a slight decrease in 2023 compared to 2022; starting from 2022 concerns increased significantly due to a more stringent method of reporting of type A and B concerns from NAFTA region. Agrati is taking actions in order to return to level of excellence of previous years and reduce IPBs drastically.

This path was strengthened by Quality Improvement Plan launched in 2018 and continuously pursued as continuous improvement project. The project is based on four axes:

- Standardize, through the adoption of specific tools like Agrati Production System, Quality Standards, 5S lean manufacturing;
- Maximize effects, amplifying the improvement effect through lessons learned and paperless audit;

- Respect of the standards through a "zero tolerance" policy, applying integrated auditing systems and processes;
- Improve, through a "more than enough" approach aimed at reaching the excellence in problem solving effectiveness.

The project implies the strict collaboration between operations, quality, human resources and technical departments; this wide organization demonstrate the strong effort of the Company towards the creation and the spread of a customer centric culture.

The progress of the plan is monitored monthly at the level of the individual activities and annually as a whole.



Be a global partner: complete support for the customers

Agrati is recognized as one of the leading manufacturers of fasteners solutions in different application fields. Agrati is a supplier of technology, specialised in complex fasteners, able to offer quality, high levels of service and, above all, great technical expertise that is mainly developed in the activity of Co-Design.

Agrati produces screws, bolts, nuts and Advanced Form Parts. The experience gained over the years has meant that the company became a valuable support for the design and validation of complex products, from design to execution of functional tests, passing through analysis to finished elements and prototyping.



Agrati Tech Center & Co-Design



The Agrati Tech Center (ATC) represents one of the Key factors for the Group: an integrated team of experts involved in different fields - material engineering, moulding and mechanical processes, coatings, design, applications and experiments - with the mission to develop and promote innovative solutions, aiming to be a reliable, dynamic partner, with an elevated technical competence to ensure comprehensive and profitable support of fastening solutions. This department employs highly specialised personnel in various technical fields including mechanical, chemical, material science and aeronautical engineers.

The Agrati Tech Center mission is to develop and promote innovative solutions, aiming to be a reliable, dynamic partner, with an elevated technical competence to ensure comprehensive and profitable support in the field of fastening systems. ATC is oriented to new technologies (ex. cleanliness), new materials (Bainitic steel, Cu, co-moulding) and new shapes (special threads, sockets).

The ATC team:

- offers in-depth and continuously updated skills and experience combined with modern and reliable machinery and instruments;
- can fully meet the customer's technical requests;
- develops tailor-made designed and engineered solutions;
- carries out all the possible research required in the "design by experiment" approach on the fastening systems;
- works with universities and research institutes with an open and clear approach.

Thanks to the combined and synergistic work of the team and a dedicated staff, Agrati was able to launch one of its core businesses: Co-Design. This multidisciplinary service involves all Agrati skills in fastener design, analysis and validation, starting from a blank page to the mass production of a fully functional component or all fixtures of a vehicle, with the product and assembly process validated by the customer.

ATC activities lead to a gradual and constant customer fidelity and is based on a work approach that involves the customer's technicians and engineers being proactive and able to anticipate the technical needs and demands each day.

Co-Design is the engineering service that ATC can offer to their customers. This kind of activity follows the customer in its every

need, concerning engineering of fastening systems. The approach of Agrati's Co-Design is meant to start from the beginning of a project, laying out the basics of the joint designs together with the other functional components of the joint, and to finish with a validated and functional product. Co-Design projects involve three main phases, that will differ slightly from project to project.

Each phase is not specifically subsequent to the other but a mix of all of them can be present at any time in the project itself, depending on specific project and customer needs.

The service is composed by three main phases:

- **Design & Calculation:** Fastener design can range in various degrees of complication, starting from pure engineering calculation according to VDI2230 and passing through 2D simulations of joint behaviour, arriving to 3D thermomechanical simulations of all the members of the joint. During the design phase, specific information about the joint elements and the fasteners can be assessed via testing experiences, these data are useful to base the calculations on real tested parameters that help in the design of the joint. The design phase usually ends with a drawing definition, together with a first proposal of tightening strategy;

- **Prototyping:** The designed fastener can be produced in limited quantities in order to prepare prototypes for the end customer, make tests, validations and production line setups before serial production. The prototype can be produced in various ways depending from the required volumes, the availability of WIP parts in our facilities and the geometry of the part to be realized itself. The technologies used in the prototype production cycle are as close as possible as the ones used for serial production, but ATC can use various technologies: from bar, via turning and modification of WIP or with a full cold forging process. To achieve its goals, ATC uses a profound collaboration with trusty suppliers in the area of operation as well as its internal resources;

- **Testing and Validation:** ATC is equipped with state of the art technology in order to perform testing activities in laboratory or at the customer facilities, depending on the specific needs and the type of project. Testing is deeply connected to the specific customer needs and what has been observed during calculation. A verification of all the needed parameters is done to make sure the joint properly works during the product deployment. The main focus in joint validation mainly relate to 2 fields of expertise: tightening strategy and relaxation performance verification. The 2 areas relate respectively to what happens in the assembly facility at the customer and the joint performance in the field. ATC is capable of supporting the customer in both, giving advices and technical inputs to solve potential issues.

ATC's Role in EHS Sustainability

The Co-Design projects mainly aim to define the best and functional joint in consideration of the customer's various objectives including the right mechanical resistance, optimal weight, tailor made dimensioning, the best choice of raw materials, corrosion class and surface finishing in compliance with international standards, along with REACH and RoHS regulations.

As a direct consequence, ATC actively partners with OEMs and Tiers, in achieving suitable outcomes in the assembled components, dedicated to weight reduction and CO2 emission aspects.

What's more, Agrati customers also have the opportunity to make their production process more efficient, being attentive to ergonomics, safety and productivity of assembly lines to promote worker well-being.

ATC is fully involved in the supply network concerning the development and industrialization of functional surface coating solutions: over the last 3 years ATC has managed 70 projects to research and develop products with tailor-made surface coatings aimed at achieving the desired performance, such as prevention of different types of corrosion, the control of the friction coefficient, the request for aesthetic requirements, and the efficiency of the application processes in accordance with existing regulations. Ecoplate, HiBlack, Agratilube, are some examples of the surface coatings developed.

Thanks to direct cooperation with the other internal departments, ATC constantly works to solve problems and to improve the

molding process (finished element analysis, experimentation and investigations to increase the useful life of the molding tools), to minimize and better manage waste, to employ high-performance chemical products with the aim of improving fundamental processes such as the preparation of the raw material (from annealing to drawing) and heat treatments.



FSP: Full Service Provider

Not only Agrati Group manufactures products, but it is also a Full Service Provider at global level. It's a strategic service able to identify the market for C-Parts, fasteners, metal, copper and plastic components procurement, also including engineering, development, sourcing, manufacturing, quality and building relationships with suppliers. All this ensures integrated full responsibility of the supply chain allowing cost savings, speed and continuity.

Engineering, development, manufacturing, procurement, quality and supply chain: these are the pillars of the model on which our Full Service Provider philosophy is based on.

FSP works in a close cooperation, strong and balanced relationship with customers, consolidating the business on fair and professional

roots, looking for transparent and sustainable sources: this is a commitment and also the Company's mantra. Indeed, Agrati is responsible for the direct supply of material to the customers and they can count on the stable base of the Group' support and production plants. FSP well-established internal purchasing division works along with the on-site Quality and Logistic Departments. This allows Agrati to give to the final customer the best solutions in terms of product and price but also the flexibility of a fully equipped logistics centre for every requirement.

Agrati FSP specializes in consignment stock as well, kanban services and customized packaging projects are designed based on the customer needs.

Agrati's strength: continuous innovation

Following the latest trends in the automotive sector, Agrati Group has developed new innovative products and processes, through new technologies, new materials and new shapes, to cope with the market requests for new solutions, new business and continuous evolving needs.

In order to face the future challenges of the automotive sector, Agrati has decided to set itself ambitious goals regarding innovation, reviewing its approach and organisational model. First of all, an innovation team has been set up comprised of resources who, with various roles, have the objective of dealing with technological discontinuity, proposing radical solutions and modifications that can characterise the years to come. The impact of innovation team is also to architectural innovation, including both technological disruption and new business models.

To support this strategy, Agrati has also decided to open up to the outside world by adopting a so-called open innovation approach, involving other entities of various natures. This includes realities such as universities, research centers, accelerators and start-ups along with also companies operating in sectors that may seem quite detached from Agrati's core business yet with which synergies and initiatives of common interest can arise.

In order to involve all levels and employees, in the innovation process, more than 30 courses are internally implemented to train employees on R&D, spreading from introductory to more technical courses, such as: Edison Method - Training Edison Innovation Lab, Innovation Training and Advanced training on NOF coatings.

Digital transformation

In this context, the Group has recently undertaken a path towards Industry 4.0 which allowed Agrati to enter a new context of digitisation in the processes, enabling a virtuous circle that starts from the collection of production data that is then managed and processed in cloud computing infrastructure for the structured management of big data aimed at the continuous improvement of efficiency and productivity. For Agrati, Industry 4.0 means the possibility of introducing innovation and technological advancements in the various phases of the process in order to digitise and automate the production process as much as possible.

In particular, the scope of such development is to monitor the machines for production control and progress, geolocation for managing logistics in handling materials, introducing AGV (Automated Guided Vehicles) and SDV (Self-Driving Vehicles), visual checking systems auto-applied to specific operations, predictive maintenance and the application of technological solutions related to ergonomics to reduce operator fatigue. In terms of sustainability, various initiatives to improve production processes are aimed at increasing efficiency and energy savings through the reduction of the power required or through the recovery and reuse of energy consumed at certain stages. The concept of circular economy is also one of the guidelines behind the development of innovative fastening solutions intended to increase the chances of recycling materials and components. Finally, is the continuous modernisation of plants for the management of operator safety and environmental protection.

Ensure the protection of sensitive data in innovation

In the innovation process a critical point is to ensure that sensitive data, of both Agrati and its stakeholders, are protected, and the highest possible levels of integrity, confidentiality, and restricted availability must be set. Agrati is fully committed in sensitive data protection.

Intellectual Property Management is defined by a specific group procedure and 100% of the "Innovation" staff is trained on these topics through the dedicated Agrati University "Legal pills for R&D" module.




For Innovation activities, including also Co-Design projects, Agrati sign with its stakeholders non-disclosure agreements in order to protect the information exchange. In addition, regarding "innovation projects", a procedure has been implemented which requires an NDA to be signed by all Agrati employees involved; this is important in order to maintain that regime of confidentiality of information, which must remain limited exclusively to the persons concerned.

Delivering innovative products

Agrati continues its effort towards product innovation, following the automotive trends that are driving the industry into the new era of mobility.

The Group spent many efforts concerning electrification, developing products with specific properties like electrical conductivity, voltage and heat resistance. Agrati continued the development of competencies in plastics and overmolding process, as weight reduction is another important element that is required to all the automotive players. The use of special materials, like aluminum, alloy steel and stainless steel, is a further stream of product development that Agrati pursued during the year.



PRODUCTS INNOVATION			
	NEW MATERIALS	<ul style="list-style-type: none"> Advanced thermoplastic for over moulded products Add new properties using technical polymers New coatings for disruptive performance 	
	EV BATTERIES	<ul style="list-style-type: none"> Innovative cell to cell mechanical joining solutions Control & reliability of electrical contacts Embedded sensors for battery maintenance 	
	SMART FASTENERS	<ul style="list-style-type: none"> Connect the smart fasteners to the vehicle or the infrastructure through an IoT layer 	
PROCESS INNOVATION			
DIGITAL TRANSFORMATION	PROCESS CONTROL	NEW TECHNOLOGIES	PROCESS AUTOMATION

ODA (Order of Activity)

ODA (Order of Activity) are managed through a database based on MS Project on cloud and named EPPM. Inn collect all the info linked to the Innovation Projects, that is also a repository for any info or claims coming from the customers. The data recorded by EPPM are used to collect and calculate process and sub-process of Innovation KPI, regularly reviewed through Innovation Balanced Scorecard.

Environmental sustainability through product innovation

Product Innovation is an embedded process in Agrati's mission to reduce the environmental impacts. Sustainable product innovation aims to design products that deliver environmental benefits to the Company and costumers, such as CO2 emission reductions, improved recyclability of products, and energy savings. Furthermore, the shift towards vehicle electrification is transforming the demands of clients and subsequently Agrati has put in place in several innovative projects in order to keep up with this quickly evolving market.

DRIVE
PERFORM
MANAGE
SUSTAIN

9. Responsible value chain

Responsible value chain

2023 HIGHLIGHTS

- 76% recycled input materials
- 82% raw material from scrap (EAF)
- 62% of purchases from local suppliers
- Supplier sustainability assessment improved
- First sustainability suppliers' day

RELEVANT SDGs



SUPPLY CHAIN EXCELLENCE

The supply chain function is focused to serve customers with the best service level reducing total logistic costs. Supply chain is aimed to drive superior performance through vendors management and manufacturing plant management. Kanban is a part of supply chain and is a planning concept to streamline operations and improve efficiency throughout the value chain.

Agrati Group takes good care of its supply chain dynamics, as the Company has its plants spread throughout the globe, it employs people from all over the world, it purchases raw materials and products from suppliers having their production plants far away from the Company's headquarters and supplying, on its turn, customers on different markets.

Raw materials are directly supplied by steel production suppliers. Energy and chemicals are used to prepare the raw material for the cold forging process. Oil and chemicals are used for the cold forging machines and for the subsequent quenching and tempering process. Furthermore, external suppliers are used for subcontracting, for activities like surface coating, mechanical processing, patch application as main activities. A final selection and packaging is made at the finished goods warehouse.

Most of Agrati's suppliers are based in Europe (71%) the vast majority of them are located in Italy, Germany, France and Spain, while the rest is mainly based in North America (25%) and Asia (4%).

Agrati's supplier universe currently consists of over 1.500 main spend suppliers. As previously mentioned, Agrati purchases materials/services from business partners around the globe, but most

OPERATIONAL EXCELLENCE

Operational Excellence resumes our aim to be a benchmark in our industrial sector. Improve efficiency, productivity, maintenance. These are among our targets in each plant, to reach top class manufacturing worldwide.

of the components are sourced within the continent of its point of demand. As Agrati is manufacturing today in 12 sites in 4 Countries on 3 continents, the supply chain shows a strategy of international development centred upon the local area.

This is proved by the high percentage of purchases received from local suppliers, equal to 62% of purchases. Here, the definition of "local" is normally used considering the perimeter of the relevant Continent. For Europe Local refer to National Suppliers, for North America Suppliers within the State and Asia Suppliers within the Province. More specifically, only suppliers based on the same continent as the relevant Agrati factory can ensure a lead-time which is compatible with the one requested from customers and can allow a fluent management in case of quality issues.

Number of supplies by geographical area (No.)

	2021	2022	2023
Europe	2.248	2.076	2.314
America	807	802	821
Asia	195	113	119
Total	3.250	2.991	3.254

Value of supplies by main categories (€)*

	2021**	2022	2023
Raw materials	135.126.702	168.847.536	157.991.146
Heat treatment		10.707.554	12.701.509
Surface treatment	74.764.506	41.008.496	41.489.013
Subcontracting (others than previous)		22.431.378	26.822.496
MRO - Maintenance	32.470.489	42.672.388	38.456.161
Washers/components	28.726.176	36.687.985	34.329.145
Tools	n.d.	26.063.774	27.343.042
Finished/semifinished products	71.844.827	71.961.689	62.784.591
Other services/products	n.d.	31.679.828	43.326.267
Intercompany	n.d.	35.640.835	29.347.729
Total	342.932.701	487.701.463	474.591.099

Agrati always tries to keep up to date the reports on the renewable and non-renewable materials used to manufacture their products, as reported in the table below. The material that is being recycled the most is steel: in fact, the Electric Arc Furnace (EAF) uses scrap steel which is re-melted and finally chemically corrected to ensure the adequate chemical and mechanical characteristics. In general, using EAF material allows to avoid the use of the Basic Oxygen Furnace (BOF) material: this latter implies the use of natural resources like iron ore and carbon coke which are extracted from mines, and consequently allows to avoid major transportation activities, as the

vast majority of iron ore and carbon coke are coming from mines located in Australia and Brazil. The percentage of steel from scrap increased in the last years: further increase is limited mainly by the customers' requirements, which sometimes are imposing BOF steel, and technical requirements, since BOF material can be easily used for more complicated parts.

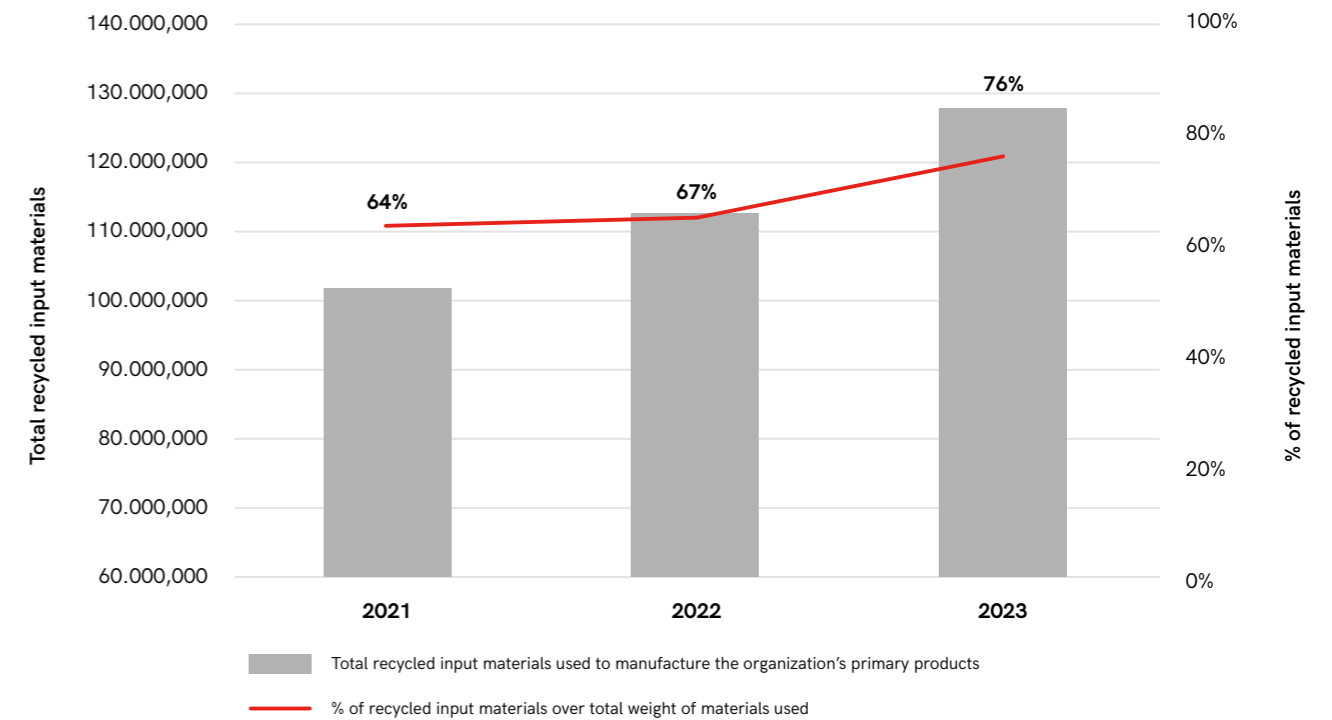
* The data are influenced year by year by the trend of market prices: specifically, the price of raw material can have important variations over time.

** For 2022/2023 data, a more detailed system of data collection was implemented, "n.d." labels indicates that the category was included in other macro-category.

Weight of material used to produce core business products (t)

	2021*	2022	2023
Total weight of non renewable materials that are used to produce and package the organization's primary products	n.d.	52.951	38.929
Raw materials from mining - BOF		31.898	25.990
Associated Process Materials (e.g. Oils and Chemical Products)		8.900	5.706
Washers (from mining Raw Materials - BOF)	n.d.	10.771	5.272
Other Semi-manufactured goods or parts, different from previous		1.210	1.853
Materials for Packaging Purposes		172	108
Total weight of renewable materials that are used to produce and package the organization's primary products (carton box)	n.d.	2.346	2.348
Total recycled input materials used to manufacture the organization's primary products	102.193	113.240	127.222
Raw materials from scrap - EAF		100.754	115.732
Associated Process Materials (e.g. Oils and Chemical Products)		3.319	52
Washers (from scrap - EAF)	n.d.	3.597	3.911
Other Semi-manufactured goods or parts, different from previous		4.491	6.401
Materials for Packaging Purposes		1.080	1.126
Total weight of materials that are used to produce and package the organization's primary products	158.706	168.537	168.499
% of recycled input materials over total weight of materials used	64%	67%	76%

Recycled Input Materials



Purchases from local suppliers* (on total purchases by geographical area)

	Europe	America	Asia
Total products and services expenses spent on local suppliers	213.813.744€	77.820.801€	1.591.718€
Total products and services expenses	328.493.332€	121.180.632€	24.917.136€
% of products and services expenses spent on suppliers that are local	65%	64%	6%

Agrati responsible supply chain model

In June 2022 the Supplier Code of Conduct was published, and was updated integrating additional requirement in May 2023. This document is the pillar of Agrati's Responsible Supply Chain model. This Code is drawn up in line with and as a strengthening of the principles outlined in the company's Code of Ethics and internal policies and includes the guidelines to be followed by suppliers in order to ensure compliance with international regulations, standards and guidelines on ESG topics. The adherence of our suppliers to these principles is essential to achieving our objectives and meeting the explicit and implicit needs of our clients. It is an essential condition for our success and our common development, which guarantees the sustainability of our entire value chain.

* For 2022/2023 data, a more detailed system of data collection was implemented, "n.d." labels indicates that the category was included in other macro-category, for further information on 2020 and 2021 data please refer to Sustainability Report 2021.

* Local refers to: for Europe national suppliers, for America in the same state, and for Asia in the same province.

In order to monitor and ensure that sustainability standards and principles are respected amongst all suppliers, Agrati has adopted an external evaluation system (NQC questionnaire) which measure supplier performance against key global standards in each area of suitability.

The Evaluation process, which consists of an assessment questionnaire, covers the following aspects:

- Company Management
- Working Conditions
- Human Rights
- Health & Safety
- Business Ethics
- Environment
- Supplier Management
- Responsible Sourcing of Raw Materials

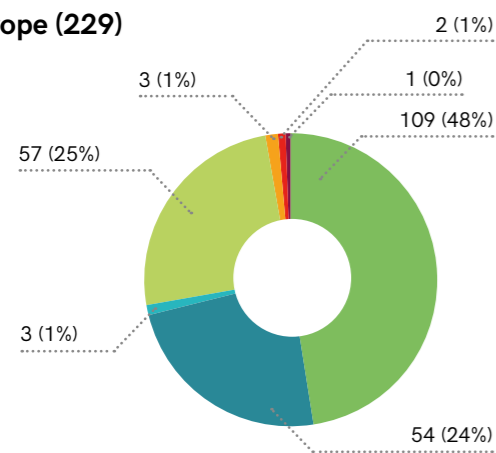
These results and evaluations will be integrated in the Supplier evaluation (the so-called Vendor Rating) starting from 2024, making ESG and Sustainability Principles a key pillar of Supplier evaluation and selection criteria.

ESG evaluation process - NQC supplier assurance

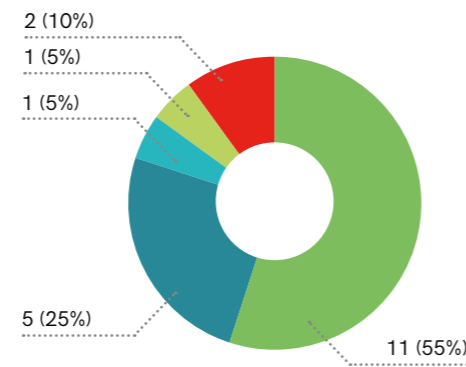
Three campaigns have been launched in July-Aug 2023, asking suppliers to complete the NQC SAQ (Self-Assessment Questionnaire).

In total, 330 suppliers have been involved:

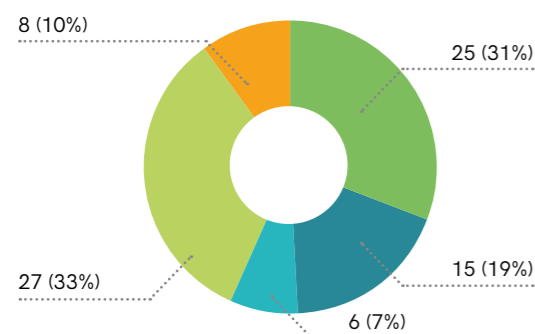
Europe (229)



China (20)



Usa (81)



- Completed
- Responding
- Registered
- Delivered
- Undelivered
- Expired
- Denied

Sustainability suppliers' day

Sustainability goals that Agrati wants to achieve involves business processes, products, and requires the cooperation of all suppliers. This is why Agrati decided to launch the first Sustainability Suppliers' Day. The event was intended to engage key elements of supply chain in Agrati sustainability project.

Therefore, on Thursday, October 5, 2023, we had a meeting with our key suppliers. The goal was to share a very important message: to highlight their role within our value chain and in achieving our Carbon Neutrality goal.

The event, which took place at Assolombarda's Monza e Brianza headquarters, was opened by Andrea Costantini, our Group Executive President, and Assolombarda President Gianni Caimi. The two brought an impactful introduction on Agrati's strong commitment.

Our in-house speakers, Manfredi Bellati (Group Purchasing Director), Marco Zanfrini (ESG Project Manager), Julien Errera (EHS Manager), and Walter Mauri (Innovation Manager), expounded on Agrati's focus, innovative approach, and achievements in sustainability.

We also had as guests PierMario Barzaghi and Giacomelli Stefano from KPMG. The latter delved into the technical, economic and financial aspects. Thus they added further importance to the already present need to make a switch to sustainability.

It was an afternoon full of moments of aggregation, but also of reflection. We hope that our suppliers will participate in our journey toward a truly sustainable future.



Supplier management policy

The Agrati Group Supplier Quality Manual sets out the requirements and targets that suppliers must follow in order to make their business partnership with Agrati a long-lasting relationship. These targets are considered on an annual basis in order to monitor the performances and, consequently, by means of the results of the Vendor Rating, suppliers are notified of their results every 6 months. The Vendor Rating criteria, specifically, are explained in the Supply Quality Manual, and is performed two times per year (June and December). The suppliers are evaluated on their ability to implement a quality assurance approach, on how they face quality problems when occurred, in order to implement a reliable qualification process on products and processes. Further mechanism of evaluation is defining quality results in terms of IPB (Incidents per Billion), aiming to develop the necessary logistic conditions to ensure on-time deliveries, to be capable of developing an effective continuous improvement approach adopting business sustainability analysis, as well. In addition, at least every 3 years all suppliers are subject to a Quality Audit, performed on the basis of a specific checklist and methodology explained in the Supplier Quality Manual.

Furthermore, relevant data on Suppliers and Purchasing activities are subject to specific revision and examination during the Group Purchasing Meeting which takes place every 6 months, with the participation of the CEO, first line Group Managers, company General Managers and Purchasing Managers. During the meeting, special emphasis is given to the examination of the Vendor Rating results, when results of suppliers are compared for each specific commodity. Main targets of Purchasing are related to Annual Saving and Bonus in order to reduce costs.

Whenever is needed, are also organized specific meetings on individual topics with top management.

To reinforce the relationship with suppliers, internal training is provided periodically on main purchasing aspects and on legal aspects, especially for buyers with low level experience, supported by the Legal function, in order to make Agrati continuously updated with regulations changes and improvements.

At the very base of Agrati's relation with its suppliers there is the need to only work with partners certified according to standards IATF 16949 or minimum ISO 9001. If the supplied parts are manufactured using special processes, suppliers must be also qualified to specific standards (CQI-9 standard for heat treatment, CQI-11 standard for plating and CQI-12 standard for zinc-lamellar coating).

Moreover, the Company strives to work with partners that are environmentally and socially conscious, and that implement an

environmental, health and safety management system based on ISO 14001 and OHSAS 18001 or ISO 45001. Agrati also requests a list of third-party qualifications and the conformity to standards updated every year.

Environmental and social assessment and responsible selection of supplier is one key driver to determine the sustainable performance of the company. Accurate assessment can drive improvements not only inside the company but can also contribute to widely spread the culture and implementation of sustainable practices into the entire value chain. The new Risk Assessment based on defined sustainability targets (environmental, safety and sustainability criteria) was implemented at a Group level (please see "Responsible Supply chain Model").

In terms of guarantees and responsibilities, Agrati Group makes sure that its suppliers benefit from sufficient insurance coverage that might enable them to face issues linked to the civil liability; the mentioned insurance should cover bodily injury, material damage, damage caused by delivered goods including product recall, removal and replacement expenses.

Agrati believes that, given the length of its supply chain, the accountability and transparency are surely two fundamental characteristics of its relationships with suppliers. The traceability systems must at least comply with the ISO 9001 standard, and should allow the suppliers to identify non-conforming issues linked to their products, to meet the customer or the regulatory response time requirements, to make sure that adequate information is stored and retained, and that the traceability requirements are extended to externally provided products with safety and regulatory requirements. Concerning safety, the Company wants its suppliers to appoint a Product Safety Representative (PSR), who has knowledge about products manufactured for the Company, risk assessment and product safety methodologies. These appointed people provide support during engineering as well as production phases and must be part of the suppliers' management team.

Transparency is not the only key point of the Agrati Group purchasing strategy; quality is another very important feature of the relationship with the suppliers, as the mentioned relation is based on four main pillars:

1. Panel entrance and management;
2. Prevention in Product & Process;
3. Performance management in execution;
4. Continuous Improvement management.

Therefore, the Supplier Quality process is made of the following steps:

The suppliers are preliminary investigated through an assessment of four key aspects, namely the supplier risk assessment, the business sustainability, the leadership and the business excellence. All the suppliers that do not have a formal risk evaluation available are considered as "high risk" suppliers; this assessment is performed by the Purchasing Department.

In general, all the parties that enter into a business relationship with the Agrati Group need to comply with the fairness in their operations. For this reason, all the suppliers are provided with the Company Code of Ethics, so that they can commit to the same values and respect, other than the Code of Ethics itself, also to labour, environmental, occupational health and safety, product and service life cycle and conflict minerals standard, and to comply to international regulation as the REACH.

Once a potential supplier fulfils the Agrati business criteria, like financial strength, industrial footprint or technical expertise, and has successfully obtained a Quality Management System certification, a Supplier business register license and a process audit on technical know-how, it can be integrated into the Panel List. After the Supplier Qualification follows the Product Qualification, according to which the suppliers are evaluated based on their

Advanced Product Quality Plan (APQP) and the Process Failure Mode and Effects Analysis (P-FMEA). At this stage, the suppliers can be awarded after an evaluation of four different parameters that are assessed by three different functions:

- Risk Assessment - Sourcing Team;
- Agrati Process Audit - Supplier Quality Team;
- SPQD Plan - Project Management Team.

If during the normal process of supply a Non-Conformity (NC) is found, the Company sends out a Non Conformity Report that has to be filled in by the supplier, who must also implement a containment action plan within 24 hours after having received the Report. Suppliers must implement specific corrective actions to avoid the reoccurrence of the same issue.

The Agrati Group asks its suppliers to continuously promote quality improvement and increase global performances, based on a continuous improvement plan; moreover, suppliers have to assure annual re-qualification of the product. In addition, according to the European Regulation n. 1907/2006 (REACH), the Agrati Group requires its suppliers to complete the REACH questionnaire in accordance with the requirements, and to review it every six months.

Number of certified suppliers (No.)*

	2021	2022	2023
ISO 9001	887	717	754
ISO 14001	207	204	225
ISO 45001 or OHSAS 18001	37	57	75



* Data on certifications are currently duly collected from suppliers since they concur to the Vendor Rating process: this process is currently considering only ISO9001 certification, IATF certification and ISO 14001 certification. Above data are based on suppliers subject to the Vendor Rating procedure.



Appendix

Board of Directors

	Age	Gender	EX.	NON EX.
1 Rag. Cesare Annibale Agrati	79	Male	.	
2 Dr. Andrea Costantini	47	Male	.	
3 Ing. Paolo Giovanni Pozzi	56	Male	.	
4 Dr. Giorgio Palumbo	81	Male		.
5 Ing. Alessandro Cattani	60	Male		.
6 Dr. Carlo Marchetti	50	Male		.

Workforce

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees (Headcount)	1.841	351	2.192	1.884	362	2.246	1.934	371	2.305

Employees by gender and geographical area (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	1.323	182	1.505	1.319	178	1.497	1.366	189	1.555
America	277	86	363	339	105	444	311	107	418
Asia	241	83	324	226	79	305	257	75	332
Total	1.841	351	2.192	1.884	362	2.246	1.934	371	2.305

Employees by employment contract and gender (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	1.666	291	1.957	1.653	296	1.949	1.709	325	2.034
Fixed-term contract	173	62	235	231	66	297	225	46	271
Total	1.839	353	2.192	1.884	362	2.246	1.934	371	2.305

Employees by employment contract and gender (No.)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	1.832	334	2.166	1.852	335	2.187	1.919	351	2.270
Part time	7	19	26	32	27	59	15	20	35
Total	1.839	353	2.192	1.884	362	2.246	1.934	371	2.305

Turnover by gender (%)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	12%	14%	12%	24%	38%	26%	20%	20%	20%
Termination rate	14%	16%	14%	23%	23%	23%	17%	23%	18%

Turnover by age (%)

	2021				2022				2023			
	<30	31-40	41-50	>50	<30	31-40	41-50	>50	<30	31-40	41-50	>50
Hiring rate	40%	25%	18%	17%	32%	32%	21%	15%	39%	28%	19%	14%
Termination rate	22%	27%	19%	31%	37%	26%	14%	23%	27%	26%	22%	25%

Turnover rate by geographical area (%)

	2021			2022			2023		
	Europe	America	Asia	Europe	America	Asia	Europe	America	Asia
Hiring rate	37%	47%	16%	45%	52%	4%	67%	28%	5%
Termination rate	47%	40%	13%	50%	44%	6%	52%	42%	6%

Hours of training by classification level and gender (h)

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Manager	3.813	865	4.678	4.325	774	5.098	4.597	938	5.536
White-collars	11.032	3.096	14.129	8.445	2.890	11.334	9.605	4.077	13.682
Blue-collars	22.560	1.416	23.976	25.802	1.729	27.530	41.664	3.866	45.530
Total	37.405	5.377	42.783	38.571	5.392	43.963	55.866	8.882	64.748

The number of recordable work-related injuries of employees by region (No)

	2021	2022	2023
Total number of recordable work-related injuries			
Europe	30	33	37
America	2	5	8
Asia	8	4	2
Total	40	42	47
Number of fatalities			
Europe	0	0	0
America	0	0	0
Asia	0	0	0
Total	0	0	0
Total number of hours worked			
Europe	2.514.955	2.758.691	2.968.750
America	673.478	676.339	692.975
Asia	891.207	881.801	897.518
Total	4.079.640	4.316.831	4.559.242

Rate of recordable work-related injuries of employees by region (%)

	2021	2022	2023
Rate of recordable work-related injuries			
Europe	11,9	12,0	12,5
America	3,0	7,4	11,5
Asia	9,0	4,5	2,2
Total	9,8	9,7	10,3
Rate of fatalities as a result of work related injuries			
Europe	0,4	0	0
America	0,0	0	0
Asia	0,0	0	0
Total	0,3	0	0

Number of recordable work-related ill health and fatalities as a result of work-related ill health of employees by region (No.)

	2021	2022	2023
Total number of recordable work-related ill health			
Europe	4	0	2
America	0	0	0
Asia	0	0	0
Total	4	0	2
Total number of fatalities as a result of work-related ill health			
Europe	0	0	0
America	0	0	0
Asia	0	0	0
Total	0	0	0

Total number of Near Miss (No.)

	2021	2022	2023
Total number of Near Miss			
Europe	176	66	125
America	6	23	27
Asia	0	0	0
Total	182	89	152

Waste by category

	2021	2022	2023
06 00 00 Wastes from inorganic chemical processes	2.074,60	2.455,19	2.978,89
07 00 00 Wastes from organic chemical processes	4,24	0,02	-
08 00 00 Wastes from the manufacture, formulation, supply and use (mfsu) of coatings (paints, varnishes and vitreous enamels), adhesives, sealants and printing inks	10,79	14,62	10,11
11 00 00 Wastes from chemical surface treatment and coating of metals and other materials, non-ferrous hydro-metallurgy	2.718,77	2.739,33	2.400,80
12 00 00 Wastes from shaping and physical and mechanical surface treatment of metals and plastics	11.752,21	12.314,92	15.711,92
13 00 00 Oil wastes and wastes of liquid fuels (except edible oils, and those in chapters 05, 12 and 19)	1.406,87	1.418,34	2.496,84
15 00 00 Waste packaging, absorbents, wiping cloths, filter materials and protective clothing not otherwise specified	416,61	406,78	498,84
16 00 00 Wastes not otherwise specified in the list	233,79	198,19	227,94
17 00 00 Construction and demolition wastes (including excavated soil from contaminated sites)	343,21	171,68	103,61
18 00 00 Wastes from human or animal health care and/or related research (except kitchen and restaurant wastes not arising from immediate health care)	0,05	0,02	0,05
19 00 00 Wastes from waste management facilities, off-site waste water treatment plants and the preparation of water intended for human consumption and water for industrial use	16,18	26,68	23,53
20 00 00 Municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions	646,79	640,66	627,27
TOTAL	19.624,11	20.386,44	25.079,80



Methodological note

Reporting standard, scope and process

This Sustainability Report, which will be published annually, is drafted in accordance with the GRI Standards (GRI Standards 2021); concerning the application of the Standard, the Company decided to apply the "in accordance" option.

The reporting perimeter of the Sustainability Report 2023 covers the whole Agrati group with the exception of the sales offices organized under **Agrati GmbH and Agrati Japan GK and Tokbo Srl** which are out of scope of this Report.

In order to facilitate the reading process and the understanding of the connection between the material topics and the related GRI Standards, on page 118 of this Document the GRI Content Index is shown. Furthermore, to select the relevant issues to be reported, a specific materiality analysis was conducted through the involvement of company internal stakeholders. The analysis, conducted considering the positive and negative, potential and current impacts associated with each issue, led to the identification of material aspects for Agrati and its stakeholders.

The qualitative and quantitative data contained in this Sustainability Report refers to the Agrati Group's performance from January 1, 2023, through December 31, 2023.

The drafting of the 2023 Sustainability Report is an annual reporting process, subject to analysis and approval from several actors, whose main responsibilities are as follows:

- The Sustainability team is responsible for managing several activities related to sustainability issues, among which there is the drafting of the Sustainability Report, The mentioned team coordinates and involves all the main corporate functions in the data collection, analysis and consolidation phase, then checking and validating the information given by the different Functions, The Sustainability team also facilitates the collection of data necessary to perform the Materiality Analysis, the results of which are pivotal for the drafting of the Sustainability Report, The mentioned team is also responsible for the definition and the update of relevant KPIs that explain how the Company manages the most relevant topics;
- The Board of Directors approves the draft Sustainability Report,
- The Board of Shareholders approves the Sustainability Report,
- Once approved, the Report is made available for all the Group's stakeholders through its publication on the corporate website.



To request information, it is possible to contact
Andrea Costantini - Executive Vice President: sustainability@agrati.com

Reporting principles

The following principles have been taken into consideration in defining and reporting the contents of the Consolidated Disclosure on Non-Financial Information:

MATERIALITY	The Report covers aspects that reflect the main direct economic, environmental and social impacts of Agrati's activities that are more significant for the Group and the internal and external stakeholders involved in company activities;
INCLUSIVENESS	Agrati takes into account the expectations and interests of all stakeholders who for various reasons participate in or are influenced by the Company's activities, The Sustainability Report provides a description of the Group's main stakeholders and their main expression channels used to identify stakeholders' requests and expectations;
SUSTAINABILITY CONTEXT	The Sustainability Report has taken into account the social, economic and environmental context in which the Group operates and the most significant Topics for the automotive industry thanks to a constant relationship with Agrati' clients and the academic world;
COMPLETENESS	The aspects and scope of the Report allow the stakeholders to evaluate the Group's main economic, social and environmental impacts, as far as Agrati's business is concerned;
BALANCE	The Report covers the Group's main sustainability performances, It reflects aspects where the Group found the topic material for itself and its stakeholder, even when the performance showed that there are still opportunities for further enhancements;
COMPARABILITY	The indicators contained in the Report have been selected and presented in a manner that enables a comparison over time, therefore allowing stakeholders to analyse changes in the Group's performance, Figures for, 2018, 2019 and 2020 have been indicated appropriately if useful for purposes of contextualization of the information;
ACCURACY	To guarantee the accuracy and comparability of the reported information, the data have been directly measured, limiting the use of estimates to the extent possible;
TIMELINESS	Agrati's Sustainability Report is meant to be prepared annually and disclosed in the same period of the presentation of the Consolidated Financial Statement;
RELIABILITY	All the data and information reported have been validated by the Heads of the relevant company functions and have been processed based on documents that prove their existence, completeness and accuracy;
CLARITY	Agrati's Sustainability Report contains information presented in such a way as to be clear and accessible to all kind of stakeholders.

Definition of material topics

In order to grant a better comprehension of each material topic, the table below explains their main features:

MATERIAL TOPIC	DEFINITION
Personal safety of consumers and/or end	Ensuring that any single product meets quality and safety requirements before customers and final user disposal seeking daily improvement of production processes and quality tests.
Social inclusion of consumers and/or all end-users	Involving customers in product planning by keeping pace with their needs in order to ensure its customer satisfaction and loyalty and securing Agrati's customer promise.
Corporate culture	Setting and monitoring economic objectives that are consistent with a long-term vision and match with the integration of environmental, social and governance aspects into the business strategy.
Research, development and innovation	Developing innovative and forward-looking products using the best technologies available on the market and taking into account the transition to sustainable mobility solutions, while keeping abreast of new trends.
Equal treatment and opportunities for all	Dialogue with employees aimed at assessing and enhancing their potential and develop their skills by listening to everyone's ambitions.
Working conditions	Adopting due measures to secure well-being of Agrati's people, being aware of the different nature of their needs and then protecting human capital as pivotal for Company's success; ensuring a safe and healthy work environment by complying with all regulation and standards applicable on this subject matter and in all the countries where it operates.
Climate Change	Decarbonization of direct and indirect processes to reduce the carbon footprint of the Group and contribute to the mitigation of climate change by reaching Carbon Neutrality.
Energy	Reducing energy consumption and emissions from pollutant substances to limit the impact on climate change by implementing targeted initiatives to limit direct and indirect consumption and promoting energy efficiency especially during production steps.
Management of relationships with suppliers including payment practices	Assessing suppliers according to environmental, social and governance criteria alongside with their delivery and quality performances in order to pursue supply chain's operational continuity and ensure they fit with the Company's principles of sustainability and responsible sourcing; engaging with them in order to mutually support in the scope of the partnership and in the development of innovative solutions.
Resource use and circular economy	Implementing the principles of the circular economy, through product and process redesign in order to maximize material recovery & reuse and minimize environmental impacts.
Corruption and bribery	Adopting an internal system of guiding principles as a sound approach to ensure ethics and integrity in employees and stakeholders' conduct and keep a constant dialogue with institutions to ensure compliance with applicable laws and timely adaptation to evolving provisions.
Cyber Security and Data Protection	Ensuring that the collection, use and sharing of customer and employee personal information is secure and compliant, and that it reinforces trust and confidence between all parties.
Communities' economic, social and cultural rights	Promoting the growth of local communities and industries in the territories where the Group is present by developing relationships with Universities and other Educational Institutes to attract the best talents and to improve the employee value proposition.
Information-related impacts for consumers and/or end-users	Adopting a proper approach for managing customers' complaints in a timely manner and with the aim of fulfilling their requests always.

Pollution	Sourcing natural resources in a responsible way and taking due actions to prevent air, water and soil leakages and pollution as impacts of industrial activities.
Water	Monitoring the use of water in industrial processes, considering its consumption, withdrawals, and discharges, to efficiently manage it.
Waste	Pursuing responsible consumption and production by embedding the principles of circularity in production procedures and by adopting an approach for waste management encompassing all the processes from inception to disposal in order to reduce the Company's environmental footprint.

Material topics and related GRI Standards

MATERIAL TO15 15 PICS IDENTIFIED BY AGRATI	REFERENCE GRI STANDARDS	IMPACTS BOUNDARY		
		INTERNAL IMPACT	EXTERNAL IMPACT	BOUNDARY LIMITATIONS
Corporate culture	2: General disclosure (2021) 201: Economic performance (2016) 207: Tax	•	Suppliers	
Corruption and bribery	205: Anti-corruption (2016) 206: Anti-competitive Behaviour (2016) 307: Environmental Compliance (2016) 419: Socioeconomic compliance (2016)	•	Suppliers Clients	
Cyber Security and Data Protection	404: Training and Education (2016)	•		
Working conditions	403: Occupational Health and Safety (2018)	•	Workers and contractors	
Equal treatment and opportunities for all	404: Training and Education (2016)	•	Workers and contractors	
Communities' economic, social and cultural rights	401: Employment (2016) 404: Training and Education (2016)	•	Community	
Social inclusion of consumers and/or all end-users	416: Customer Health and Safety (2016) 418: Customer Privacy (2016)	•	Clients	
Personal safety of consumers and/or end-users	416: Customer Health and Safety (2016)	•	Clients	
Research, development and innovation	301: Materials (2016) 302: Energy (2016) 305: Emissions (2016) 404: Training and Education (2016)	•	Community Clients	
Proper complaint management	416: Customer Health and Safety (2016)	•	Clients	
Management of relationships with suppliers including payment practices	204: Procurement Practices (2016) 301: Materials (2016)	•	Suppliers	
Energy	302: Energy (2016) 305: Emissions (2016)	•	Community	
Climate Change	302: Energy (2016) 305: Emissions (2016)	•	Community	
Water	303: Water (2020)	•	Community	
Waste	306: Waste (2020)	•	Community	
Resource use and circular economy	306: Waste (2020)	•	Community Clients	
Pollution	303: Water and Effluents (2018)	•	Community	

GRI Table of contents

Statement of use	Agrati Group reported the information mentioned in this GRI Content Index for the reporting period from January 1, 2023, through December 31, 2023, "in accordance to" GRI Standards 2021.
GRI 1	GRI 1: GRI Foundation 2021

GRI CONTENT INDEX

GRI ID	Disclosure	Paragraph / description	Omission
GENERAL STANDARD DISCLOSURES (2021)			
2-1	Name of the organisation Location of headquarters Location of operations Ownership and legal form	Profile and Business Activities	
2-2	Entities included in the consolidated financial statements	Profile and Business Activities	
2-3	Reporting period Reporting cycle Contact point for questions regarding the report	Reporting Standard, Scope and Process	
2-4	Restatements of information	Reporting standard, scope and process	
2-5	External assurance	The 2023 Sustainability Report has been assured by an independent third-party auditor with a limited assurance.	
2-6	Activities, brands, products, and services Markets served Scale of the organisation Supply chain Significant changes to the organization and its supply chain	<ul style="list-style-type: none"> Profile and Business Activities Financial report Responsible Value Chain <p>In 2023, there were no significant changes to the organization's size, structure, ownership, or supply chain.</p>	
2-7	Information on employees and other workers	Profile and Business Activities Being an Agrati Employee Appendix	
2-8	Workers who are not employees	<ul style="list-style-type: none"> Agrati's people 	
2-9	Governance structure Composition of the highest governance body and its committees	<ul style="list-style-type: none"> Board of Directors Board of Statutory Auditors Supervisory Body Agrati's ERM-Sustainability Function The approach to Sustainability Appendix 	
2-10	Nomination and selection of the highest governance body	BOD is the highest governance body and there are no formalized criteria for nomination and selection processes.	

2-11	Chair of the highest governance body	<p>The BOD's chairperson is also the CEO. He is not independent but represents the property and serves as a guarantor for non-independent BOD members.</p> <p>Conflicts of interest are prevented and mitigated by the fact that there is a BOD that is a collegial body.</p>	
2-12	Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> Agrati's ERM-Sustainability Function Stakeholder Engagement <p>The highest governance body is in charge of approving the code of ethics, sustainability report, ESG performance review, and balanced scorecard review. Reviews are conducted annually.</p>	
2-13	Delegation of responsibility for managing impacts	The highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people to Mr. Costantini, ERM&Sustainability Director, DOA about ESG themes. Reviews are conducted annually.	
2-14	Role of the highest governance body in sustainability reporting	The highest governance body is responsible for the approval of the draft report. BOD approves directly the Sustainability Report and it is involved in the materiality analysis.	
2-15	Conflicts of interest	Conflicts of interest are prevented and mitigated by the fact that there is a BOD that is a collegial body. There is no procedure on related party management to refer to, as it is reported that transactions carried out with related parties, including intragroup transactions, are not qualified as atypical or unusual, as they are part of the normal course of business of the companies belonging to the Group. These transactions are regulated at market conditions, taking into account the characteristics of the goods and services provided.	
2-16	Communication of critical concerns	Critical concerns are discussed at the Project Committee meeting; the committee is chaired by all BOD executive directors.	
2-17	Collective knowledge of the highest governance body	BOD member with delegated responsibility for ESG aspects takes training course in ESG.	
2-18	Evaluation of the performance of the highest governance body	There is no procedure / process of the evaluation of the performance of the highest governance body.	
2-19	Remuneration policies	There is not a formalized procedure regarding remuneration policies of the highest governance body and senior executives.	
2-20	Process to determine remuneration	There is not a formalized procedure for determining remuneration. Employee remuneration is determined through a benchmark analysis considering Agrati's industry and employee related tasks.	
2-21	Annual total compensation ratio	-	Confidentiality constraints

2-22	Statement from senior decision-maker	Letter to Stakeholder	
2-23	Precautionary principle or approach	<ul style="list-style-type: none"> • Agrati's ERM-Sustainability Function • Risk Management • Vision, Mission and Value of Agrati • Agrati business ethics and integrity • Stakeholder engagement 	
2-24	Embedding policy commitments	<ul style="list-style-type: none"> • Agrati policies • Management system • Agrati endorses the United Nations Global Compact 	
2-25	Processes to remediate negative impacts	<ul style="list-style-type: none"> • Risk management • Agrati policies • Tax Transparency 	
2-26	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> • Agrati business ethics and integrity 	
2-27	Non-compliance with environmental laws and regulations	In 2023, Agrati did not received any pecuniary fines due to non-compliance with environmental laws and regulations.	
2-28	Membership of associations	Stakeholder Engagement	
2-29	List of stakeholder Groups Identifying and selecting stakeholders	Stakeholder Engagement	
2-30	Collective bargaining agreements	Occupational Health and Safety Welfare and Diversity	
3-1	Defining report content and topic Boundaries	Reporting Standard, Scope and Process	
3-2	List of material topics Changes in reporting	<p>Definition of material topics</p> <p>No significant changes have been reported during the year</p>	

3-3	Management approach	<ul style="list-style-type: none"> • Agrati business ethics and integrity • The organization, management and control Model 231 • Materiality analysis • Definition of material topics • Material topics and related gri standards • Economic performance: creation of distribution of the economic value generated • Materiality analysis • Definition of material topics • Material topics and related GRI standards • Economic performance: creation of distribution of the economic value generated • Risk management • Responsible value chain • Environmental sustainability energy efficiency and emissions • The approach to sustainability • Climate strategy 2021 • Soil defence • Waste management • Being an agrati employee • Welfare and diversity • Talent attraction and retention • Occupational health and safety • Agrati university • Product's quality and security • Environmental sustainability through product innovation 	
204-1	Proportion of spending on local suppliers	Responsible Value Chain.	
205-2	Communication and training about anti-corruption policies and procedures	Agrati's business integrity policies and procedures have been communicated to all personnel.	
205-3	Confirmed incidents of corruption and actions taken	In 2023, there were no corruption-related complaints reported within the Group.	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal action relating to unfair competition, antitrust and monopolistic practices were reported in 2023.	
301-1	Materials used by weight or volume	Responsible Value Chain	
301-2	Recycled input materials used	Responsible Value Chain	
302-1	Energy consumption within the organisation	Energy Efficiency and emissions	
302-2	Energy consumption outside of the organization	Energy Efficiency and emissions	
302-3	Energy intensity	Energy Efficiency and emissions	

302-4	Reduction of energy consumption	Energy Efficiency and emissions	
303-1	Interactions with water as a shared resource	Soil defence	
303-2	Management of water discharge related impacts	Soil defence	
303-3	Water withdrawal	Soil defence	
303-4	Water discharge	Soil defence	
303-5	Water consumption	Soil defence	
305-1	Direct (Scope 1) GHG emissions	Agrati's emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Agrati's emissions	
305-3	Other indirect (Scope 3) GHG emissions	Agrati's emissions	
305-4	GHG emissions intensity	Agrati's emissions	
305-6	Emissions of ozone-depleting substances (ODS)	Agrati's emissions	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Agrati's emissions	
306-1	Waste generation and significant waste-related impacts	Waste Management	
306-2	Management of significant waste-related impacts	Waste Management	
306-3	Waste generated	Waste Management	
306-4	Waste diverted from disposal	Waste Management	
306-5	Waste directed to disposal	Waste Management	
401-1	New employee hires and employee turnover	Talent attraction and retention	
403-1	Occupational health and safety management system	Occupational Health and Safety	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	
403-3	Occupational health services	Occupational Health and Safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	

403-5	Worker training on occupational health and safety	Occupational Health and Safety	
403-6	Promotion of worker health	<ul style="list-style-type: none"> The challenge for the future Occupational Health and Safety 	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> Risk Management Agrati Policies Occupational Health and Safety 	
403-8	Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> Occupational Health and Safety 	
403-9	Work-related injuries	<ul style="list-style-type: none"> Occupational Health and Safety Appendix 	
403-10	Work-related ill health	<ul style="list-style-type: none"> Occupational Health and Safety Appendix 	
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> Agrati University 	
404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> Agrati University 	
404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> Agrati University 	
416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> Product's quality and security 	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> Product's quality and security 	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2023 there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.	



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Independent auditors' report on the sustainability report

To the board of directors of
A.Agrati S.p.A.

We have been engaged to perform a limited assurance engagement on the Sustainability Report 2023 (the "sustainability report") of the Agrati Group (the "group").

Directors' responsibility for the sustainability report

The directors of A.Agrati S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodological Note" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality management

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Management 1 (ISQM 1), which requires our company to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Agrati Group
Independent auditors' report
31 December 2023

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

- 1) analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;
- 2) comparing the financial disclosures presented in the "Economic performance: creation and distribution of the economic value generated" section of the sustainability report with those included in the group's consolidated financial statements;
- 3) understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Agrati Val Guiers SARL and Agrati Vieux Condé SAS. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the production facility in Veduggio con Colzano, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators;

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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Agrati Group
Independent auditors' report
31 December 2023

- through remote communication tools, we held discussions with the management of Agrati Val Guiers SARL and Agrati Vieux Condé SAS, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the selected indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report 2023 of the Agrati Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Methodological Note" section of the sustainability report.

Milan, 15 May 2024

KPMG S.p.A.

Andrea Balestri
Director of Audit



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