

2022 SUSTAINABILITY REPORT



mastering
the science
of metals

www.fomasgroup.com 

Letter to Stakeholders

Dear stakeholders,

Since last year's voluntary report on our Sustainability performance for 2019/2020/2021 years, we have continued our journey to a more mindful approach in our way of doing business.

Gradually phasing out from an extensive pandemic phase, 2022 unfortunately witnessed a war erupting between Russia and Ukraine leading to social, geopolitical and economic tensions across all the area.

Beyond the human crisis we are still witnessing, also supply chains suffered, resulting in a shortage of raw materials and shock to energy costs. Despite this context, economic activity at the European level rebounded significantly last year; as on the other hand, a persistent warning signal of human activities on the environment continues.

This warning was highlighted in 2022, by a continuous use of the word Impact as front and centre to all business-related actions.

How does our company impact our customers? Where can we make the greatest impact right now? What will positively impact the future of our Group and our world?

To support us in answering all those questions, we acted by introducing at the beginning of 2023 (a 2022 commitment) a new function to oversee all topics related to sustainability.

This new role (Sustainability Manager) assesses the impacts of corporate operations on the environment and the society at large, drives the corporate system to include ESG risks and opportunities in strategic decision-making, and promotes a corporate culture which embodies both commitment and care towards sustainability.

Moreover 2022 report reveals for the first time our materiality assessment, which helps the Group to gain a comprehensive understanding of the issues that are most relevant to the business and stakeholders.

By integrating materiality into our strategic planning and decision-making processes, we can improve its performance, manage risks, and enhance long-term sustainability.

Part of the process is to identify actual and potential impacts and analyse them based on their significance and potential impacts on our business and stakeholders.

The results of 2022 analysis show that our five main material topics are: Health and Safety in workplace / GHG emissions and Climate change / Recruitment, selection of personnel / Product Quality / Transparency, ethics and business integrity.

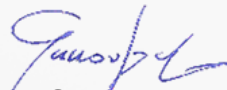
Topics aligned to our five pillars:

- **Mastering the science of metals**
- **Awareness & commitment for the planet**
- **People-centric**
- **Creating shared value for the community**
- **Embracing the change with our partners**

Strategic pillars that represent the major areas of action on which we aim to improve our performance and on which we place the major emphasis as they are recognized as areas of foremost importance for us.

Since last year, progress has been made, but we are aware that there is much more to accomplish,. A task that we accept willingly, as rising to a challenge has always been a distinctive feature of our people, of our Group.

Enjoy the reading



Jacopo Guzzoni
President & CEO

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01 **Introduction**

1.1 Pillars of FOMAS strategy

As part of the process of defining the Group's sustainability strategy, FOMAS Group has defined five strategic pillars to guide its actions and its business in a more responsible and sustainable growth and development. These five pillars represent the major areas of action on which the Group aims to improve its performance and on which it places most emphasis as they are areas of strategic importance.

1



Mastering the science of metals

2



Awareness and commitment for the planet

3



People – centric

4



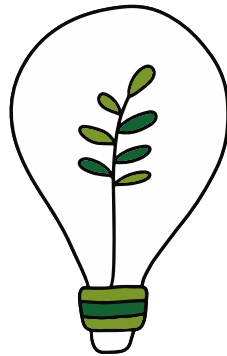
Creating shared value for the community

5



Embracing the change with our partners

1.2 Our commitment towards Sustainability



The report covers year 2022, from 1st January to 31st December 2022. The reporting period aligns with the financial reporting period. This is the first voluntary Sustainability Report of FOMAS Group, published with reference to the framework of the GRI (Global Reporting Initiative) International Standards, without third party assurance.

This Sustainability Report covers all Group's companies FOMAS S.p.A., ASFO S.p.A., HOT ROLL S.r.l., MIMETE S.r.l., BAY-FORGE Private Ltd., FOMAS Precision Forging (Dalian) Co., Ltd., LA FOULERIE S.A.S., FOMAS, Inc.

For any question on the report's content, feel free to reach out to sustainability@fomasgroup.com



Mastering the science of metals

- Promote Boards of Directors' accountability on sustainable practices
- Support continuous improvements and awareness on ethical business conducts



Awareness and commitment for the planet

- Calculate Group and Products' carbon footprint
- Develop a Decarbonization Strategy
- Identify climate change risks and opportunities that impact the Group



Embracing the change with our partners

- Map Group's suppliers on a risk-based approach
- Conduct ESG assessment and audits plan in the supply chain



People - Centric

- Promote awareness and trainings on sustainability issues
- Implement Diversity & Inclusion initiatives
- Develop strategies to improve employees' well-being and development



Creating shared value for the community

- Take care of the strategic importance of the relationship with the communities where the Group operates
- Define a Corporate Citizenship Policy
- Support enhancement and development of local communities

02 Identity

MARTENSITIC ST13
STAINLESS STEEL

2.1 Historical milestones

First steps

- **1956**: foundation of FOMAS S.p.A. (Osnago, Italy)
- **1969** acquisition of ASFO S.p.A. (Chiuppano, Italy), production of large rings.
- **1990**: acquisition of HOT ROLL S.r.l (Busano, Italy), production of small rings.
- **1996** : Greenfield BAY-FORGE Private Ltd. (Chennai, India), production of open-die forgings and large rings.

Early 2000

- **2005** : acquisition of LA FOULERIE S.A.S. (Carignan, France), production of small rings.
- **2006** : greenfield FOMAS Precision Forging (Dalian) Co., Ltd., production of small and large rings.
- **2009** : association to M4U (Busano, Italy), machining of small rings.

2010

- **2011**: ASFO S.p.A. adds a second plant from greenfield in Villamarzana, Italy increasing its production capacity (12.550 Ton Press + ESR)

2017

- **2014**: acquisition of Ajax Rolled Ring & Machine, now FOMAS, Inc. (York, SC, USA), production of small and large rings.
- **2017**: Greenfield MIMETE S.r.l. (Biassono, Italy), production of metal powders for additive manufacturing.

2020

- **2020**: acquisition of M4U Laminati (Busano, Italy), machining of rolled rings.

2022

- **2022**: foundation of MadeInAdd, a Joint Venture of FOMAS Group in partnership with CDP Venture Capital Sgr and PUNCH Torino.

2.2 Our Values, Mission, Vision and Purpose

Purpose

The Purpose of the Group is to enable sustainable energy, reliable power and limitless motion by moving the needle in mastering the science of metals with a responsible approach.

Mission

The mission of the Group is: “play to win with innovation, responsiveness and a passionate commitment to long-term partnerships”.

Vision

The vision of the Group is: “be a multicultural, people-centric organization leading our core businesses by leveraging cutting-edge competencies in the science of metals and embracing the digital transformation”.

Values

Proactivity



Integrity



Meritocracy



Accountability



Reliability



Transparency

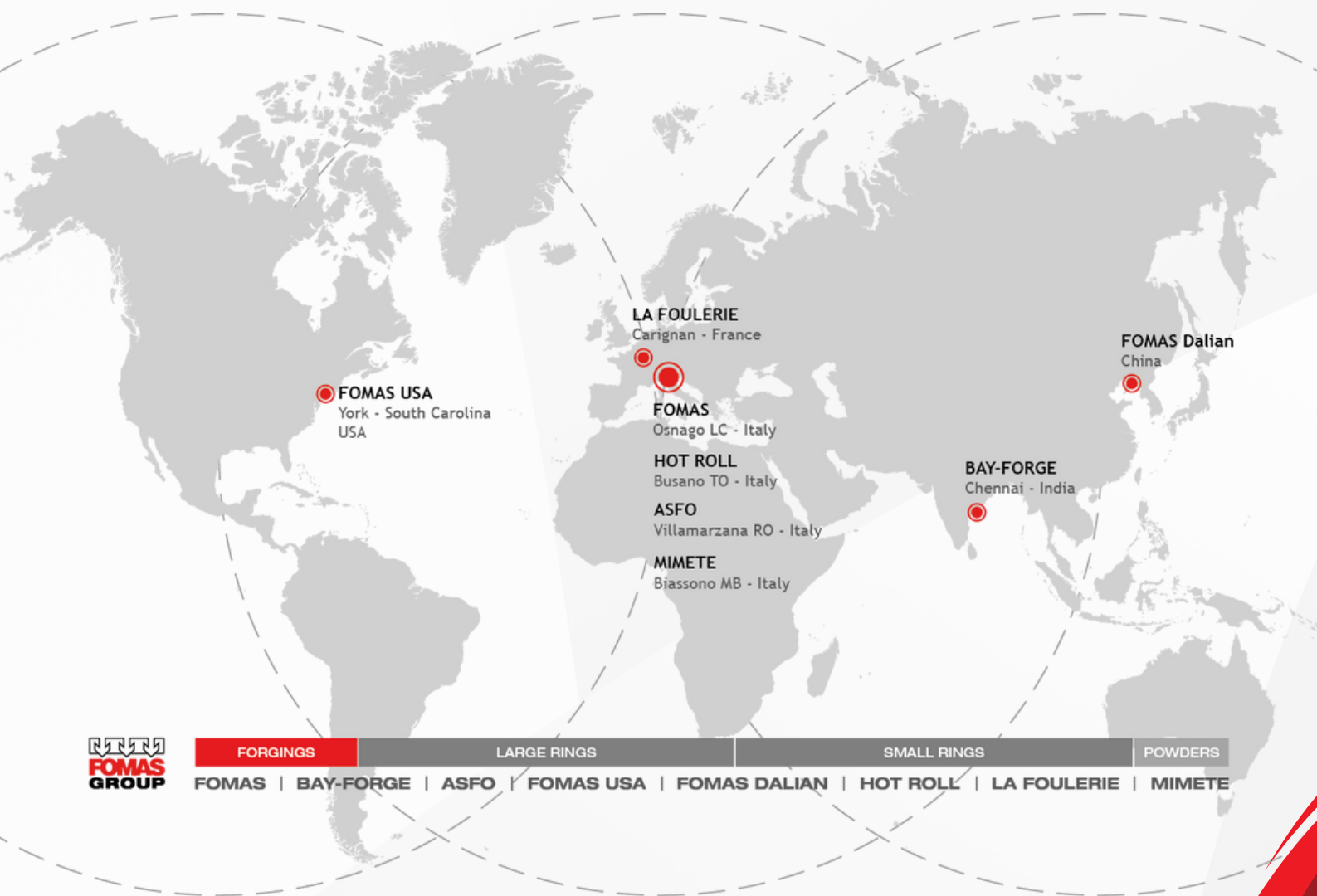


Trust



2.3 A truly global footprint

Group headcount as of September 2022: 1,424



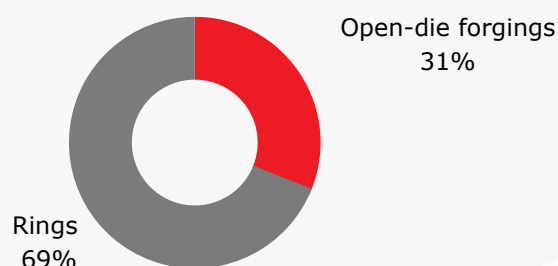
2.4 Production overview and markets served

GROWTH AND RISK MITIGATION THROUGH DIVERSIFICATION

FOMAS Group produces products made of steel, alloys and other materials that are mainly used in the conventional, nuclear, and renewable power generation markets; oil and gas, aerospace and defense, construction, plant engineering, and other industrial activities.

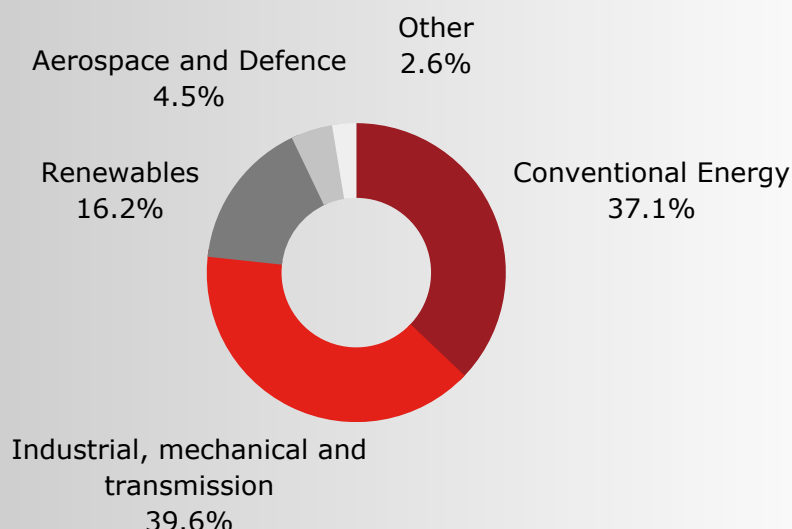
Production overview

69% Rings
31% Open-die forgings



Markets served

39.6% Industrial, mechanical and transmission
37.1% Conventional Energy
16.2% Renewables
4.5% Aerospace and Defence
2.6% Other



Identity – Financial statement

€ 541 million Direct economic value generated: revenues

+ 25.6 % Increase in direct economic value generated compared to 2021

03 Corporate Governance

3.1 Governance

All companies in the FOMAS Group are privately held companies, established in accordance with the respective applicable national laws and regulations. The highest governing body responsible for the managerial decision-making process is the Board of Directors (BoD).

The selection and appointment of the members of the Board of Directors, of the other corporate bodies (Board of Statutory Auditors or Sole Auditor, Supervisory Body) and of the independent auditors are based on technical and/or professional characteristics in relation to the activities carried out and the corporate objectives.

Each member of the Board of Directors and the Board of Statutory Auditors is required to have proven multi-year experience in the business sector or as a member of boards of directors or boards of auditors (outside the FOMAS Group).

The decisions relevant to the corporate business, including those relating to strategies, policies and objectives in terms of sustainable development, are adopted by resolution of the Board of Directors.

During the deliberative phase, specific powers are assigned to one or more directors, or special attorneys are appointed where deemed necessary, for the practical implementation of the initiatives that the Board of Directors has deemed appropriate to undertake.

This in compliance with the statutory principle which imposes on directors the duty to act informed and, on directors vested with particular powers, to report periodically to the Board.

In the case of any critical issues is reported to the Board of Directors by the head of the function directly involved.

3.2 Governance and Sustainability

The Group's impacts on the economy, the environment and people are constantly taken into consideration by the Board of Directors in the adoption of its decisions. In fact, this approach is in line with the values contained in the Group's Code of Ethics and the organizational 231 Models adopted by the Italian companies of the Group.

GOVERNANCE AND SUSTAINABILITY

The Group has planned in 2022 the commitment to introduce in 2023 an ESG Manager, responsible for the coordination, development, and monitoring of the Group's journey towards sustainability. One of the primary goal of the ESG manager is to define a Governance structure functional to integrate the Sustainability Strategy and Ethical code of conduct into the core business strategy, decision-making processes and operations.

HUMAN RIGHTS

FOMAS Group widely recognizes its responsibility and is committed to support and respect human rights in compliance with international conventions, as the Universal Declaration of Human Rights of the UN, as well as in the ILO's Declaration on Fundamental Principles.

FOMAS Group encourages all companies of the Group to exceed compliance control and risk management towards a transformative and positive change in the lives of those exposed to its business operations and towards a contribution to the broader goal of an inclusive and fair society.

The Group Code of Ethics aims to protect and promote the value of human resources, in order to improve and develop employees' skills, guaranteeing a healthy, safe and stimulating work environment.

Furthermore, each company commits to ensure that there are no episodes of intimidation, mobbing or stalking in the workplace. Requests or threats aimed at inducing people to act against the laws, regulations and the Code of Ethics, or to adopt behaviors harmful to the beliefs and moral and personal preferences of each, are not tolerated.

3.3 Ethics and integrity

The Code of Ethics represents a general, non derogable principle of the Organization, Management and Control Model adopted by the Group's Italian companies, pursuant to Italian Legislative Decree 231/2001, as well as the basis for the Group's behavior in conducting its business. The addressees of the Code of Ethics are the members of corporate bodies, management, employees and all those who collaborate with the Group (suppliers, service providers, consultants, customers, etc). The Code has prescriptive value at group level, and is binding for both Italian and foreign companies. The Code of Ethics is public and can be consulted on www.fomasgroup.com.

CODE OF ETHICS IN LINE WITH FOMAS GROUP'S FUNDAMENTAL VALUES:

Proactivity	Be positive and open towards continuous improvement and innovation
Integrity	Be honest and an example in ethical actions
Meritocracy	Be objective and fair while recognizing merits
Accountability	Be responsible for actions and performances
Reliability	Be committed to your word while delivering sound results
Transparency	Be straightforward and follow a fair process
Trust	Be trustworthy by truly living all other values every day

On top of the Code of Ethics, the Group has adopted internal policies designed to regulate all the main aspects of the business. These policies, periodically reviewed and updated by the Legal, Internal Audit & Compliance function, constitute an expression of the fundamental principles contained in the 231/2001 Models. All are available on the Corporate intranet page for employees.

Corporate policies are drafted and updated in accordance to the Group Master Procedure, which involves all the functions concerned. For any new policy or any update of an existing one, relevant managers promote the initiative, submitting the proposals to the Legal, Internal Audit & Compliance function, which carries out a formal and substantial control. Once the definitive text has been defined, it is submitted to the approval of the Chief Executive Officer or the Chairman of the company concerned.

RELEVANT GROUP POLICIES

- Group Code of Ethics
- Group Quality Policy
- Safety and Environment Policy
- Social Media Policy
- Company regulations for the safety and use of the PC

ANTI-CORRUPTION AND VIOLATIONS

In order to guarantee adequate protection against corruption, FOMAS Group operates in a long-term perspective, abiding by the principles of the Code of Ethics adopted by all Group's companies and the principles of the 231 Model for Italian companies.

The anti-corruption procedures are communicated via email, on the intranet and to the Board of Directors. FOMAS Group, in 2022, has not received and reported any incidents of corruption. No additional complaints were received from outside parties and confirmed by the organization or regulatory bodies for the year 2022.

FOMAS Group has implemented for Italian companies a reporting system accessible for employees from the Corporate Intranet, for confidential complaints, reports and suggestions, in line with Italian Legislative Decree 231/2001.

The reports may concern not only violations of Model 231, but also may concern conduct contrary to the Group's Code of Ethics and/or policies and procedures adopted by the Group. Any critical issue is reported to the highest governance body (initially to the delegated director and/or chairman and, subsequently, to senior members of the Board of Directors) by the head of the function directly involved. A particular aspect from the point of view of reports of internal critical issues concerns the commission of actions or omissions potentially in violation of regulation 231/2001 on the liability of legal persons for crimes committed by senior management.

To this regard, all Italian companies of the FOMAS Group included in the scope of the investigation have adopted, in addition to their respective Organization and Control Models, internal procedures for reporting (so-called whistleblowing). Under these procedures, all personnel are allowed to report any behavior in potential violation of regulation 231/2001, in confidential form on the basis of the report and the facts reported, assesses the relevance of the case and decide whether to refer the matter to the governing body.

Communication and training about anti-corruption policies and procedures*

a. Total number and percentage of governing body members to whom the organization's anti-corruption policies and procedures have been communicated	100%
b. Total number and percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated, broken down by employee category and geographic area.	100%
c. Total number and percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated, broken down by business partner type and region.	100%
d. Total number and percentage of government body members who have received anti-corruption training.	100%
e. Total number and percentage of employees who have received anti-corruption training, broken down by employee category and geographical area.	100%

*Italy numbers only, based on the 231 Organizational Model adopted by Italian Companies.

3.4 Risk Approach

FOMAS GROUP APPLIES A "RISK-BASED THINKING" APPROACH TO PLAN AND IMPLEMENT THE PROCESSES OF ITS MANAGEMENT SYSTEMS

The Group has developed a risk management process, which includes the following activities:

- a) Definition of risk criteria (e.g. probability, consequences, risk acceptability);
- b) Identification, analysis, internal and external communication of risks;
- c) Identification, implementation and management of the actions necessary to eliminate or reduce the risks that do not meet the established acceptability criteria;
- d) Identification of opportunities, defined as action points or improvement objectives.

The outcomes of risk analysis provide an input into decision-making process. Quality Assurance reports risk assessment results and related control measures, as well as the evaluation of identified opportunities, in the Risk Assessment Matrix (MVR). Since the risk assessment is considered an input to management review and decision making process, the effectiveness of actions taken is verified by Quality Management System (QMS), at least annually, during the review of the QMS carried out by Management.

Risks assessment involves all departments in order to map the full spectrum of risks and impacts that affect or are affected by the Group's operations. In doing so, the needs and expectations of stakeholders are continuously monitored and reviewed through the risk management process.

In relation to cybersecurity, the need to mitigate the Cyber security and data protection risk leads the Group to pay the utmost attention to data management, not only by implementing the measures and expedients set by the applicable legislation, including the GDPR, but also by keeping the systems updated (and therefore more efficient), investing in infrastructure.

The Group maintains a constantly high attention on the subject of Cyber Security and Data Protection, through:

- (i) periodic updating of the documentation required by the GDPR and other applicable local regulations;
- (ii) specific needs of appointment of the security measures that the supplier/data processor must implement and related responsibilities;
- (iii) continuous investments in infrastructure updating and specific prevention systems.

CERTIFICATIONS

Certifications* / Company	ISO 9001	ISO 29001	ISO 14001	ISO 45001	ISO 50001	ISO 3834-2	ISO 17025
FOMAS S.p.A.							
ASFO S.p.A.							
HOT ROLL S.r.l.							
MIMETE S.r.l.							
FOMAS Precision Forging (Dalian) Co., Ltd.							
BAY-FORGE Private Ltd.							
FOMAS, Inc.							
LA FOULERIE S.A.S.							

*Certifications description:

ISO 9001: Quality management system.

ISO 29001: Quality management system Oil&Gas.

ISO 14001: Environmental management systems.

ISO 45001: Occupational health and safety management systems.

ISO 50001: Energy Management.

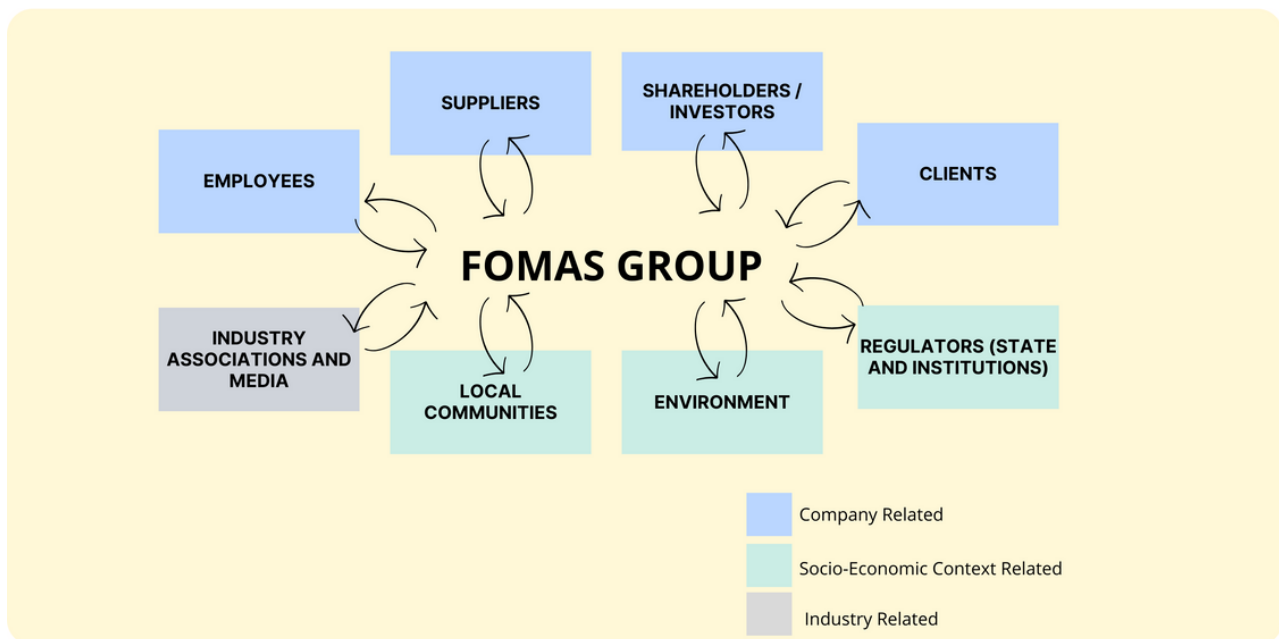
ISO 3834-2: Welding Certification, Quality Requirements.

ISO 17025: Testing and calibration laboratories.

3.5 Material Topics & Stakeholder Engagement

Stakeholders categories and their prioritization have been identified by a process of focus interviews with Department managers, in reference to the GRI standards. Moreover, this evaluation has been reinforced by the ISO 14001 and ISO 45001 certifications process. Stakeholders groups, categories, priorities and impacts are discussed at a strategic level to shape scope, objectives and targets of the Group's sustainability strategy.

The most relevant categories of Stakeholders identified by the Group are: Employees (including workers' trade union representatives, H&S officer), Shareholders/ Investors, Customers, Suppliers (including contractors, consultants, emergency services operators and competent doctor), Local communities, Environment, Industry Associations and Media, Regulators (Legislative and Control Bodies).



The Group has developed an engagement plan that gradually involves all stakeholders. Responses from different communication channels are collected and reviewed by respective relevant teams.

These feedbacks help the Group to align internal assessment of most relevant material topics and to re-evaluate accuracy of risks and opportunities analysis in evaluating its Sustainability strategy.

A formal review of stakeholder engagement initiative is held once per year. The review is comprehensive of:

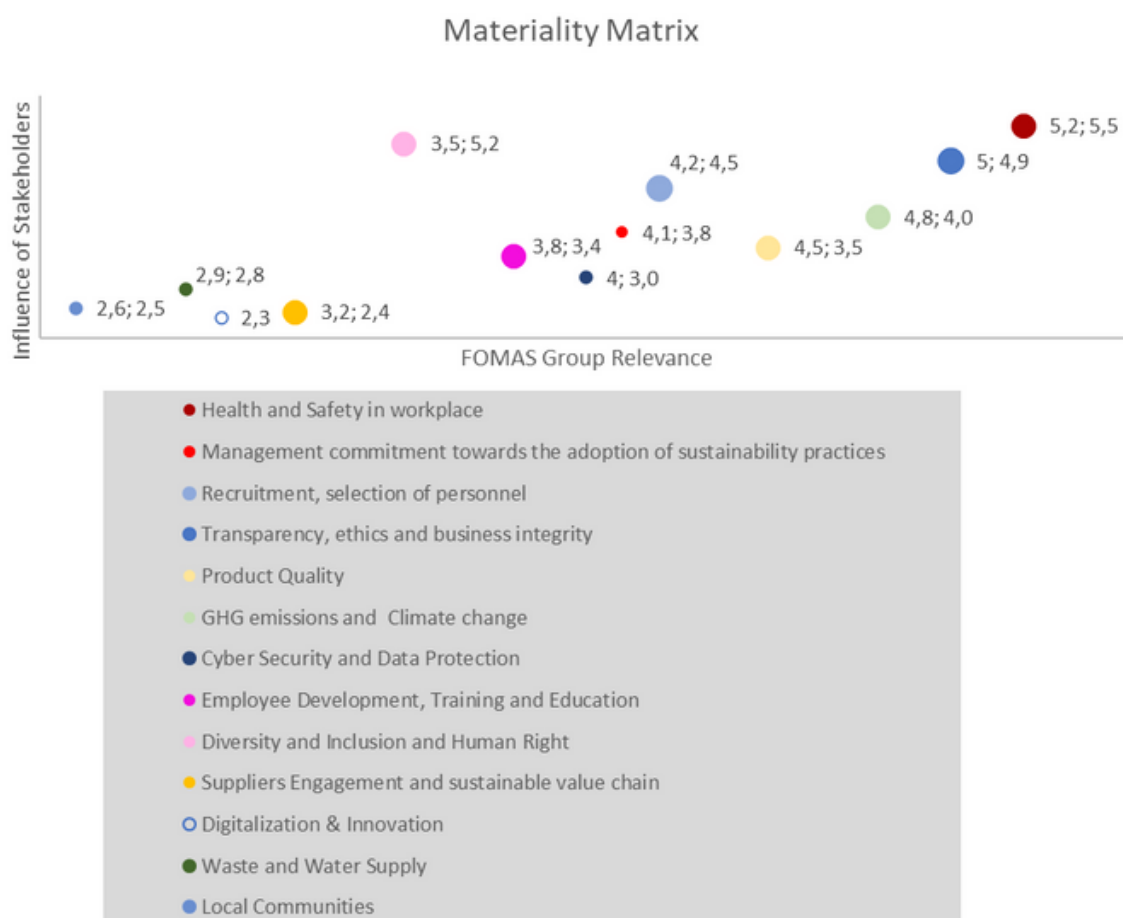
- Stakeholders groups, categories and priorities;
- Stakeholders expectations, risks and material topics;
- Engagement level, communication method and effectiveness;
- Review process' optimization;
- Additional communication, requests and information collected.

The process of identification of material topics is monitored and approved by the Top Management of the Group. This materiality assessment helps the Group to gain a comprehensive understanding of the issues that are most relevant to the business and stakeholders. By integrating materiality into strategic planning and decision-making process, FOMAS Group improves its performance, manages risks more efficiently, and enhances long-term sustainability.

The analysis of material topics promotes a more informed strategic decision-making process and contributes to increased transparency and accountability by providing a structured approach to identify, assess, and manage relevant issues. This allows the Group to demonstrate its commitment to responsible business practices and sustainability, fostering trust among stakeholders and enhancing its reputation. In fact, stakeholder engagement is central in establishing and reviewing the effectiveness of the materials topics identified.

The process aims to identify actual and potential impacts and analyse them based on their significance on our business and stakeholders. Given the dynamic context of sustainability, the report and analysis follows rules of continuous review and improvements to confirm accuracy and relevancy of the results. FOMAS Group Assessment's objective is to keep itself and its stakeholders aware and updated on the actual and potential, negative and positive impacts that might be caused by or contributed from its business operations and activities.

In 2022, the five most relevant material topics identified for the Group are: 'Health and Safety in workplace', 'GHG emissions and Climate change', 'Recruitment, selection of personnel', 'Product Quality' and 'Transparency, ethics and business integrity'.



3.6 Value Generated for Stakeholders

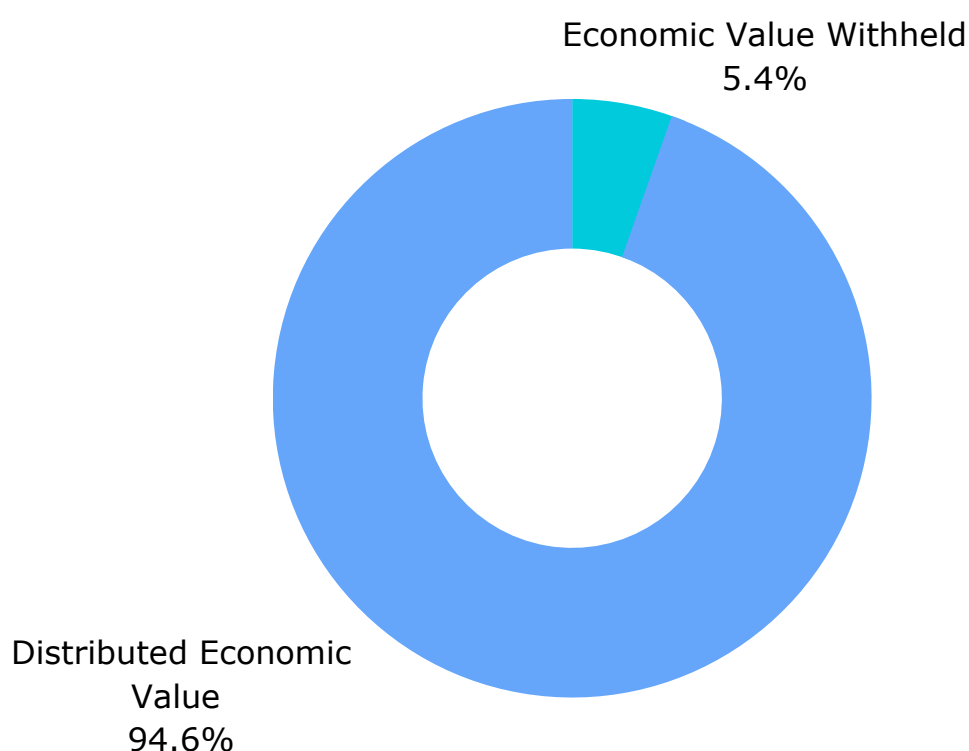
FOMAS Group Direct economic value generated (revenues) for 2022 is 541.227€.

Distributed economic value to Group's stakeholders is around 93%, of which:

- Value distributed to employees
- Value distributed to capital providers
- Value distributed to the Public Administration
- Value distributed to the community
- Operating costs, which include value distributed to suppliers

Below data regarding direct economic value generated and distributed comes from the data contained in the financial statement (P&L) of the organization.

Reference (€)	2022
Direct economic value generated	541,227.000
Distributed economic value	503,425.000
Economic value withheld	28,665.000



04 Social Responsibility

BEARING
STEEL 100Cr6

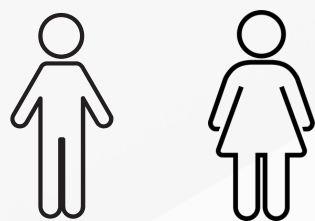
4.1 FOMAS people composition

FOMAS Group is aware that its personnel is an intangible asset of primary value, necessary for the achievement of company goals and the maintenance of optimal quality standards. For this reason, the entire personnel management process is guided by the principle of equal opportunities and without any form of discrimination, guaranteeing growth paths based exclusively on personal merits and skills, and aimed at consolidating the level of professionalism of each individual.

Furthermore, every company of the Group is committed to ensuring that no episodes of intimidation, mobbing, or stalking occur in the workplace; requests or threats aimed at inducing people to act against the law, the Code of Ethics and the Group's Human Rights Policy, or to adopt behavior detrimental to the moral and personal convictions and preferences of each person, are not tolerated.

1,424

Number of employees at
31.12.2022



88%

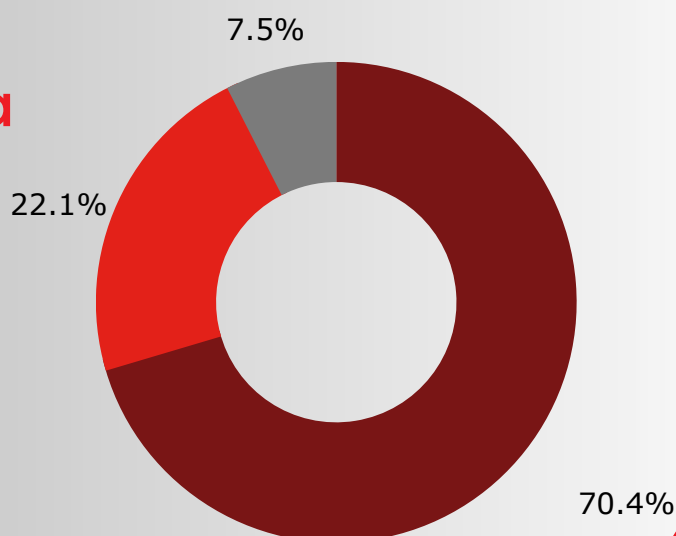
Men

12%

Women

Employees for Geographic Area

70.4% Europe
22.1% Asia
7.5% USA

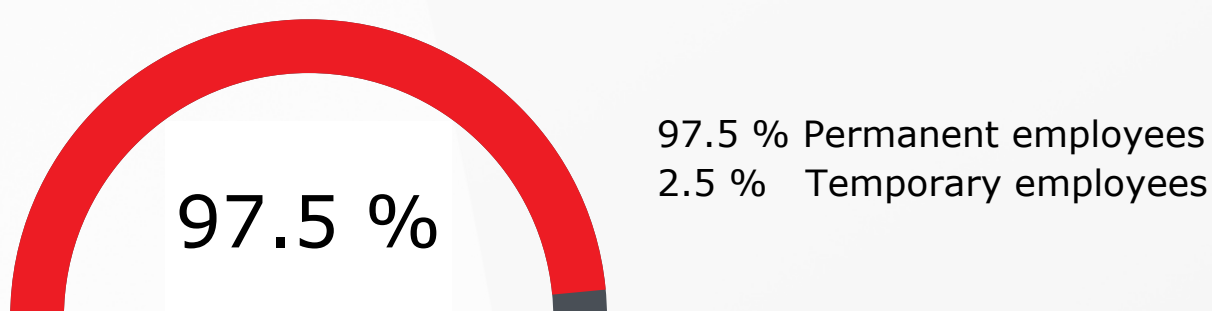


4.2 FOMAS people contracts

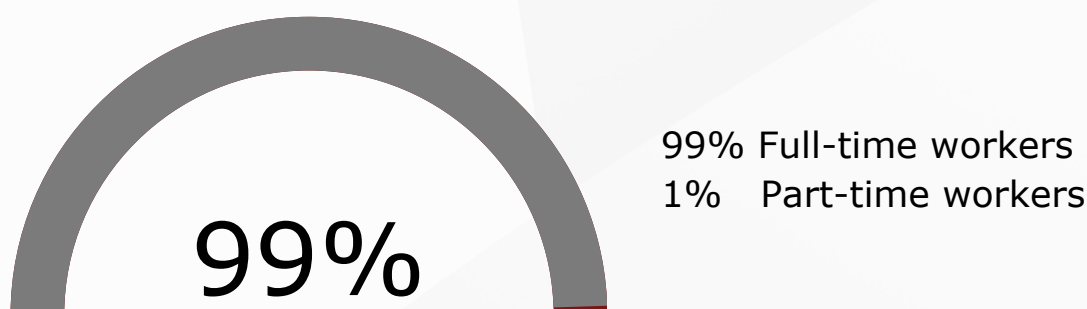
PEOPLE PROTECTION AND DEVELOPMENT ARE KEY PRIORITIES FOR FOMAS GROUP, AS WELL AS MILESTONES OF OUR STRATEGY.

The graphs represented here below show the commitment of the Group towards the employment of our people. As a matter of fact out of 1,424 people employed in the group 1,389 are permanent employees and 1,413 employees are full-time workers.

Employees per type of contract



Employees per employment type



Workers who are not employees

Fomas Group	unit	2022
Type 1 - Consultancy contract	N°	2
Type 2 -Internship contract		2
Type 3 - Contractual relationship Temporary Work Agency		89
Type 4 - Agency Workers		28

Total number of employees by employment contract (permanent temporary and non-guaranteed hours), by gender and region.

Employees (head count)	u.m.	2022		
		Men	Women	Total
Fomas Group	N°	1,258	166	1,424
Permanent employess		1,224	165	1,389
Temporary employees		34	1	35
Non-guaranteed hours employees		-	-	-
Italy		782	113	895
Permanent employess		749	113	862
Temporary employees		33	-	33
Non-guaranteed hours employees		-	-	-
Europe (Exluded italy)		99	9	108
Permanent employess		98	8	106
Temporary employees		1	1	2
Non-guaranteed hours employees		-	-	-
Asia		284	30	314
Permanent employess		284	30	314
Temporary employees		-	-	-
Non-guaranteed hours employees		-	-	-
America		93	14	107
Permanent employess		93	14	107
Temporary employees		-	-	-
Non-guaranteed hours employees		-	-	-

Total number of employees by employment type (full-time and part-time), by gender and region

Employees (head count)	u.m.	2022		
		Men	Women	Total
Fomas Group	N°	1,258	166	1,424
Full-time workers		1,256	157	1,413
Part-time workers		2	9	11
Italy		782	113	895
Full-time workers		781	104	885
Part-time workers		1	9	10
Europe (Excluded Italy)		99	9	108
Full-time workers		98	9	107
Part-time workers		1	-	1
Asia		284	30	314
Full-time workers		284	30	314
Part-time workers		-	-	-
America		93	14	107
Full-time workers		93	14	107
Part-time workers		-	-	-

4.3 People trainings and development

At FOMAS Group, training people is fundamental to the success and growth of the Group. Investing in personnel training for FOMAS Group means a long-term investment in the workforce and Company's competitiveness. Great attention is paid to health and safety courses.



14.3h

Average hours of training per year for Fomas Group employees*



+39%

Of total training hours with respect to the previous year*



+132%

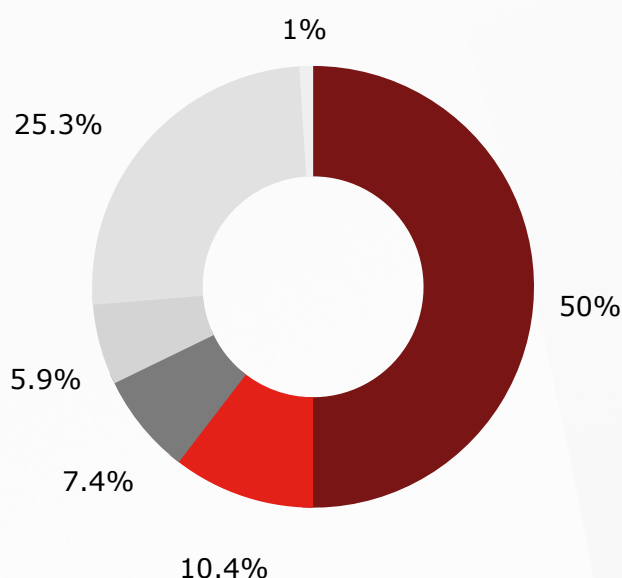
Anti-corruption ("231 Model for italian companies") courses total hours increase

Average Hours of training by gender and level*

Average hours of training by gender and level	unit	2022		
		Men	Women	Total
Fomas Group	h.	13.6	19.6	14.3
Director		5.1	0.0	4.8
Managers		20.9	43.3	24.6
Office Workers		22.9	18.6	21.6
Factory Workers		9.7	2.2	9.6

* FOMAS, Inc. data not included, because split of training hours for FOMAS, Inc. not available.

Training hours by type of training courses



Total training hours by type of training courses	2022 %
Languages (English course)	5.9%
Health and safety	50%
Technical work and learning in the field	10.4%
Quality/Certifications	7.4%
Anti-corruption (for 231 Organizational Model adopted by Italian Companies)	1%
Other (mostly IT Software)	25.3%

Employee Development & training

In order to support company strategy and disseminate company culture in a changing environment in 2022 was born Fomas Academy that aims at creating and providing solution to support the growth of people and their performance through a plan of skilling, reskilling, upskilling.

- Skilling: support the growth of new comers in the company with specific on the job training;
- Reskilling: define specific technical training;
- Upskilling: provide solution to develop people performances and talent.

HR collects and analyse training needs and define a customized training paths, e.g. courses focused on valorising sales techniques for Sales department, lean manufacturing and ESG courses for executive.

HR has continued the project "Metal University" to strengthen technician and soft competencies of Engineering; English technical courses dedicated to employees (transversal to all functions).

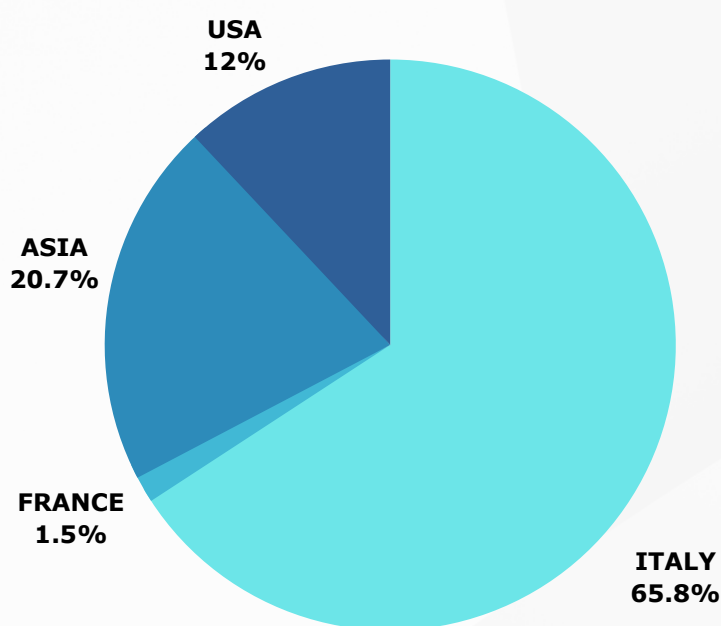
Concerning technical area we point out that Nondestructive Evaluation (NDE) operator and NDE supervisors attended to a technical conference in Verona. Bureau Veritas has confirmed certifications of two NDE supervisors and two NDE operators.

Relevant to development of soft skills: HR organized Team Working and Team building for administration function and courses dedicated to develop soft skills for sales dept such "Emotions at work: making emotion management your strong point".

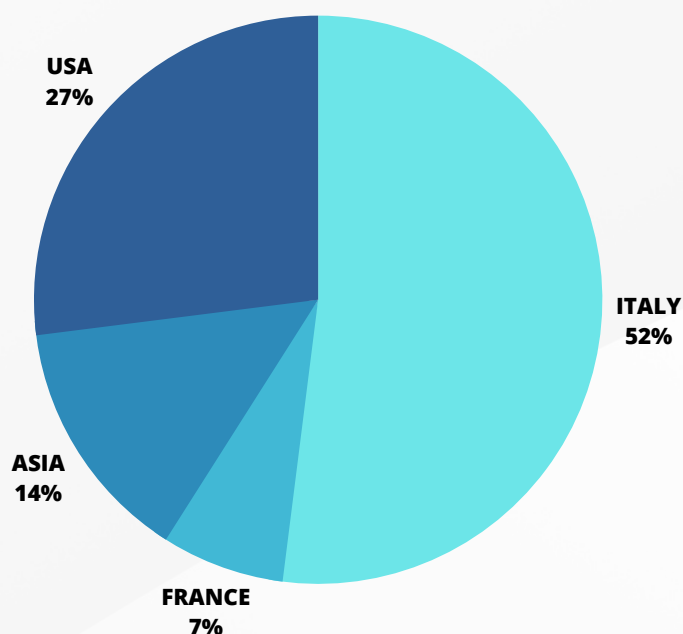
4.4 New hires and turnover

	2022		
	Men	Women	Total
Total number of new hires	162	22	184
Employees leaving the company	197	26	223

Total number of new hires



Employees leaving the company



PERIODIC PERFORMANCE AND PERSONAL DEVELOPMENT EVALUATION

FOMAS Group is structuring a process of management review and personal development to better respond to employees' expectations and upskilling potential.

4.5 Collective bargaining agreements

FOMAS Group respects and guarantees employees' freedom of associations and collective bargaining, preventing any form of intimidation, harassment or abuse. The Group is committed to create an open and constructive relationship with all Representative Bodies.

In India, China and the USA the 'National labor laws for each country are applied', while for European companies the national reference contracts are applied.

All companies maintain a consistent and continuous industrial relationship with Trade Unions regarding health & safety, welfare, company objectives, industrial & "people investments" formalized by countersigned agreements between management and Trade Union.

4.6 Diversity and inclusion

Members of the governing bodies (head count)

Members of the governing bodies (head count)	u.m.	2022		
		Men	Women	Total
under the age of 30	N°	0	0	0
between 30 and 50 years		24	0	24
over 50 years of age		18	1	19
Total		42	1	43
Gender Share	%	98%	2%	

Employees (head count)

Employees (head count)	unit	2022		
		Men	Women	Total
Directors				
under the age of 30	N°	0	0	-
between 30 and 50 years		13	0	13
over 50 years of age		7	1	8
TOTAL Directors		20	1	21
Managers				
under the age of 30	N°	1	0	1
between 30 and 50 years		46	7	53
over 50 years of age		16	7	23
TOTAL Managers		63	14	77
Office Workers				
under the age of 30	N°	39	12	51
between 30 and 50 years		202	101	303
over 50 years of age		73	29	102
TOTAL Office Workers		314	142	456
Factory Workers				
under the age of 30	N°	100	2	102
between 30 and 50 years		535	3	538
over 50 years of age		225	5	230
TOTAL Factory Workers		860	10	870
GRAND TOTAL	N°	1257	167	1424

4.7 Health and Safety

FOMAS GROUP ASSESSES HEALTH AND SAFETY RISKS IN ACCORDANCE WITH THE MOST UP TO DATE STANDARDS GLOBALLY AVAILABLE. BENCHMARKING WITH BEST IN CLASS INDUSTRIES IS PART OF THE STRATEGY.

FOMAS Group promotes a culture of the environment, health and safety, based on the centrality of the human factor, through the ISO 14001, available in all companies, and UNI 45001 Integrated Management System, available in all companies except FOMAS, Inc. The Group's Health, Safety and Environmental Policy sets the following points as cornerstones:

- Knowledge and expertise
- Involvement and Leadership
- Continuous improvement

Risk management for people

The analysis and management of risks to people is reinforced by the certification process ISO 45001.

This requires assessing all existing risks to people's health and safety, taking immediate action on identified gaps, and proceeding with a root cause risk elimination approach.

Group's Integrated Management System

The Group's Integrated Management System is the result of the aggregation of the Management Systems of the individual plants and the Best Practices developed by Group's companies.



HSE trainings

The planning of HSE training activities is responsibility of each individual plant, based on analysis carried out by the area specialists.

Training needs emerge from risk assessment activities.

The design of the course is carried out on the basis of national legislative protocols.

Effectiveness is evaluated through tests, practical trials and internal audits.

HSE Strategic plan

Each site of the Group acts on the basis of a standardized HSE strategic plan that includes all relevant aspects and impacts.

This plan is the basis for tracking projects improvements and includes both general Group's objectives and local site objectives, such as specific improvement actions.

Each plant in the Group relies on specialized physicians for the implementation of specific health protocols.

HEALTH, SAFETY AND ENVIRONMENT - RISK ASSESSMENT AND MANAGEMENT

The attention dedicated by the Group to a Safety Culture, for the safeguard of health and safety of its employees and to improve the environmental performance of its activities, represents a key reference in continuous improvement of business reliability.

The Group evaluates all existing risks to people's health and safety, intervening immediately on the discovered leaks and proceeding with an approach to eliminate the risk at its root. Where the risk cannot be eliminated, the best solutions available at the time of the analysis are studied and then the organizational and collective solutions to limit the risk. In this sense, the adoption of safety devices takes place only where the risk cannot be eliminated in any way.

The identification of work-related hazards and risk assessment is performed for each site in accordance with ISO 45001 and on the basis of Group and reference site procedures.

Third party management is in compliance with ISO 45001 requirements 4.1., 4.2 and 6.3 by consulting workers ref. 5.4. As far as contracts are concerned, The Group applies the logic of art. 26 Legislative Decree 81/08 and Title IV where applicable. Although it is Italian law, all sites are required to manage third parties according to the European standard in terms of evaluation, control and management.

FOMAS Group encourages all workers to report dangerous situations through the whistleblowing system directly to the supervisory body, through the appropriate portal. For reports from the department there are specific IT tools on some sites. Where applicable, the workers' representatives protect the privacy of the individual's report.

Furthermore, the Group encourages the participation and consultation of workers in the development and implementation of the occupational H&S management system, operating in accordance with ISO 45001 with specific group procedures and local instructions. Each site has an interfunctional steering committee for the management of HSE issues, chaired by the local Managing Director, which meet once a year at a minimum or for specific event management.

Privacy is guaranteed by the strict application of national confidentiality protocols. For example, in Italy and France, personnel health records are available exclusively to the competent doctor and cannot be shared with employers. The guarantor of the security of the HSE data is the management of the single site. There have been no breaches of personnel data privacy in the history of the Group.

HSE TRAINING

The planning of training activities is the responsibility of the individual plant, based on the needs analysis carried out year after year by the specialists in the area. Where the group's top management identifies common trends and training needs, these are channelled into a global program that aligns the sites on a model that is as standardized as possible.

Training needs emerge from risk assessment activities. The planning is carried out on the basis of national legislative protocols and on the basis of the work of specialists in the training area (including those linked to local industrial associations).

Training provided in the HSE area requires specific qualifications which vary from country to country. Where internal personnel possess these characteristics, training is carried out internally. Where skills that go beyond those possessed by HSE staff are required, qualified external companies are used. Training is always provided during working hours and participation is mandatory. The effectiveness is evaluated through tests, practical trials and internal audits.

The amount of training hours is constantly increasing. Specific KPIs are defined to measure the absolute number of hours, the number of hours linked to minimum legal requirements and the number of training hours linked to topics that go beyond the minimum required, of excellence. Every year, the Group sets objectives to increase the number of training hours.

INJURIES AT WORK

Injuries - Employees	unit	2022		
		Men	Women	Total
Recordable occupational injuries	N°	33	-	33
At work		30	-	30
On the road		3	-	3
Fatalities (due to workplace injuries)	N°	-	-	-
At work		-	-	-
On the road		-	-	-
Lost hours for High-severity occupational injuries (excluding fatal injuries)	Hours	-	-	21,840
At work		-	-	21,840
On the road		-	-	-
Total number of hours worked	Hours	2,754,214	-	2,754,214

Total number of hours worked by non-employee workers currently not available.

All 30 at work injuries are related to: Mechanical impact contusion crushing without involvement of machinery.

NEAR MISS

At the group level, all risks are always considered as per Legislative Decree 81/08 and subsequent amendments but historically the main dangers are linked to the presence of heavy loads to be moved often with overhead cranes, high temperatures, fire and traffic conditions. All international standards for general specific risk assessment apply. Example: NIOSH, OCRA, INAIL, OSHA, UNI 9432:2011, UNI 9612:2011, UNI EN 458:2016, Legislative Decree 04/12/02, Legislative Decree 81/08, Legislative Decree 152/06, UNI EN 14255-1, UNI EN 170:2003, ISO 45001, ISO 14001, etc.

Near miss	unit	2022		
		Men	Women	Total
Total number of near misses	N°	133	0	133

WORK RELATED DISEASES

No occupational diseases recorded to employees and non-employees in 2022. The specific risk assessments of the site, in accordance with the competent site doctor, identify the factors that could expose the employee to occupational diseases. The actions resulting from this evaluation are part of the strategic improvement site plan.

There is no record of past litigation on work related diseases with employees or authorities.

05 Creating shared value for the community

5.1 Pillars of the social strategy

FOMAS Group recognizes that business activity is sustainable when it is able to guarantee a long-term competitive position by combining adequate economic results with the achievement of environmental and social targets according to a universally shared model.

The sharing and creation of value in the local area is an integral part of the social strategy, with the aim of contributing to the enhancement of the areas and to the economic and social progress of the communities in which the Group operates. The selection of projects supported by the Group is based on the desire to reflect its values and their positive impact on the community.



Social

The Social focus brings together all initiatives aimed at healthcare (prevention, accessibility of services, research) and at the development and direct support of needy communities (people with disabilities, women and children...).



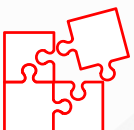
Cultural

Commitment in terms of support to local cultural initiatives, such as promotions of local cultural sites, artistic and musical performances.



Sport

The sport sphere aims to encourage sport activities and events by promoting team-working values.



Institutional

The 'Institutional' area involves all projects in collaboration with schools and universities aimed at research, education and mentorship.



Environmental

Projects in the field of environmental sustainability in the key areas of the Group's plants.

5.2 Sponsorship and membership associations

Main types of sponsorships and donations

FOMAS Group defines an Annual Sponsorship Project Plan tending towards four types of sponsorship: cultural, social, sports and environmental. Moreover, the Group is adding a new focus area of sponsorship/donations: Institutional.

Local Focus with Global Approach

Selection of projects to favor the local areas while maintaining the common objective of the Corporate Strategy of enhancing the 5 pillars of the Social, Cultural, Environmental, Sporting and Institutional world.

Policies and procedures

With regard to sponsorships, the Group has adopted VP 006 Procedure to manage sponsorships, detailing responsibilities and authorizing levels in line with the requirements of D.Lgs 231/01.

Membership Associations

Federacciai, AIM (Italian Association of Metallurgists), EPMA (European metal powder association), FIA (Forging Industry Association), More to come...

Internal continuous improvement strategy

The Group is setting a new strategy for a continuous improvements towards a more structured approach towards the Group's commitment into the local community and the involvement of the employees in the corporate strategy.

Other sponsorship projects

The Group participates in donations to purchase various equipment useful to the areas where it operates.



5.3 Associations and Communities Support

FOMAS Group defines and approves an annual plan of Sponsorship and Donations Projects and related forecast of economic commitment (budget).

The sponsorship and donations allocation criteria are linked to the Group's values and the positive impact that the sponsorship has on the territory.

Over the course of 2022, the Group supported a series of associations and initiatives related to four main themes; a cultural, a social, a sporting and an environmental theme.

PLANT	ASSOCIATION	PILLAR	CATEGORY	PROJECT
HOT ROLL S.r.l	WELFARE CARE	SOCIAL	Healthcare	Free mammography and ultrasound
FOMAS S.p.A.	SCUOLA DI MUSICA S. FRANCESCO	CULTURAL	Music	Festival Agnesi - Music exhibition
FOMAS S.p.A.	MAXMARK SRL	SPORTS	Sport	European Nascar
FOMAS S.p.A.	FONDAZIONE COSTRUIAMO IL FUTURO	SOCIAL	Community support	Award Costruiamo il futuro; territorial projects
FOMAS S.p.A.	ARTCOLORBIKE DI CONTEXTO SRL	CULTURAL	Art	Event ArtColorBike
FOMAS S.p.A.	APICOLTURA URBANA	ENVIRONMENTAL	Community support	Apiary in Curone Park
FOMAS S.p.A.	PARCO DEL CURONE	ENVIRONMENTAL	Community support	Rental of space in the park for renting an apiary
FOMAS S.p.A.	ECHOES Srl	SOCIAL	Healthcare	DAE HeartSine® samaritan® - Public access defibrillator
ASFO S.p.A.	CROCE ROSSA ITALIANA DI ROVIGO	SOCIAL	Healthcare	Purchase project of an ambulance for the Italian Red Cross provincial committee of Rovigo
BAY-FORGE Private Ltd.	ALEIMAR	SOCIAL	Community support	Support for children and women in need in Tamil Nadu area



BEES

In 2022, the Group started the first environmental project in the FOMAS S.p.A. local area: an apiary was set up in the Curone and Montevicchia Park.

A project on biodiversity, which also saw a training activity for employees on the importance of bees for the environment.

In 2022, FOMAS Group confirmed its contribution to the ArtColorbike Project, sponsored since 2019, which supports the transformative value of arts and color, capable of conveying essential concepts of contemporary living. Created in collaboration with the Municipality of Milan, artColorBike enhances the work and creativity of the young talents of the Brera Academy in Milan and at the same time promotes the values of attention to the environment and critical consumption. Guided by a professor from the Academy, twelve artists from the authoritative Milanese school of Fine Arts transformed twelve bicycles destined for scrapping into works of art, returning them to the citizens who will be able to admire them on different occasions and at different times through the format of the traveling exhibition.

Also in 2022, support was renewed for the San Francesco di Merate Music School, which was born in Merate in 1991. The School offers and organizes courses for learning musical instruments and singing. The "San Francesco" also takes care of the artistic direction and organization of the Merate Music Review, it organizes festivals, concert lessons, conferences, informal concerts, essays and exhibitions. The main goal is the diffusion of musical culture in the local area.

Sponsorship of 'Costruiamo un futuro' Foundation has also been confirmed, which promotes study, research, information, trainings and organizes cultural initiatives and support for the world of volunteering, non-profit and sports associations. Since 2003, 'Costruiamo un futuro' Award has supported the projects of many associations operating in the Lombardy region, responding to the needs and requirements of families, minors, young people and adolescents, the elderly, the disabled, the sick.

With regard to the sports world, Fomas Group confirmed support to the 'Will Frederick Memorial 5K Run For The Kids in America', a charity run to raise funds for the association that supports children in difficulty, to 'York Recreation Little League Baseball Sponsorship' and to 'York Middle School Softball Team Sponsorship'.

Another sports sponsorship with a European scope that the company sponsors is the one linked to the Nascar Whelen Euro Series event. This sponsorship is aimed more at the company's internal stakeholders, i.e. those employees that the company deems potential and who want to reward and encourage through an event that increases the sense of belonging and team-work.

In terms of support to local communities, support was provided to the Love Like Laurin Foundation-Kids with Cancer Sponsorship (York).

While in the Busano area a screening activity was sponsored (free mammography and ultrasound), through Welfarecare, aimed at the company female population, family members and the local population. We also maintain the contribution for the local festival of Villamarzana.

As a new sponsorship instead of the usual Christmas gift this year FOMAS Group sponsored the 'A HAND FOR EVERYONE' project in India aimed at supporting 30 children and 50 single women in Tamil Nadu through education, health and professional integration assistance.



06 Quality and Innovation

6.1 Quality product

Decades of experience have made FOMAS Group an essential partner to its clients. Its know-how allows the Group to optimize processes and materials, minimizing cost, and maximizing product quality. The Group has no quality-related certification at corporate level. Depending on the plant's sector of reference, the Group holds specific certifications.

FOMAS Group has a Quality Management System which aims at providing products that meet customers requirements, going towards continuous improvement. This system has three main areas.:

1 Monitoring processes (KPIs)
Top Management annually establishes performance indicators to monitor Quality Management System processes (KPIs). For each KPI, the annual target to be achieved and the person responsible for achieving these targets are defined. The annual summary is reported in the annual Management Review and constitutes input for the definition of both indicators and related targets, based on the results of previous monitoring activities



2 Target setting
Quality objectives are planned, documented and communicated through 'Quality Improvement Plans', included in the Management Review, in which responsibilities, necessary activities, implementation timeframes and possible milestones are identified



3 Lesson learned
Top Management reviews the Group's Management Systems at least once a year on the 'lessons learned' approach: issues arising from past experience that should be taken into account to reduce the likelihood of recurrence, and information from external sources that may represent potential opportunities for continuous improvement.



FOMAS Group contributes to guarantee product safety by:

- Analyzing hazardous and contaminating elements and associated risks;
- Ensuring the repetitiveness of production processes;
- Immediately reporting to the customer, and subsequently analyzing, any event, defect or non-conformity that may have an impact on product safety;
- Communicating and carrying out appropriate training activities for personnel, including training dedicated to the concepts and principles of 'Safety Culture'.

ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT CATEGORIES

Given that FOMAS Group is not responsible for the design of the products supplied, as they are provided by the customers, the product safety is guaranteed through full compliance with contractual requirements and those of applicable laws and regulations.

Depending on the reference sector of the plant, the Group has specific certifications (e.g. Automotive IATF, Aerospace EN9100, Nuclear ASME, Oil & Gas ISO 29001). In addition to the aforementioned certifications, which concern the "management system", some sites also have certifications relating to the "product", such as for example the PED certification for the supply of components intended for pressure equipment, below some examples.

- ASFO S.p.A. site has obtained NADCAP aerospace certification for non-destructive testing (ultrasonic examination and liquid penetrants) and for heat treatments.
- BAY-FORGE Private Ltd. and FOMAS Precision Forging (Dalian) Co., Ltd. obtained NADCAP e TPG accreditations.
- Some tests of FOMAS S.p.A. and MIMETE S.r.l.'s testing laboratories are accredited by ACCREDIA (the Italian national accreditation body) according to the ISO 17025 standard.
- HOT ROLL S.r.l, for the automotive sector, has supported the training and qualification of an employee as the Product Safety & Conformity Representative in 2022.

Following, Quality Manual and QMS procedures, the Group carries out controls on:

- a) Incoming raw material;
- b) Production cycle;
- c) Finished product.

FOMAS Group generally does not produce in series, but each product tends to be different from the previous one, with the exception of the HOT ROLL S.r.l company. The plants that produce rings (ASFO S.p.A., FOMAS Precision Forging (Dalian) Co., Ltd., BAY-FORGE Private Ltd.) although not automotive, produce something that can be assimilated to a series (small repetitive volumes) where control can remain 100% or in the form of sampling if agreed with the customer. For these productions, for the automotive sector, quality controls are carried out on a sample basis and not on each piece produced. The controls that FOMAS Group carries out on the product can be defined as multiple controls related to safety, since the controls that FOMAS Group carries out are on the production process and not related to the final application of the product.

The customer, when receiving the product from FOMAS Group carries out a further quality control to confirm that the work has been carried out correctly.

CASES OF NON-COMPLIANCE CONCERNING THE IMPACTS ON THE HEALTH AND SAFETY OF PRODUCTS

No reported non-compliance with health and safety impact caused by products supplied by the FOMAS Group in 2022.

Non-conformities are regularly detected, identified, processed and documented according to the relevant non-conformity management procedure. The analysis of the non-conformities and the issuing of the relative corrective actions are carried out by the personnel of the Quality department in accordance with the corrective action management procedure.

In case of deviation from the customer's requirements, detected on the product during production, a non-conformity report is issued which is subsequently sent to the customer for approval of the proposed solution. Non-conformities are recorded and managed through the PLM "TeamCenter" and the management software (ERP).

For each non-compliance, the "root cause" is identified and analyzed, as well as any corrective actions to be taken. For each corrective action introduced, its effectiveness is verified.

6.2 Research and development (R&D)

THE AIM OF THE R&D DEPARTMENT IS TO PROVIDE TECHNICAL KNOW HOW AND SUPPORT REGARDING MATERIALS, PRODUCTS AND PROCESSES AS WELL AS PROVIDING A CONTINUOUS INNOVATIVE APPROACH TO THE COMPANY.

Among the many activities, that the highly qualified team of engineers focuses on:

- Technical evaluation of customer specifications, raw material suppliers, and new processes;
- Definition of best parameters and new experimentation for complex processes;
- Finite elements simulation of processes in order to forecast deformations during heat treatment, the plastic flow of material during forging, and maximum loads on the equipment during forging and rolling operations;
- Continuous updating on innovations regarding forging, rolling and powders production by dedicated projects and cooperation with universities, partners, and customers on specific items;
- Ongoing training programs for Group's personnel in order to increase the know-how within the company;
- Support to quality control; in-house failure analysis on specific issues, in order to understand and overcome critical aspects of complex projects;
- Benchmarking activities;
- A simulation activity is starting using dedicated software for optimizing processes (costs and product quality) such as forging, hot rolling and heat treatment;
- A possible partnership is being evaluated with a supplier for the use of hydrogen instead of natural gas and the development of a new hydrogen furnace for the FOMAS S.p.A.Osnago plant;
- FOMAS S.p.A. is formalizing a partnership with the Turin Polytechnic for the optimization of process activities linked to a specific type of steel which is very critical;
- FOMAS S.p.A. with the support of an external study is evaluating the possibility of participating in European tenders.

RAW MATERIALS	R&D ACTIVITIES	FUTURE ACTIVITIES
<p>FOMAS Group uses steel and aluminium as input products to be processed, the supply is carried out directly by steel mills and aluminium producers. In both cases, the metal can be produced from ore or recycled scrap.</p> <p>R&D FOMAS Group intervenes only in the raw material qualification (qualitative performance)</p>	<p>Main R&D focus in FOMAS Group is to investigate and study the behavior of steels as process parameters change in order to improve processes, optimizing them, and to cost-effectively achieve the product requirements requested by the customers. FOMAS Group produce from customers' precise directions.</p> <p>The work of R&D acts on the definition of the internal production process, the steel, and the chemical composition of steel.</p>	<p>FOMAS Group aims to simulate activity with softwares for the optimization of processes such as forging, hot rolling and heat treatment. New possible partnership with a supplier is being evaluated for the use of hydrogen instead of natural gas, and the development of a new hydrogen furnace for the FOMAS S.p.A. Osnago plant. FOMAS S.p.A. is formalizing a partnership with the Turin Polytechnic for the optimization of process activities related to a certain type of steel.</p>

Digitalization & Innovation

FOMAS Group is investing a lot into Digitalization & Innovation, in order to improve its efficiency usage of resources and keep up with new technological trends.

Lean Manufacturing, automatized monitoring of consumption, applied ML/IA applied to plant control are increasingly more important to map pain points and opportunities for each plant.

07 Awareness and commitment for the planet

7.1 Climate Change Mitigation and Adaptation

FOMAS Group is aware of the impacts on climate change due to its production process and strives to minimize its environmental impact by adopting sustainable practices. Some of these practices include the use of renewable energy, water consumption optimization, improving efficiency of the plants, a well-structured and responsible waste management, reutilization and secondary materials projects and integrating sustainable factors into the supply chain decisions. The Group culture aims to continuously search for initiatives and strategies to reduce the environmental impact. The Group regularly monitors the progress of environmental performance towards targets of improvements and communicates them in a clear and transparent way.

The Group has developed a detailed analysis of the context in which it operates, in line with ISO 14001. Each production site in the five countries in which the Group operates has developed its own specific analysis of Environmental risks&opportunities and relevant impacts, dividing them into input and output factors. Starting from 2017, the assessment of risks and impacts is managed through a specific tool called "Environmental Table", updated according to internal and external context.

The risk management approach goes beyond legislative and technical compliance through benchmarking and best practice sharing. The environmental and energy safety management systems, certified by a third party body, are the framework around which improvement initiatives and policies are developed. In developing improvement strategies, the Group develops benchmarking activities with sector references and with the companies of the Group itself. Each company, in fact, implements targeted and specific actions of excellence which then guide the improvement of the others. The decision-making process is pyramidal, with the President of the Group at the top and the Managing Directors on site. In this process, the specific functions (HR, Finance, HSE, Operations) have the role of process owners with specific competence to guide the decisions taken by the top management of the Group.

The planned actions are channeled into a strategic plan which contains the objectives in the form of KPIs. The progress of the plan is monitored with various tools: internal audits, third-party audits and intra-group collaborations. Every year, the Group's top management reviews the situation, assessing the effectiveness of the actions undertaken and the progress of the projects.

In compliance with the dictate of the ISO High Level Structure which is transversal to the Environment, Energy, Safety and Quality management systems, the interested parties are identified at the individual company and Group level. Moreover, there is a constant communication flow with all the interested parties.

7.2 Energy Consumption and Efficiency

The Group began its energy efficiency process in 2015, implementing an energy management system in compliance with the ISO 50001 standard. The currently certified plants are FOMAS S.p.A., LA FOULERIE S.A.S. and HOT ROLL S.r.l. The Group is planning to extend the ISO 50001 standard to all plants.

The energy approach is that of optimization starting from the initial diagnosis. This diagnostic activity highlights significant energy consumption and allows improvement policies to be managed based on mapping and measurable data. The scale of priorities is linked to significant energy consumption, on which optimization efforts are concentrated.

Electricity and Gas index are monitored monthly in each plant and reported to Corporate headquarters.

During 2022, continuous energy efficiency projects were implemented in order to reach set yearly targets of reduction.

In ASFO S.p.A., a relamping initiatives has started to replace in the all plant incandescent lamps with led lamps.

FOMAS Precision Forging (Dalian) Co., Ltd. supported investments in new furnace and Heat Treatment Furnace with better combustion system with higher NG efficiency and in a compressed air system audit and improvement, which led to the identification leakages and hence to save electricity usage.

LA FOULERIE S.A.S. plant invested in insulation of building, relamping with high efficiency lighting and intelligenet management and in the replacing of electric heaters in offices with loackable programmes.

In FOMAS S.p.A., as presented in the ISO 50001 review, the most important energy efficiency projects were:

1. implementation of the consumption detection systems of all the furnaces for the consumption of methane gas;
2. Application of multimeters in network distribution points which will allow an assessment of consumption by zone;
3. Energy efficiency verification program of the compressors with measurements of air production and network losses, with possible reductions in electricity consumption in the order of 50kWh;
4. Verification project of the use of waste heat from the furnaces and related maintenance activities;
5. Lamp replacement based on the lighting report;
6. To save energy from heating, the management has decided to close the office building on Friday for the 2022/23 winter season, with office staff in smart working, thus anticipating savings from the shutdown of the plant on 3 days a week.

7.3 Greenhouse Gas Emissions

FOMAS Group is committed to invest in progressive improvements towards the reduction of its production-related GHG emissions. The Group recognize its duty to work towards a low carbon emission optimization and is working in building a reliable and effective decarbonization strategy.

GHG emissions are embedded in the Group's production processes, and that's why continous efficiency projects not only helps the Group to improve from a cost-effective perspective, but also in terms of reducing impact on the environment of the overall emissions. The main project in this regard, during 2022, has been the digitalization of monitoring and controlling of the industrial processes and relative methane and electricity consumption.

The Group is aware that, in order to actively contribute towards the European Targets of Net Zero by 2050, it does not only have to focus on their own production process GHG emissions but on the overall value chain.

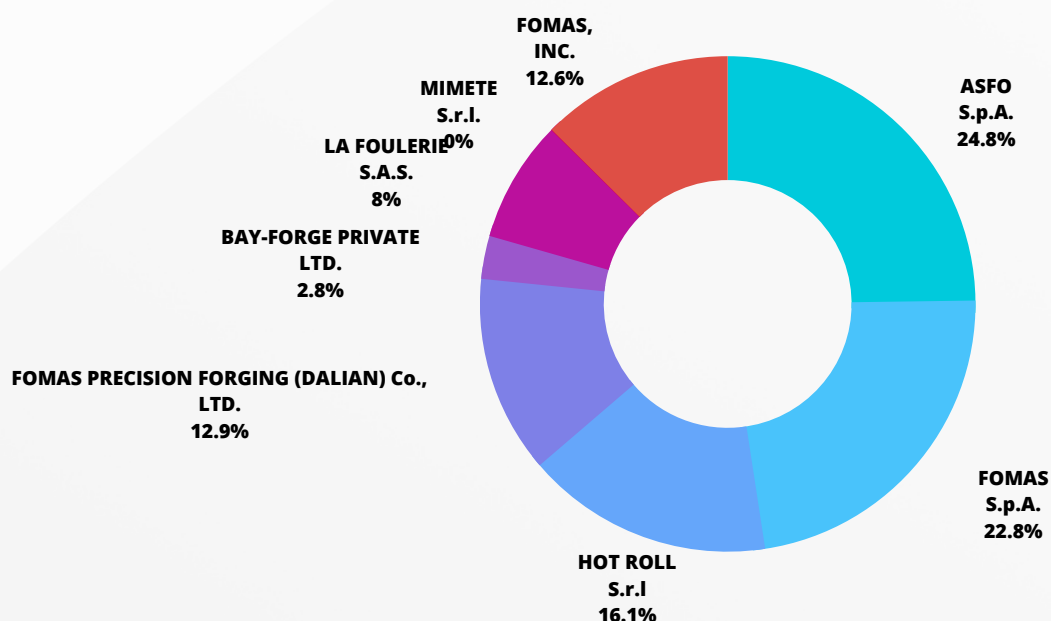
The industry in fact recognize the highest influence of Scope 3 Category 1 into the overall Company Carbon footprint. Moreover, from carbon footprint calculation on a plant and on a product level, the Group has a clear understanding on which are the supplier's factors and characteristics that impact the most on overall emission reporting: location, % utilization of renewable or non-renewable raw materials, production processes and technologies.

FOMAS Group is working towards a decarbonization roadmap which will be availbale by end of 2023.

MATERIALS USED BY WEIGHT OR VOLUME

In Year 2022 total quantity materials for all categories involved (including raw materials, process materials and packaging materials) summed up to a total of kgs 184,330,971. Below split by company.

Around 96% of total weight of input materials is given by raw materials, which might be generally considered as all recycled material.



7.4 Water Usage and Conservation

The production process currently involves a significant level of water consumption. The Group is investing time and resources towards better management of water use.

All group companies use water significantly in their cooling cycles. The cooling, depending on the production cycle, is done by means of cooling towers or closed circuit chillers. For most companies, water is drawn from the public water system. Release to surface water body is avoided, taking advantage of the wastewater system. The peculiarities of the production cycles allow some factories to reduce industrial waste to almost zero. The water cycle is also monitored through the local Environmental Table system, following implementation of ISO 14001. The Group always works in accordance with local authorities and the communities close to the plants with a direct collaboration approach for the evaluation of the necessary withdrawals and the expected discharges. The treatment and the relative parameters of the discharge are regulated according to legal requirements in all countries. There are no pending disputes regarding water. All plants operate under local permits. They are single and all-inclusive authorizations (AUA) or equivalent to integrated authorizations (example of India).

The impacts relating to the water cycle are monitored by a specific indicator, reported on a monthly basis by each plant to Corporate HQ. This is the Wi, water index, which measures the cubic meters of water consumed per ton of processed steel. This indicator is monitored annually and the year-on-year reduction objectives are set on the average value. The annual peak of water consumption of the individual plants is linked to the water turnover of the treatment tanks which have considerable volumes, in relation to the size of the pieces. Secondly, water consumption is linked to the evaporation of the cooling towers which have no particular impact on local communities, typically due to the geographical location of the plants. Based on the WRI classification, the locations in the water stressed area are: Chennai-India(4-5) Extremely high, Dalian-China (3-4) High, Carignan-France (2-3) medium high, York SC-USA (1-2) medium-low.

The measurement of the quantities of water used and discharged is guaranteed by the quality of the measurement system and by the mandatory legal protocols in the various countries. All data is verified and passes through the Group's administrative offices, which guarantee their fiscal correctness.

Water withdrawal by source	unit	2022	
		All areas	Areas with water stress
Groundwater (total)	ML	0.00	0.00
Third-party water (total)		288.54	83.80
Surface water (total)		0.00	0.00
Sea water (total)		0.00	0.00
Water produced (total)		0.00	0.00
Total water withdrawals		288.54	83.80
Fresh water (<=1,000 mg/l total dissolved solids)		288.54	83.80

Recycled or reused water	unit	2022	
		All areas	Areas with water stress
Total water withdrawals	ML	288.54	83.80
Total water recycled or reused		0	0
% of water recycled or reused	%	0%	0%

7.5 Waste Management and Recycling

The Group carefully evaluates risks and impacts on external environment and on the production process related to waste generation.

In addition to complying with the legal requirements of each country, FOMAS Group tracks waste management through a series of indicators:

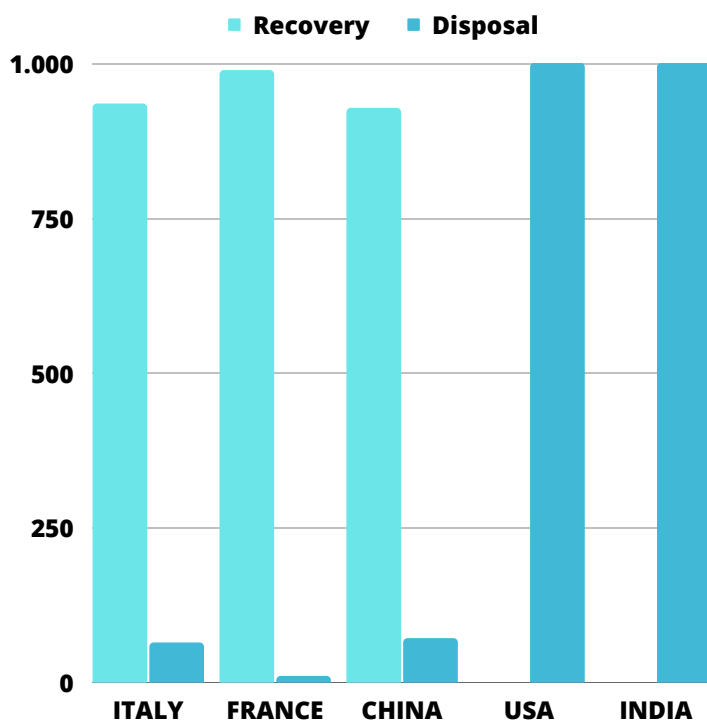
- Total waste produced;
- Waste to landfill (WTL): percentage of waste sent to landfills out of the total.

Following the yearly management review, the Group sets a goal each year to reduce the fraction of waste that ends up in landfills. Each site implements the most suitable strategies for achieving the objectives set.

In the life cycle perspective, the impacts before, during and after the processing of the steel are included.

The Group is aware that the choice of suppliers to manage waste is critical. Hence, the choice is made from a list of companies that are qualified. The verification of the suitability of the supplier is part of the acceptance process by the HSE service.

The waste cycle is managed with special logistics software, with some differences between countries. At Group level, there is a single reporting standardized file that monitors the total and landfill quantities of waste on a monthly basis. The detailed data is managed through special software, where applicable directly connected to the competent authorities.



Country	2022
	Total Waste (Kgs)
Italy	32,575,066
France	3,027,015
China	3,697,815
United States of America	199,000
India	1,848,000

08 Embracing the change with our partners

COBALT BASE
ALLOYS

8.1 Supply Chain

Supply Chain Management

FOMAS Group implements all supply chain verifications and prescriptions both in ethical terms and in terms of prevention, such as requiring certified conflict mineral and to have regular recruitment of personnel.

Supplier assessment

Supplier performance monitoring systems are in place. Targets and indicators are updated and monitored periodically. Evaluations and responses to supplier performance improvement plans are periodically collected and analyzed in comparison with corporate objectives.

Communicating with suppliers

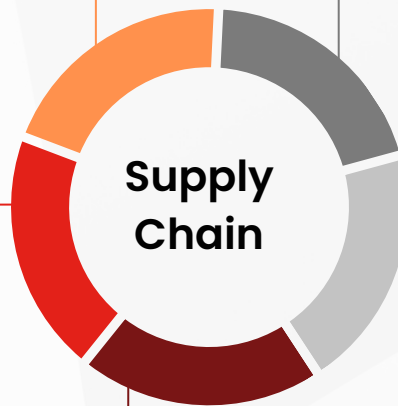
FOMAS Group communicates the needs and obligations to suppliers through its Policies, General Conditions and Specifications of product families, technical regulations and behavioral ethics. All stakeholders are clearly informed about the obligations to be guaranteed and managed. Periodic instruction alignments and step-by-step progress analyses are carried out on the set targets.

Actual or potential negative impacts

Supply risks, demand risk, process risk, decision risks, natural crises, cultural and geopolitical risk factors, logistical availability, human rights risk, reputational risk.

Positive Impacts

Stringent supply chain risk analysis with KPI system allows the Group to strengthen and structure its supply chain. Moreover, the Group promote cooperation and improvement plans for suppliers.



8.2 Responsible sourcing and traceability

FOMAS Group's commitment to corporate sustainability in its operations, including the activities performed by its Business Partners, is formalized by policies and procedures. The communication with suppliers is carried out through contracts and Group's Code of Ethics, which explain the obligation and prescriptions of the Group values.

FOMAS Group Companies constantly carry out document-based Reasonable Country of Origin Inquiries on all tiers of respective supply chains. The Group has also implemented a rigorous conflict minerals sourcing policy, to ensure none of the materials necessary for their production processes is supplied in breach of law provisions on supply of Conflict Minerals (including cobalt and mica) from Conflict Countries.

FOMAS Group Companies ask their suppliers to complete proper Conflict Minerals Reporting Templates and Extended Mineral Reporting Templates, to confirm that all supplied products originate from non-DRC and/or adjoining countries' conflict areas, as well as official confirmations that any Conflict Minerals in respective supply chains do not support conflicts.

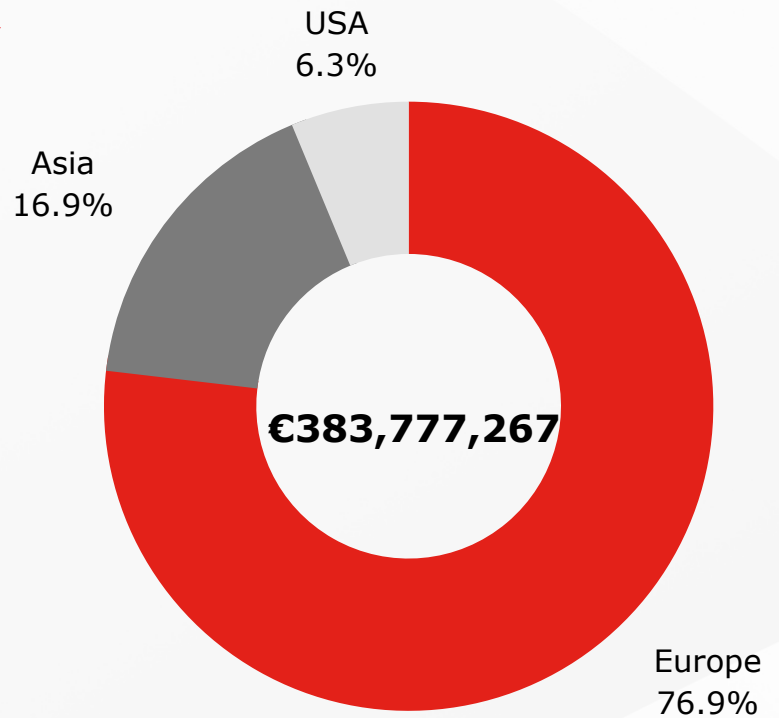
FOMAS Group Companies also respect OECD, Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. They also comply with the diligence requirements in the supply chain for Union importers of tin, tantalum and tungsten, their ores, and gold, originating in conflict zones or at high risk set forth in Regulation (EU) 2017/821.

*By "conflict minerals" we mean those minerals, such as tin, tungsten, tantalum, and gold, extracted under conditions of exploitation and violation of human rights and whose trade could directly or indirectly finance the purchase of weapons used in war conflicts.

8.3 Supplier base

Purchase values by Geographical Area

76.87% Europe
16.88% Asia
6.26% USA



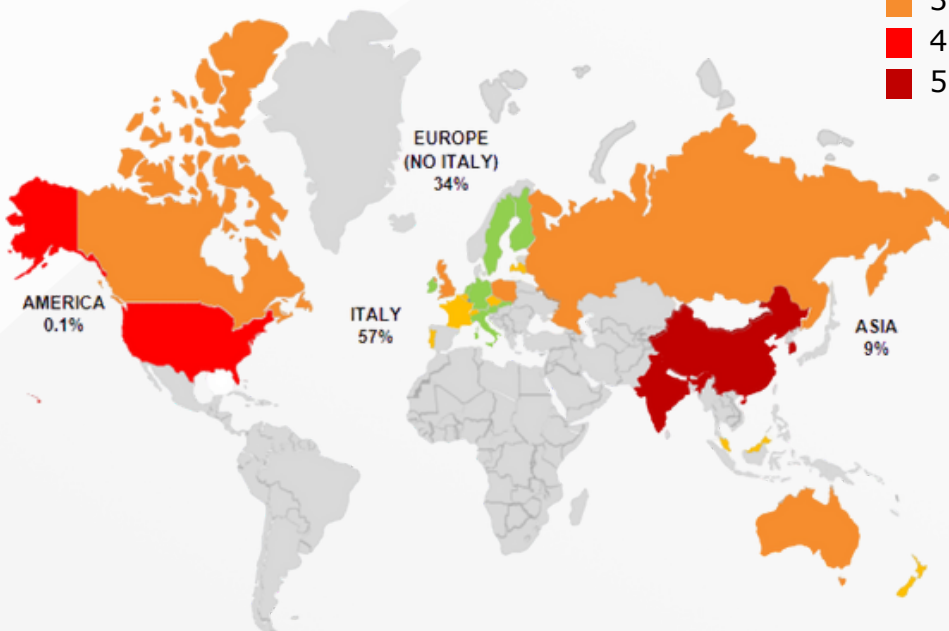
Purchase values by Geographical Area

The distribution of Purchase Value with respect to the geographical area of operation is shown on the map.

The map also shows the ITUC Global Rights Index by country of operation, which documents violations of internationally recognized labor rights by governments and employers.

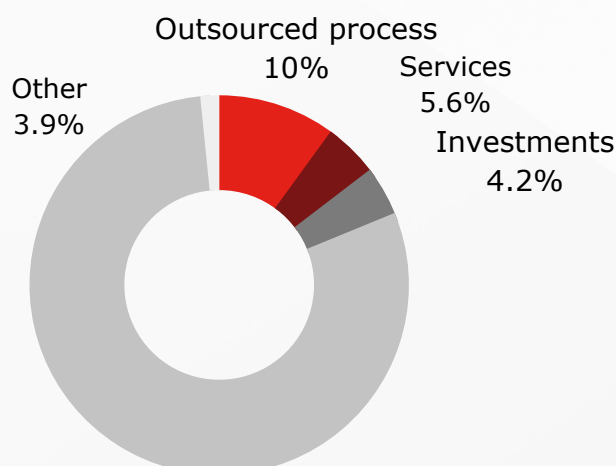
Survey's reference ITUC Global Rights Index

- 1 - Sporadic violations of rights
- 2 - Repeated violations of rights
- 3 - Regular violations of rights
- 4 - Systematic violations of rights
- 5 - No guarantee of rights



Product/service by supplier type

2,366 suppliers



Raw material and materials useful for processing
79.6%

Raw material and materials useful for processing	This category includes raw materials such as low-alloyed and chromium steel, unalloyed metals, aluminum, and materials which are useful for processing such as coke, petroleum products, chemicals, rubber, plastics, wood, and paper.
Outsourced processing	This category includes engineering services, technical testing and analysis services, scientific research and development services, and other professional, scientific, and technical services.
Investments	This category comprises investments in machinery and equipment not elsewhere classified, furniture, other manufactured goods, electrical equipment, computer and electronic products, and motor vehicles, trailers, and semi-trailers.
Services	This category includes services related to machinery and equipment repair and installation, transportation and warehousing support, computer programming and consultancy, retail, construction and real estate, security and investigation, rental and leasing, accommodation and food, advertising and market research, insurance and pension funding, employment, water transport, legal and accounting, management consulting, telecommunications, printing and recording, motion picture and television production, and human health.
Other	All other uncategorised items.

09 GRI Content Index, Data and Methodology

GRI CONTENT INDEX

GRI Standard	Disclosure	Location (page/section)
Economic performance	GRI 201-1: Economic value directly generated and distributed	20 - Value Generated for Stakeholders
Procurement Practices	GRI 204-1 Proportion of spending on local suppliers	52 - Purchase values by Geographical Area
Anti-corruption	GRI 205-2 Communication and training about anti-corruption policies and procedures	15 - Anti-Corruption and Violations
	GRI 205-3 Confirmed incidents of corruption and actions taken	15 - Anti-Corruption and Violations
General Disclosures	GRI 2-1 Organizational details	59 - Data
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	12 - Governance
	GRI 2-13 Delegation of responsibility for managing impacts	12 - Governance
	GRI 2-14 Role of the highest governance body in sustainability reporting	13 - Governance and Sustainability
	GRI 2-15 Conflicts of interest	12 - Governance
	GRI 2-16 Procedures for communicating critical concerns	15 - Anti-Corruption and violations

GRI Standard	Disclosure	Location (page/section)
General Disclosures	GRI 2-17 Collective knowledge of the highest governance body	13 - Governance and Sustainability
	GRI 2-22 Statement on sustainable development strategy	Letter to stakeholders
	GRI 2-23 Policy commitments	14 - Ethics and integrity
	GRI 2-24 Embedding policy commitments	14 - Ethics and integrity
	GRI 2-25 Processes to remediate negative impacts	15 - Anti-Corruption and violations
	GRI 2-26 Ethical advice and concerns	14 - Ethics and integrity
	GRI 2-27 Compliance with laws and regulations	60 - Data
	GRI 2-28 Membership of associations	35 - Sponsorship and membership associations
	GRI 2-30 Collective bargaining agreements	28 - Collective bargaining agreements
	GRI 2-3 Reporting period, frequency and contact point	4 - Our commitment towards Sustainability
	GRI 2-4 Restatements of information	4 - Our commitment towards Sustainability
	GRI 2-5 External assurance	4 - Our commitment towards Sustainability
	GRI 2-6 Activities, value chain and other business relationships	53 - Product/service by supplier type
	GRI 2-7 Employees	24 - FOMAS people contracts

GRI Standard	Disclosure	Location (page/section)
General Disclosures	GRI 2-8 Workers who are not employees	23 - Workers who are not employees
	GRI 2-9 Governance structure and composition	12 - Governance
Materials	GRI 301-1 Materials used by weight or volume	46 - Materials used by weight or volume
	GRI 301-2 Recycled input materials used	46 - Materials used by weight or volume
Waste	GRI 306-1 Waste generation and significant waste-related impacts	48 - Waste Management and Recycling
	GRI 306-2 Management of significant waste-related impacts	48 - Waste Management and Recycling
Water and Effluents	GRI 303-1 Interactions with water as a shared resource	47 -Water Usage and Conservation
	GRI 303-2 Management of water discharge-related impacts	47 -Water Usage and Conservation
	GRI 303-3 Water withdrawal	47 -Water Usage and Conservation
Employment	GRI 401-1 New employee hires and employee turnover	61 - Data
Occupational Health and Safety	GRI 403-01 Occupational health and safety management system	30 - Health and Safety
	GRI 403-02 Hazard identification, risk assessment, and incident investigation	31 -Health, Safety and Environment Risk assessment and management
	GRI 403-04 Worker participation, consultation, and communication on occupational health and safety	31 -Health, Safety and Environment Risk assessment and management
	GRI 403-05 Worker training on occupational health and safety	31 - HSE Training

GRI Standard	Disclosure	Location (page/section)
Occupational Health and Safety	GRI 403-06 Promotion of worker health	31 -Health, Safety and Environment Risk assessment and management
	GRI 403-07 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31 -Health, Safety and Environment Risk assessment and management
	GRI 403-09 Work-related injuries	32 - Injuries at work
	GRI 403-10 Work-related illness	32 - Work related diseases
Training and Education	GRI 404-1 Average hours of training per year per employee	25 - Average Hours of training by gender and level
Diversity and Equal Opportunity	GRI 405-1 Diversity of governance bodies and employees	29 - Diversity and inclusion
Local Communities	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	36 - Associations and Communities Support
Customer Health and Safety	GRI 416-1 Assessment of the health and safety impacts of product and service categories	40 - Assessment of the health and safety impacts of product categories
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40 - Cases of non-compliance concerning the impacts on the health and safety of products
Customer Privacy	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	31 -Health, Safety and Environment Risk assessment and management

DATA

General Disclosures GRI 2-1 Organizational details

Legal Entity	Country	Addresses	Governance
FOMAS S.p.A.	Italy	Registered Office: Via Gioberti 1, 20123 Milano Plant: Via Martiri della Liberazione 17, 23875 Osnago (LC) / Via Provinciale 34, 24040 Lallio (BG)	BoD, Board of statutory auditors, Supervisory Board
ASFO S.p.A.	Italy	Registered Office: Via Gioberti 1, 20123 Milano Plant: Via Stradone del Dieci 24, 45030 Villamarzana (RO) / Via IV Novembre 12, Chiuppano (VI)	BoD, Board of statutory auditors, Supervisory Board
HOT ROLL S.r.l	Italy	Registered Office: Via Gioberti 1, 20123 Milano Plant: Via Emilio Serena Imprenditore 4; Via Carlo Pomatto Imprenditore snc, 10080 Busano	BoD, Sole statutory auditor, Supervisory Board
MIMETE S.r.l.	Italy	Registered Office: Via Gioberti 1, 20123 Milano Plant: Via Padania 10, 20853 Biassono (MB)	BoD, Supervisory Board
BAY-FORGE Private Ltd.	India	Registered Office and Plant: Palayanoor P.O., Vedanthangal Road, Madurantakam Taluk, Kanchipuram district, Tamil Nadu 600 308	BoD, Statutory auditor
FOMAS Precision Forging (Dalian) Co., Ltd.	People's Republic of China	Registered Office and Plant: No.5, Jinhuai Road, Economics & Technical Development Area, 116600 Dalian P.R.	BoD
LA FOULERIE S.A.S.	France	Registered Office and Plant: 2, rue de La Foulurie, 08110 Carignan	Président, Directeur Général, Commissaire aux comptes titulaire
FOMAS, Inc.	U.S.A.	Registered Office: 850 New Burton Road, Suite 201, Dover DE 19904 Plant: 500 Wallace Way, York, SC 29745	BoD

Where applicable, the independent auditor is appointed based on local law prescriptions or on a voluntary basis.

General Disclosures GRI 2-27 Compliance with laws and regulations

a) significant instances of non-compliance with laws and regulations during 2022.

Company	Fines*	2022	
		Non-monetary sanctions	Total
Fomas Group	9	0	9

*Fines issued against HOT ROLL S.r.l (and not the FOMAS Group as a whole). The fines mentioned above concern sanctions imposed by the Customs Agency offices of Gorizia, Ferneti (TO) and Milan 1 against HOT ROLL S.r.l. relating to the importation of certain steel bars carried out by the company in years prior to 2022. HOT ROLL S.r.l. has challenged all the sanctions in court and has also already obtained two fully favorable sentences at first instance.

b) total number of fines for instances of non-compliance with laws and regulations paid during 2022.

Company	2022
	Number
Fomas Group	0

Employment GRI 401-1 New employee hires and employee turnover

Total number of new hires	u.m.	2022		
		Men	Women	Total
Fomas Group	N°	169	22	191
Age below 30 years		52	7	59
Age between 30 and 50 years		103	14	117
Age above 50 years		14	1	15
Italy		108	13	121
Age below 30 years		35	4	39
Age between 30 and 50 years		64	8	72
Age above 50 years		9	1	10
Europe (excl. Italy)		1	2	3
Age below 30 years		1	1	2
Age between 30 and 50 years		-	1	1
Age above 50 years		-	-	-
Asia		39	6	45
Age below 30 years		5	1	6
Age between 30 and 50 years		34	5	39
Age above 50 years		-	-	-
America		21	1	22
Age below 30 years		11	1	12
Age between 30 and 50 years		5	-	5
Age above 50 years		5	-	5

Employees leaving the company	u.m.	2022		
		Men	Women	Total
Fomas Group	N°	193	26	219
Age below 30 years		47	3	50
Age between 30 and 50 years		98	17	115
Age above 50 years		48	6	54
Italy		109	8	117
Age below 30 years		22	-	22
Age between 30 and 50 years		57	6	63
Age above 50 years		30	2	32
Europe (excl. Italy)		14	2	16
Age below 30 years		3	1	4
Age between 30 and 50 years		5	-	5
Age above 50 years		6	1	7
Asia		22	5	27
Age below 30 years		3	-	3
Age between 30 and 50 years		19	5	24
Age above 50 years		-	-	-
America		48	11	59
Age below 30 years		19	2	21
Age between 30 and 50 years		17	6	23
Age above 50 years		12	3	15

Methodology

The report aims to provide stakeholders with a comprehensive understanding of the organization's environmental, social, and governance (ESG) performance for the year 2022. It reflects Group's commitment to transparency and sustainability in its operations and decision-making processes. By following this methodology, the Group aims to continuously improve its sustainability performance and maintain its commitment to responsible business practices.

Scope and Boundary

The sustainability report covers the Group's operations and activities worldwide for the calendar year 2022. It includes all subsidiaries and entities over which the Group has significant control or influence. The report encompasses three key dimensions: environmental performance, social responsibility, and corporate governance.

Data Collection

1. Internal Data Sources: primary data sources for the report are Group's internal departments. These departments provided relevant data related to energy consumption, emissions, waste generation, social initiatives, employee welfare programs, and governance practices, etc.
2. Third-Party Verification: no external auditors or verification firms were engaged to review and validate the data for this first year report.
3. Stakeholder Engagement: the Group actively engaged with its stakeholders, including employees, investors, suppliers, associations and community representatives.
4. Industry Benchmarks: industry-specific sustainability standards, frameworks, and benchmarks were considered to assess Group's performance against peers. These benchmarks provide context and enable the identification of areas for improvement.

Reporting Framework

FOMAS Group has reported the information cited in the above GRI content index for the period January 2022 - December 2022 with reference to the GRI Standards.

Materiality Assessment

A comprehensive materiality assessment was conducted to identify and prioritize the most significant sustainability topics for the Group and its stakeholders. The assessment considered internal and external perspectives to determine the relevance and importance of ESG aspects. Materiality Assessment is discussed and defined by the Sustainability Committee and follows the steps below:

1. Organization and sustainability context assessment, to identify actual and potential impacts and their significance. ESG risk and impact assessment has been integrated into the Corporate Risk Matrix.
2. Stakeholder engagement central in establishing and reviewing the effectiveness of the materials topics identified. Once a list of material topics has been identified, it is analyzed based on priority, significance, and impact for stakeholders.
3. Reference to GRI Standards and sector specific guidelines (Oil & Gas Sector 2021) providing guiding requirements for the assessment.
4. Identification and analysis of actual and potential, positive and negative impacts based on their significance and potential impacts on our business and stakeholders.
5. Prioritization of Material Topics based on significance.
6. Commitment to transparency in disclosing and communicating results.
7. Review and Improvements: given the dynamic context of sustainability topics, the report and analysis follows rules of continuous review and improvements to confirm accuracy and relevancy of the results. The analysis is reviewed once a year. Next year it will be revised on the basis of the ESRS Standards.

Stakeholders Engagement

In assessing material topics, the Group aimed at combining internal and external stakeholders perspectives.

The Group mostly relied on internal stakeholders' engagement during the first year of analysis. Employees (office and production) were engaged through the spread of questionnaires on social activities, internal events and cross-team projects. Shareholders directly discussed ESG topics during board meetings, with the inclusion of sustainability points in the agenda.

Moreover, external stakeholders feedbacks from industry associations were gathered from engaging in roundtables, conferences, questionnaires. Suppliers were requested to report and share valuable information to assess ethical business conduct, sustainable practices and targets, mostly through questionnaires and data collection. Customers' involvement through newsletters, invitations to events in which the company participates, such as trade fairs, and the continuous relationship with company representatives allows the Group to achieve the goal of creating profitable loyalty and feedbacks. The engagement with local communities is driven by open and direct conversation with local communities representatives and interaction with local bodies.

A formal review of stakeholder engagement initiative is held once per year, with the commitment to strengthen the engagement with various stakeholders groups.

Data Analysis and Interpretation

Quantitative and qualitative data collected from various sources were analyzed to evaluate the Group's sustainability performance. KPIs were defined to measure progress against targets and industry benchmarks. Data analysis was performed to present the findings in a clear and concise manner.

Reporting Limitations

While every effort was made to ensure accuracy and comprehensiveness, the sustainability report may have some limitations. These limitations include data availability, challenges in quantifying certain impacts, and potential reporting biases. The report acknowledges these limitations and provides context for interpreting the results.

10 Future Goals and Targets

FOMAS Group Sustainability Goals and Roadmap

FOMAS Group recognizes that business activity is sustainable when it is able to guarantee a long-term competitive position by combining adequate economic results with the achievement of environmental and social targets according to a universally shared model. With this in mind, the Group has embarked on a process of maturing ESG issues, letting itself be inspired by the spirit and corporate culture that has guided the company in its growth.

The Group has laid out comprehensive short-term targets for the period of 2023-2024, focusing on each of the five pillars to drive progress and success across various aspects of its operations.

- 1. Mastering the science of metals: Quality and traceability as the basis for meeting customer requirements.**
- 2. Awareness and commitment for the planet: Development of a Decarbonization Strategy and targets, with relative calculation of the carbon footprint for each plant.**
- 3. People-Centric: Implementation of projects in the area of diversity and inclusion, supported by training courses and strategies to improve employees' well-being and development.**
- 4. Creating shared value for the community: Taking care of the strategic importance of the relationship with the communities in which the Group operates, to enhance and develop local communities.**
- 5. Embracing the change with our partners: Definition of a shared path with partners and suppliers aimed at achieving the objectives of the Group's sustainability strategy and guiding action towards a wider sustainable value chain.**

TARGETS 2023-2024

Mastering the science of metals

From an IT perspective, FOMAS Group is working towards prep activities for ISO 27001 certification to enhance information security. It is also working on policies and process to improve data management and security and to enhance data protection and resilience against cyber threats.

In respect to privacy and ethics, the Group is implementing a Group Whistleblowing Procedure, a Group-level Privacy Policy to protect customer privacy and data, a Group-wide Anti-Money Laundering Policy to combat financial crimes.

People-Centric

In the Health&Safety department, the Group will invest into the optimized audit model '6s' and the Project 'Insieme/Together' across all plants to foster teamwork and collaboration. The other focus will be the definition of processes and targets for each plant to improve employee participation and reduce injuries.

Regarding Diversity&Inclusion, as part of the UN Global Compact Italy Network Accelerator in 2023, we'll define a Diversity, Equity & Inclusion Policy and action plan, backed by an awareness path to foster a diverse and inclusive work environment.

In respect to Employee Development, the Group will create a contribution Matrix in all companies per function to recognize and reward employee contributions, it will implement a project to streamline training management across all companies. Moreover, the Group will link performance bonuses to sustainability objectives to incentivize sustainable practices.

Embracing the change with our partners

Given the great importance of promoting a sustainable supply change, FOMAS Group will define ESG parameters for Supplier Assessment Procedure to assess sustainability practices in the supply chain and set a minimum ESG score for Suppliers to encourage sustainable practices in the supply chain. The Group will re-assess packaging and transportation methods towards more sustainable choices.

Awareness and commitment for the planet

As to certifications, the Group will implement ISO 45001 in FOMAS US and ISO 50001 in ASFO S.p.A., MIMETE S.r.l., FOMAS, Inc., BAY-FORGE Private Ltd. and FOMAS Precision Forging (Dalian) Co., Ltd.

To foster innovation, the Groups is investing in Lean Manufacturing practices, ML/IA to map pain points and opportunities and increase efficiency.

In respect to emissions, the Group is committed to define reduction targets for Gas, Electricity, Waste and Water consumption in each plant to minimize environmental impact and to agree on a Decarbonization strategy.

Creating shared value for the community

FOMAS Group is working to structure a process for monitoring, assessments, and reviewing activities with local Communities' impact to ensure responsible engagement. Moreover, the Group will invest in an internal communication Strategy to promote sustainability awareness and participation within the organization and in an external Communication Strategy to effectively engage with stakeholders and the wider community.

Last, new policies on Impactful Team building activities to foster community engagement and on Organization management of sustainable events to promote eco-friendly practices and awareness will be implemented.

Mastering the science of metals	
Objective	Targets
Cyber Security and Data Protection	ISO 27001 certification, Data Breach Policy, Data Protection Master Policy
Transparency, ethics and business integrity	Human Rights Policy, Group Whistleblowing Procedure, Group Privacy Policy, Group Anti-Money Laundering Policy, Group Harrassment Policy

People-Centric	
Objective	Targets
Diversity and Inclusion and Human Right	Diversity, Equity & Inclusion Policy, DEI Strategic plan
Health and Safety in workplace	ISO 45001 (FOMAS, Inc.), Project 'INSIEME' of H&S partecipation in all plants, Audit model 6s in all companies
Employee Development, Training and Education	HR Dashboard Management, Performance Management project, Contribution Matrix

Embracing the change with our partners	
Objective	Targets
Sustainability in Governance	Sustainability Committee Appointment, Governance composition
Sustainable supply chain	Supply chain management on ESG points, ESG minimum score Supplier Assessment Procedure

Awareness and commitment for the planet	
Objective	Targets
Energy Management	ISO 50001 (ASFO S.p.A., MIMETE S.r.l., FOMAS, Inc., BAY-FORGE Private Ltd., FOMAS Precision Forging (Dalian) Co., Ltd.)
Digitalization & Innovation	Lean Manufacturing practices, plant control ML/IA, SCADA system implementation
Decarbonization strategy	Reduction target definition for each plant

Creating shared value for the community	
Objective	Targets
Creating shared value for the community	Monitoring, Impact Assessment and Review Processes
Engagement & Partecipation	Engagment&Awareness Campaign, Impactful Team building activities Policy, Sustainable events Policy

2022 SUSTAINABILITY REPORT

FOMAS S.p.A.
ASFO S.p.A.
HOT ROLL S.r.l.
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mastering
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