



MASTERING THE SCIENCE OF METALS

SUSTAINABILITY REPORT 2023



LETTER TO STAKEHOLDERS

Dear Stakeholder's,

I am delighted to share with you the significant strides we have made in our commitment to sustainability and responsible business practices. Our journey towards sustainability is not just a corporate responsibility but a collective mission that involves our valued stakeholders like you.

In line with our steadfast commitment to sustainability, we have implemented a robust governance structure. This includes the appointment of a dedicated Sustainability Manager, the establishment of a Sustainability & Risk Committee, and the introduction of Sustainability Champions across various departments. This structure ensures that sustainability is ingrained in our decision-making processes and that risks and opportunities are effectively managed. The Group believes that fostering a culture of sustainability starts from within. To achieve this, we have provided comprehensive sustainability training for all employees. Additionally, we have added to our intranet a section on sustainability. The platform serves as a centralized hub for information, promoting awareness and sensitivity on Sustainability (Environmental, Social, and Governance) topics.

Understanding the impact of our operations and identifying key stakeholders is pivotal. We have conducted a thorough materiality assessment and engaged with stakeholders to define our priorities and ensure alignment with their expectations.

Our sustainability strategy is anchored on well-defined pillars that set the framework for short, medium, and long-term targets across departments. This strategic approach enables us to integrate sustainability into every facet of our operations, fostering a holistic and enduring impact.

Recognizing that sustainability is a shared responsibility, we have initiated engagements with our value chain, including suppliers and customers. By collaborating closely with them, we aim to amplify our collective impact on sustainability and drive positive change throughout our network.

Taking bold steps toward environmental stewardship, we have committed to reducing our carbon footprint. This includes initiatives to curb emissions across our operations, aligning with global efforts to address climate change. As we move forward, we remain dedicated to transparent communication and collaboration. Your insights and support are invaluable to us as we strive to create a sustainable and responsible future.

Thank you for your continued commitment to a better tomorrow.

Warm regards,

Jacopo Guzzoni, President & Group CEO



CONTENTS OF THE REPORT

1. GENERAL INFORMATION	7
1.1 Pillars of FOMAS strategy	
1.2 Our commitment towards Sustainability	
2 IDENTITY	11
2.1 Historical Milestones	
2.2 Our Values, Mission, Vision and Purpose	
2.3 A truly global footprint	
2.4 Production overview and markets served	
2.5 Value Chain	
3 GOVERNANCE	19
3.1 Sustainability Governance	
3.2 Risk Approach	
3.3 Due Diligence and Methodology	
3.4 Materiality Assessment Process	
3.5 Stakeholder Engagement	
3.6 Value generated for Stakeholders	
3.7 Relevant Group Policies	
4 SUSTAINABILITY STRATEGY AND GOALS	31
4.1 Sustainability Roadmap and Strategy	
5 MASTERING THE SCIENCE OF METALS	39
5.1 Management commitment towards the adoption of ethical and sustainable practices	
5.2 Corruption and bribery	
5.3 Cyber Security and Data Protection	
5.4 Quality product	
6 PEOPLE CENTRIC	51
6.1 FOMAS People composition	
6.2 Fair Working Conditions	
6.3 Health and Safety	
6.4 Diversity, Inclusion and Equal treatment and opportunities	
6.5 Efficient and fair recruitment, selection of personnel and retention	
6.6 Human Rights	
6.7 Workers in the Value Chain	
7 CREATING SHARED VALUE FOR THE COMMUNITY	73
7.1 Pillars of the social strategy	
7.2 Affected Local Communities	
8 AWARENESS AND COMMITMENT FOR THE PLANET	81
8.1 Climate Change mitigation and Adaptation	
8.2 Greenhouse Gas Emissions	
8.3 Climate Change Transition plan	
8.4 Energy	
8.5 Digitalization & Innovation	
8.6 Biodiversity and Ecosystems	
8.7 Water withdrawals and usage	
8.8 Resource Use and Management	
9 EMBRACING THE CHANGE WITH OUR PARTNERS	101
9.1 Suppliers Engagement and sustainable value chain	
9.2 Supplier base	
10 GRI CONTENT INDEX, DATA AND METHODOLOGY	105



2023 **SUSTAINABILITY REPORT**

GENERAL INFORMATION

1.1 PILLARS OF FOMAS STRATEGY

FOMAS Group’s Sustainability Strategy embodies a commitment to fostering an ecosystem where sustainability is integrated in every facet of our operations. FOMAS Group has defined five strategic pillars to guide its actions and its business in a more responsible and sustainable growth and development.



MASTERING THE SCIENCE OF METALS

- Management commitment towards the adoption of ethical and sustainable practices
- Corruption and bribery
- Cyber Security and Data Protection
- Product Quality

AWARENESS AND COMMITMENT FOR THE PLANET

- Energy
- Climate change mitigation and adaptation
- Digitalization & Innovation
- Circular economy: Resources inflows & Waste
- Water withdrawals and use
- Biodiversity and Ecosystems

PEOPLE – CENTRIC

- Fair Working conditions and work-related rights
- Efficient and fair recruitment, selection of personnel and retention
- Diversity, Inclusion and Equal treatment and opportunities
- Own Workforce and value chain workers

CREATING SHARED VALUE FOR THE COMMUNITY

- Local communities’ economic, social and cultural rights

EMBRACING THE CHANGE WITH OUR PARTNERS

- Suppliers Engagement and sustainable value chain

1.2 OUR COMMITMENT TOWARDS SUSTAINABILITY

Scope of Report

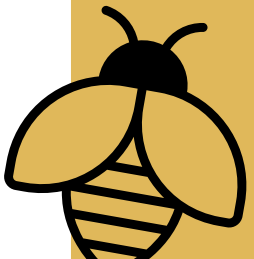
The report aims to provide stakeholders with a comprehensive understanding of the organization’s sustainability (environmental, social, and governance) performance for the year 2023. The reporting period covers year 2023, from 1st January to 31st December 2023 and aligns with the financial reporting period. FOMAS Group’s Sustainability Report covers all subsidiaries and entities over which the Group has control: 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 FOULÉRIE S.A.S., FOMAS, Inc. The report is not fully aligned with Group financial consolidated statements, as it does not report entirely FOMAS H.O.P data.

Reporting Framework

2023 FOMAS Group Sustainability Report is published voluntarily with reference to Global Reporting Initiative (GRI) International Standards framework, without third party assurance. In collecting and structuring the data, the Group has started an internal comparison process between GRI and ESRS frameworks.

For any question on the report’s content, feel free to reach out to:

sustainability@fomasgroup.com.





2023 **SUSTAINABILITY REPORT**

IDENTITY

2.1 HISTORICAL MILESTONES

FIRST STEPS
1956 – 1996



- 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 – 2017



- 2011**
ASFO S.p.A. adds a second plant from greenfield in Villamarzana, Italy.
- 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 – 2023



- 2020**
Acquisition of M4U Laminati (Busano, Italy), machining of rolled rings.
- 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”.

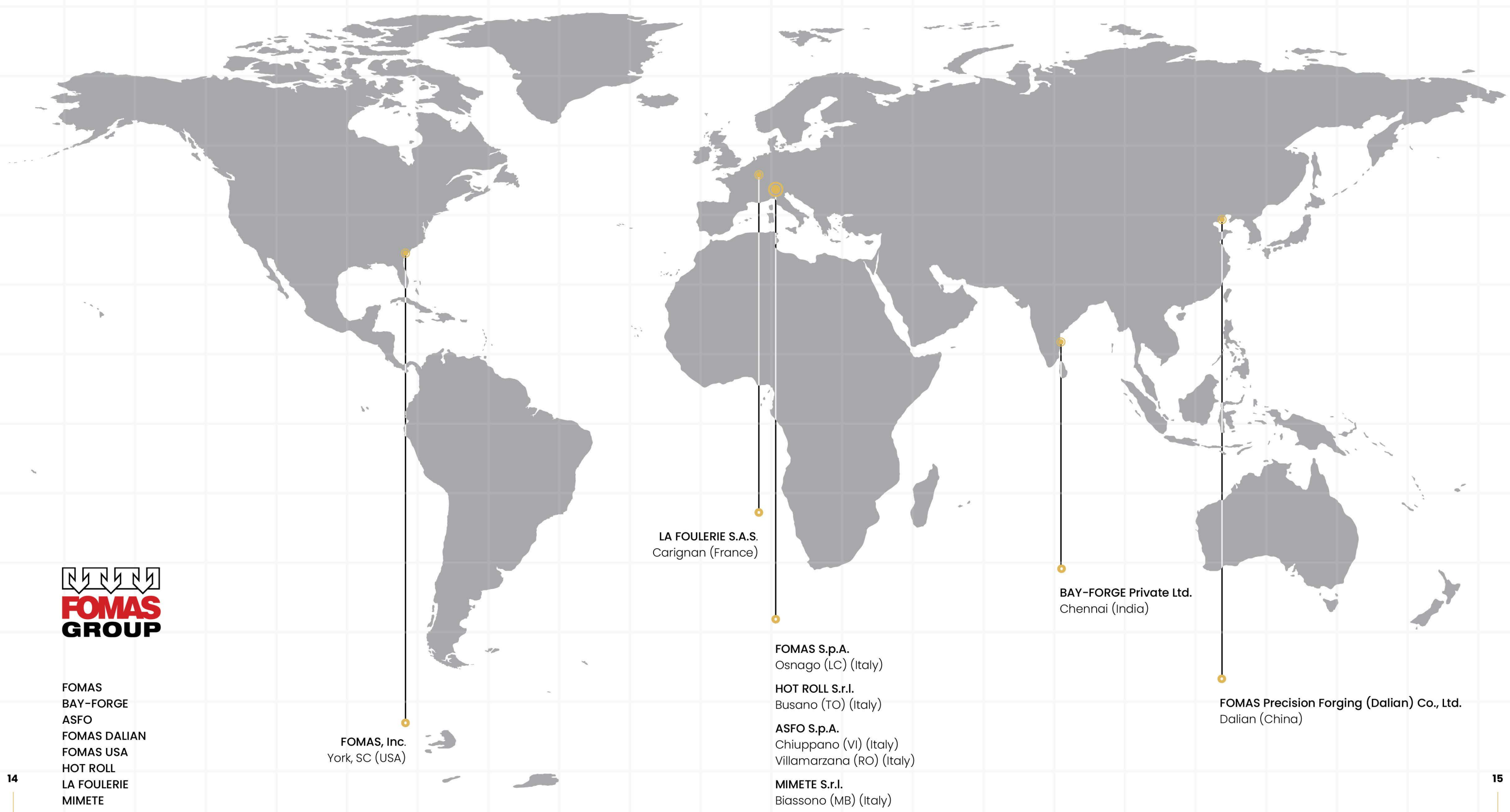
VALUES



- 1. Proactivity
- 2. Integrity
- 3. Meritocracy
- 4. Accountability
- 5. Reliability
- 6. Transparency
- 7. Trust



2.3 A TRULY GLOBAL FOOTPRINT
Group headcount as of December 2023: 1,409



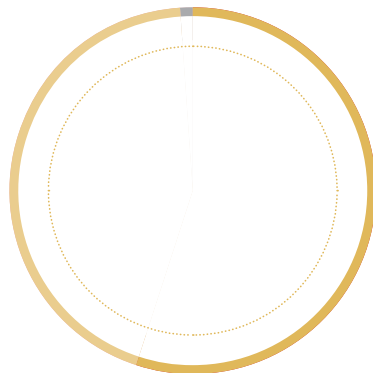
FOMAS
BAY-FORGE
ASFO
FOMAS DALIAN
FOMAS USA
HOT ROLL
LA FOULERIE
MIMETE

2.4 PRODUCTION OVERVIEW AND MARKETS SERVED

Growth and risk mitigation through diversification

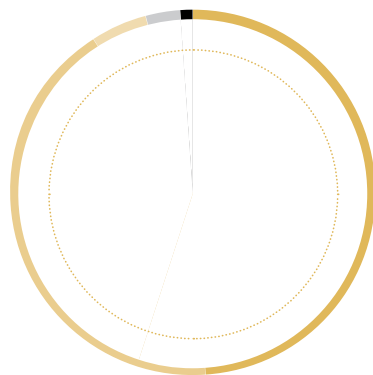
FOMAS Group produces products made of steel, alloys and other materials that are mainly used in the conventional, nuclear, and renewable power generation markets, oil and gas, aerospace and defence, construction, plant engineering, and other industrial activities.

PRODUCTION OVERVIEW



- 55% Rings
- 44% Open-die forgings
- 1% Powders

MARKETS SERVED



- 49% Industrial
- 42% Power Generation
- 5% Oil & Gas
- 3% Aeronautic, Space & Defence
- 1% Other

*of which 11% renewables

IDENTITY – FINANCIAL STATEMENT

€ **526.87**
MILLION

Direct economic value generated: revenues, including FOMAS H.O.P.

2.5 VALUE CHAIN

MOST RELEVANT ACTORS IN GROUP'S VALUE CHAIN

- Strategic suppliers: raw materials and plant machinery
- Customers: design/requirements provided by customers

FOMAS Group' business model relies on a diversified approach and on strategic partnerships to ensure quality, reliability, and sustainability. Quality and know-how are the basis of Group's offering, which involves working closely with the overall value chain, maintaining rigorous quality control measures, continuous innovation, and fostering long-term relationships with suppliers and customers. The Group's closely work with main stakeholders, prioritizing transparent and ethical business conduct and sourcing practices.

UPSTREAM

For the Group's production, suppliers are strategic in ensuring an high level of excellence and reliability. In fact, suppliers' quality, ethical conduct and financial stability are continuously monitored. The Group collaborates closely with suppliers to promote a sustainable approach of doing business together, emphasizing the commitment into sharing sustainability values. In fact, the Group has introduced in 2023, a weighted minimum sustainability score for relevant suppliers into the Suppliers Assessment Group Procedure.

DOWNSTREAM

In terms of outputs, FOMAS Group's range of products and services are tailored to meet customers' requirements, not only in terms of innovative solutions, quality of products and evolving needs but also offering enhanced operational efficiency and sustainable commitment.

To strengthen both upstream and downstream value chains, the Group engages during the year in a great number of audits, both conducting or receiving them, to ensure the positive and continuous relationship with main business partners. Moreover, the commitment towards management systems certifications reinforces the reliability of current and new potential partners in engaging with the Group. FOMAS Group's business model and sustainability strategy recognize as central a 'Sustainable value chain', to create value for the overall value chain while driving sustainable growth.





2023 **SUSTAINABILITY REPORT**

CORPORATE GOVERNANCE

3.1 SUSTAINABILITY GOVERNANCE

All FOMAS Group companies are privately held companies, established in accordance with the respective applicable national laws and regulations.

The Group's impacts on the economy, environment and people are constantly taken into consideration by the Board of Directors (BoDs). This approach is in line with the values of the Group's code of ethics and the organizational 231 Models adopted by the Italian companies of the Group.

Group's Governance structure embeds its commitment to integrate the sustainability strategy and ethical code of conduct into the core business strategy, decision-making processes, and operations, with clear accountability and responsibility assigned to relevant stakeholders.

Final accountability of sustainability strategy is held by the BoDs, specifically FOMAS S.p.A.'s BoD takes the responsibility of checking the compliance of other companies with Group's strategy.

In June 2023, FOMAS Group has restructured its roles and responsibilities regarding sustainability matters, appointing a Sustainability Manager, Sustainability Champions and the Sustainability Committee ("the Committee"), which was renamed as Sustainability and Risk Committee in January 2024. The Committee is composed of: President & Group CEO, Sustainability Manager, Group CFO, Sustainability Champions, External Member (with direct experience in sustainability). The Sustainability Manager is responsible for the coordination, development, and monitoring of the Group's journey towards sustainability. Sustainability Champions have been identified as the Group's representatives of each department.

1. Boards of Directors

Accountable for including sustainability and climate change risks and opportunities assessment into the overall business strategy.

Approval of sustainability strategy, annual budgets and capital expenditures on climate related projects and investments.

2. President and Group CEO

Responsible for the sustainability strategy, annual budget and the capital expenditures on climate-related projects and investments to submit to the Board of Directors for approval.

Accountable for the definition and approval of the Committee.

3. Sustainability and Risk Committee

Discuss and evaluate the proposed sustainability initiatives goals, policies and strategy to submit to the Board of Directors approval, promoting awareness and education.

4. Sustainability Manager

Assess, monitor and discuss strategic risk at Group level.

5. Sustainability Champions

Sustainability project coordination and development, monitoring performance and process of investments, budgets, projects that impact on environment and people.

Global and local operational responsible per department:

- Draft and submit sustainability initiatives to the Committee;
- Responsible for the implementation of the sustainability initiatives approved by the Committee

Sustainability responsibilities and expertise

Roles and responsibilities

BOD:

- Accountability for including sustainability and climate change risks and opportunities assessment into the overall business strategy;
- Approval of the Strategic Group Risk Assessment plan;
- Approval of sustainability materiality assessment, strategy and budgets;

Sustainability and risk committee:

- Strategy setting to submit to the Board of Directors approval, with focus on targets, initiatives, policies and frameworks;
- Annual Materiality Assessment, submitted to BoD approval;
- Under the authority delegated by the BoDs, monitoring, evaluation and reporting of sustainability policies, practices and standards;
- Promotion of sustainability awareness among employees and stakeholders;
- Annually review the Risk Assessment and Business Continuity Plan and the internal control and risk management system's methodology and process.

The Committee meets every 6 months with formal communication to BoDs and a quarterly update on progress and initiatives is shared with Committee and BoDs. First meeting of the Committee has been held on July 2023.

Composition, expertise and diversity

BOD:

The selection and appointment of the members of the BoDs are primarily based on a prior analysis of the needs of the company. Group Policy 'Selection of the members of the BoDs' aims to implement a transparent and objective selection process, open to diversity within its composition. Main competencies required are based on technical-professional competences suitable for the function and on integrity, ethics and professional values in line with Group's Code of Ethics.

Sustainability and risk committee:

The Committee's members have been selected based on their roles of responsibility and expertise in respective areas. All departments are represented to consider any impacts, risks, opportunities that regulates the Group's direct and indirect operations.

Moreover, the Committee includes an external member, as Strategic Sustainability Advisor, to add an independent point of view and leverage from a direct expertise in the field of sustainability. The external member formally joined the Committee in November 2023.

BoDs and Committee's internal members are ongoing training, awareness programs or accelerator plans on sustainability matters. All initiatives that the governing bodies intend to adopt relating to sustainable development are generally shared at group level through dedicated intranet, internal communications and press releases.



3.2 RISK APPROACH

FOMAS Group applies a “risk-based thinking” approach to plan and implement its management systems’ processes.

The Group adopts a proactive risk governance model that identifies, analyzes and evaluates risk areas with a systematic approach, to anticipate and manage their effects. Since risk assessment is considered an input to management review and decision making process, its effectiveness is verified by Quality Management System (QMS), at least annually, during the review of the QMS carried out by Management. Quality Assurance reports risk assessment results and related control measures for all Group’s companies. For each identified risk, causes, severity, considering financial, operational, reputational, and regulatory impacts, and occurrence are evaluated. Risks are then prioritized on their likelihood of occurrence and severity of impact, following the Group’s Risk Management Procedure. Communication flows, process control and mitigation strategies are assessed, including preventive measures and mitigation plans. FOMAS S.p.A. Board of Directors supervises the risk management process so that the risks identified, assessed and managed within the business activities of each company are consistent with Group’s strategies.

In 2023, sustainability risks and considerations have been added to the annual risks assessment managed by Quality. Sustainability and climate change risks are assessed annually directly by the sustainability manager with corporate departments heads. Each function collaborate with the sustainability manager to determine impact and mitigation actions.

Moreover, in 2023 the Group has decided to appoint from January 2024 the Sustainability Committee as ‘Sustainability and Risk Committee’, responding to the FOMAS S.p.A Board of Directors and working in coordination with the identified Crisis Management Committees relevant to crisis events. This highlights the links between Corporate strategic risk assessment and the process of defining the Group’s sustainability strategy.

FOMAS Group recognizes that risk assessment is an ongoing process, hence aims to continuously improving evaluation of assessed risks, responses measures and stakeholders engagement.

FOMAS Group risk model systematically evaluates following risk categories:

- 1. Exogenous Risks: related to the external context, outside Group’s sphere of influence.
- 2. Business Risks: related to the reference business and the strategies that can create a competitive advantage or disadvantage.
- 3 Operational Risks: related to business processes.
- 4. Transversal Risks: related to climate change and sustainability.

Climate change risk assessment

Group’s climate change risk assessment follows guidelines of IPCC and IFRS Foundation. The Group has analyzed and examined the impact of climate change on its business activities, including both physical (acute and chronic) and transition risks. The analysis on climate change risks is assessed and updated every year.

Transitional risks due to climate change

Most critical transition risks identified are related to the costs and challenges to invest into technologies alternative to gas or lower emission technologies. FOMAS Group is committed to working towards decarbonization targets, internally by reducing and optimizing emissions generated in its operations, and externally by engaging proactively with supplier to encourage the decarbonization process of the overall supply chain. Specifically, the Group is committed towards an increase of renewable energy utilization, research, development and digitalization.

Physical risks due to climate change

The Group has identified no critical impact in the short term, but it’s committed to constantly monitor these factors and to invest into disaster prevention given the medium and long-term potential relevancy of risks.

3.3 DUE DILIGENCE AND METHODOLOGY

The scope of FOMAS Group’s sustainability report is carefully defined to encompass a comprehensive assessment of our environmental, social, and economic impacts. In line with Group’s commitment to sustainability, transparency and accountability are core principles guiding the reporting process, aiming to provide stakeholders with accurate, reliable, and timely information, fostering trust and engagement. The process on the sustainability data collection, monitoring and reporting has been revised and approved in 2023, but it aims to continuous improvements.It embeds few main elements:

- Governance Structure is fully aware of the process, which is reviewed and approved by the Sustainability and Risk Committee.
- Sustainability strategy and business strategy are aligned and coordinated towards a successful and sustainable growth of the business.
- Main stakeholders’ groups are identified and a the process of engagement is transparently communicated.
- Materiality assessment is revised every year and approved formally by the Sustainability and Risk Committee and BoD.
- Sustainability strategy, actions and targets are set, considering short-, medium- and long-term scenarios.
- Transparent reporting is available to all internal and external stakeholders.

Data Collection

- 1. Internal Data Sources: primary data sources for the report are Group’s internal departments. Sustainability data collection process is managed by the Sustainability Manager, who coordinates responsible functions, verification and approval processes.
- 2. Third-Party Verification: no external auditors or verification firms were engaged to review and validate the data for this report.
- 3. Stakeholders’ Engagement: FOMAS Group actively engaged with its stakeholders, including employees, investors, suppliers, associations and community representatives. Stakeholders’ groups are assessed yearly, and engagement is managed with different methodologies and frequency, depending on category and final goal of the engagement. More details are reported in the next pages on Stakeholders engagement process.
- 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. Moreover, benchmarks have been re-assessed from 2022 analysis, taking into consideration peers, best practices and relevant ESG aspects.

Data Analysis and Interpretation

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

3.4 MATERIALITY ASSESSMENT PROCESS

The process and methodology to assess Materiality is managed internally and based on external reference, such as:

- UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises
- GRI Framework (GRI standards and sector specific guidelines, Oil & Gas Sector 2021).
- European Sustainability Reporting Guidelines

The Sustainability manager coordinates the process with Sustainability Champions; the outcome is discussed during the Sustainability and Risk Committee and submitted to the BoDs for final approval.

Materiality Assessment follows the steps below:

- 1. Organization and sustainability context assessment, to identify actual and potential impacts and their significance. Starting from 2022 materiality assessment and annual evaluation of strategic risks, material topics have been assessed, considering overall, market, and entity-specific issues.
- 2. To align expectations and perspectives, the Group gathers stakeholders’ inputs and expectations in terms of impacts, analyzed on priority and, significance for stakeholders. Stakeholders’ engagement follows different methodologies, based on the category of stakeholders and the goal of the engagement.
- 3. Identification and analysis of actual and potential, positive and negative impacts, from various sources, as benchmarking activities, industry-related GRI framework, stakeholders’ engagement. Impacts are then assessed based on their significance: negative impacts are determined on severity and likelihood, while positive impacts are determined on scale and scope.
- 4. Prioritization of Material Topics based on significance to determine relevant impacts to be included in the report.
- 5. Commitment to transparency in disclosing and communicating results.
- 6. Review and Improvements. Given the dynamic context of sustainability topics, the report and analysis follow rules of continuous review and improvements to confirm accuracy and relevancy of the results. The analysis is reviewed once a year.

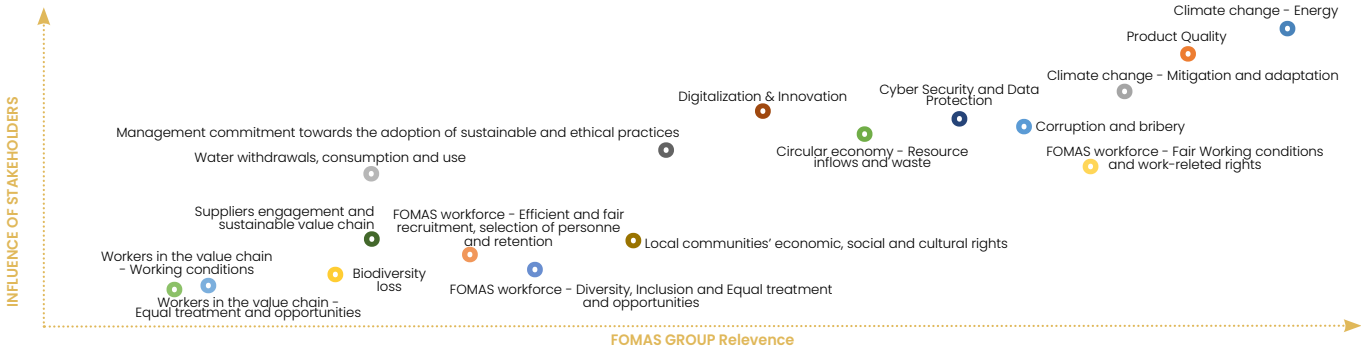
Material Topics

By integrating materiality into strategic planning and decision-making process, FOMAS Group improves its performance, manages risks more efficiently and enhances long-term sustainability. In respect to 2022 Materiality Assessment, the Group has re-evaluated its impacts' assessment. All material topics stated in 2022 sustainability report have been re-assessed and considered material for 2023, but they have been re-named and structured.

Responding to the materiality assessment, the Group is reviewing its business model, gaining a comprehensive understanding of the issues that are most relevant to the business and stakeholders, especially in terms of new low-carbon technologies adoption, transparency, fairness promotion and more sustainable procurement practices. In 2023, the five most relevant material topics identified for the Group are: 'FOMAS Workforce – Fair working condition and work-related rights, including Health and Safety in workplace', 'Climate change – Energy', 'Corruption and Bribery', 'Product Quality' and 'Climate change – Mitigation and adaptation'.

PILLAR	AREA	TOPIC	STRATEGY
Mastering the Science of Metals	Business conduct	Management commitment towards the adoption of ethical and sustainable practices	Corporate Governance supporting ethical and sustainable business conduct, based on transparency, awareness, privacy and quality
		Corruption and bribery	
		Cyber Security and Data Protection	
		Product Quality	
People Centric	FOMAS workforce	Fair Working conditions and work-related rights	Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance
		Efficient and fair recruitment, selection of personnel and retention	
	Workers in the value chain	Diversity, inclusion and equal treatment and opportunities	
		Working conditions	
Awareness and commitment for the planet	Climate change	Equal treatment and opportunities	
		Climate change mitigation and adaptation	
		Energy	
	Circular economy	Digitalization & Innovation	Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization
		Resources inflows and waste	
		Water Resources	
Biodiversity	Water withdrawals, consumption and use		
Biodiversity loss			
Embracing the change with our partners	Business conduct	Suppliers Engagement and sustainable value chain	Sustainable procurement, from operational rules to strategy setting
Creating shared value for the community	Affected communities	Local communities' economic, social and cultural rights	Ongoing and measurable positive impact on local communities

Materiality Matrix

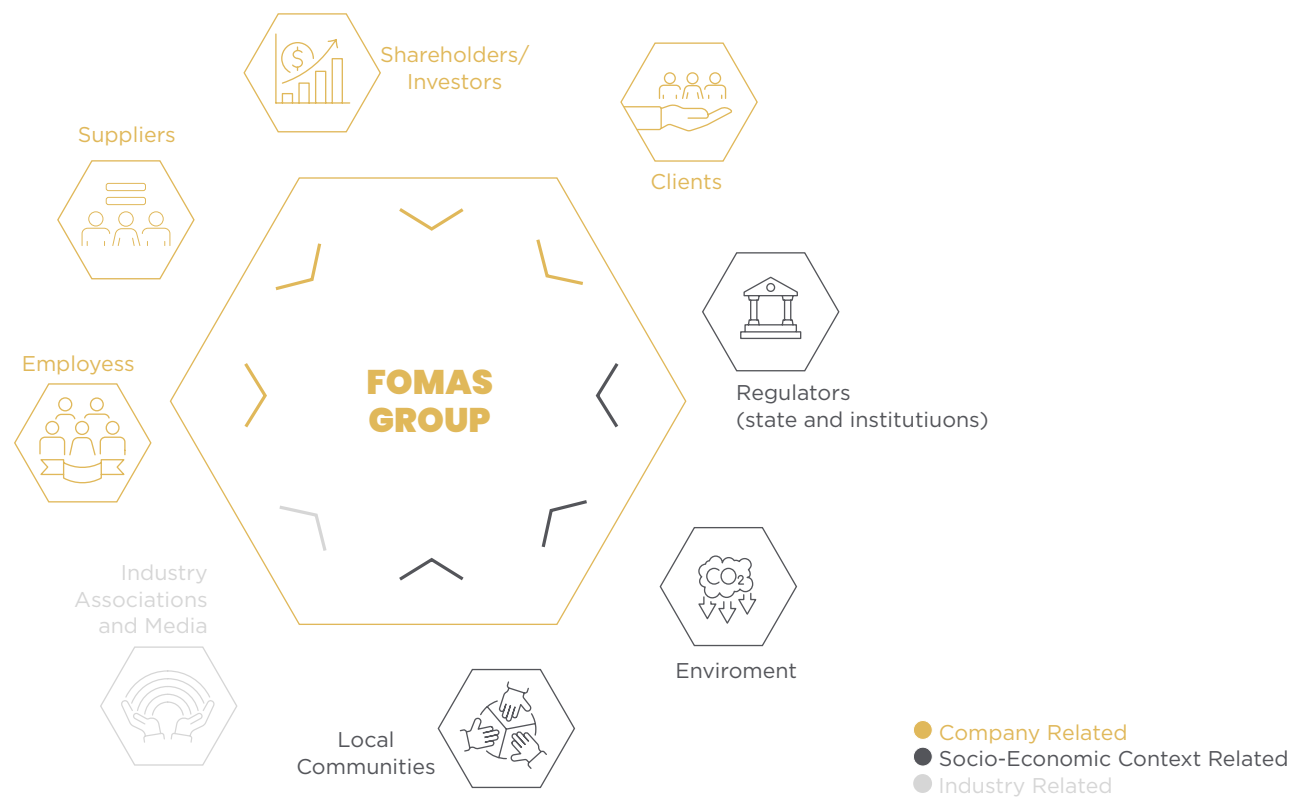


- Climate change – Energy
- Climate change – Mitigation and adaptation
- Corruption and bribery
- Cyber Security and Data Protection
- Suppliers engagement and sustainable value chain
- Management commitment towards the adoption of sustainable and ethical practices
- FOMAS workforce – Efficient and fair recruitment, selection of personnel and retention
- Biodiversity loss
- Workers in the value chain – Equal treatment and opportunities
- Product Quality
- FOMAS workforce – Fair Working conditions and work-related rights
- Circular economy – Resource inflows and waste
- Digitalization & Innovation
- Local communities' economic, social and cultural rights
- FOMAS workforce – Diversity, Inclusion and Equal treatment and opportunities
- Water withdrawals, consumption and use
- Workers in the value chain – Working conditions

3.5 STAKEHOLDERS ENGAGEMENT

Stakeholders’ categories and prioritization have been reassessed by the Sustainability and Risk Committee from previous year, by a process of focus interviews with Department managers. This evaluation is reinforced by the ISO 14001 and ISO 45001 certifications process, which include stakeholder engagement assessment. 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, 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.

Stakeholders Engagement reinforces the Group’s commitment to responsible business practices and sustainability, fostering trust among stakeholders and enhancing its reputation.

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..

In respect to material topics, most relevant stakeholders have been identified and contacted to gather feedback and points of view. Communication channels vary on the relationship with the Stakeholder category, on the goal of the collection process and on the extent of the stakeholder category. Overall, the Group identifies affected stakeholders, clarifies scope and expected goal from the engagement, collects open and transparent feedback and analysis to tailor strategies. Relevant feedback is communicated to teams and a full stakeholders engagement document is annually revised and available on the Group intranet to all employees.

PILLAR	AREA TOPIC	STAKEHOLDERS ENGAGEMENT
Mastering the Science of Metals	Business conduct	Shareholders/Investors: Board meetings; Committees; Website Regulators: Consultations; Policies; Regulations Customers: Surveys; Newsletters; Website; Contracts; Policies Suppliers: Contracts; Policies Employees: Intranet; Newsletters; Trainings; Surveys
People Centric	FOMAS workforce	Employees: Focus Groups; Newsletters; Corporate communication; Projects; Direct feedback; Reporting system; Engagement board Local Communities: Local bodies communication; Events; Initiatives Regulators: Local institutions communication; Events; Initiatives; Certification system; Local and national regulation compliance Workers’ and trade union representatives: Meeting and engagement Industry Associations: Meeting; Initiatives; Programmes Customers: Audits
	Workers in the value chain	
Awareness and commitment for the planet	Climate change	Customers: Newsletters; Website; Questionnaires; Contracts Suppliers: Surveys; Events (fairs, suppliers day); Contracts; Supply agreements; Workshops; Policies Environment: Technical evaluations; Certifications; Consultancies Employees: Trainings; Feedbacks Local Communities: Communication with local government Industry Associations: Webinars; Conferences Regulators: Laws compliance; Reporting; Incentives; Communication with local government
	Circular economy	
	Water Resources	
	Biodiversity	
Embracing the change with our partners	Business conduct	Suppliers: Surveys; Events (fairs, suppliers day..) Industry associations and media: Conferences; Meetings Customers: Direct communication; Surveys; Events
Creating shared value for the community	Affected communities	Local communities: Technical evaluation, consultancies; Meetings with local bodies, associations, companies, schools Industry associations and media: Meeting with associations; Members of local associations; Conferences; Meetings Environment: Local associations, parks engagement; Technical evaluations Employees: Surveys; Employees’ engagement board Regulators: Communication with local bodies/ municipalities

3.6 VALUE GENERATED FOR STAKEHOLDERS

FOMAS Group Direct economic value generated (revenues in Euro/000) for 2023 is 526,866€

Distributed economic value to Group’s stakeholders is around 94%, of which:

- Value distributed to employees
- Value distributed to capital providers
- Value distributed to the Public Administration
- Value distributed to the community (only for italian companies)*
- 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***	2023
	Euro/000	Euro/000
Direct economic value generated	541,227	526,866
Distributed economic value, of which:	507,154	492,562
- to employees	16%	16.6%
- to capital providers	2%	3%
- to the Public Administration	0.1%	0.8%
- to the community (only italian companies)	0,1%	0.1%
- Operating costs	81.8%	79.4%
Economic value withheld	43,519	43,750

**The economic value distributed to the community refers exclusively to the Italian companies of the Group.
**Inclusion of FOMAS H.O.P.
***2022 data have been revised24

3.7 RELEVANT GROUP POLICIES

Below most relevant policies for sustainability disclosure:

Sustainability Policy

Commitment to sustainable practices and principles to achieve environmental, social and economic sustainability. Internally, the Sustainability Policy is in line with the Group’s Code of Ethics adopted by all companies of the Group, as well as all Management Systems and Policies. Externally, the Policy is inspired by the UN Global Compact 10 principles, the International Labor Organization Conventions, the International Bill of Human Rights of the United Nations, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, the UN Sustainable Development Goals (SDGs). FOMAS Group Sustainability Policy applies to all companies of the Group.

Group Code of Ethics

Set of principles and standards outlining expected behavior and ethical conduct within the Group. 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 recipients of the Code of Ethics are the members of corpo-

rate bodies, management, employees and all those who collaborate with the Group (suppliers, service providers, consultants, customers, etc.).

FOMAS Group Human Rights Policy

Regulatory frameworks, risks monitoring and engagement towards a positive impact on Human Rights. Group’s Human Rights Policy is in line with the Group Code of Ethics and, for the Italian companies of the Group, with the Italian Legislative Decree no 231/2001 (“Decree 231”) and with internal procedures and policies. It’s committed to respect international human rights standards as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the international Covenant on Economic, Social and Cultural Rights and the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work. Moreover, the Group commits also to the United Nations Global Compact principles. All principles in the company applies to internal operations and business partners and a due diligence internal process is in place.

Group Whistleblowing Policy

Formal framework to encourage and facilitate reporting of unethical, illegal, improper conduct. In line with values of integrity and ethical behavior expressed in Group’s Code of Ethics, FOMAS Group supports and encourages

everyone intending to report inappropriate conduct, misconduct or alleged breach of the principles set forth in its Code of Ethics, in its Organizational Model pursuant to Italian Legislative Decree No. 231/2001 (and similar Documents in other countries), in Group policies, procedures and, in general, potential breaches of laws and regulations. Policy and whistleblowing mechanism are open and available to all internal and external stakeholders.

Green Sourcing Policy

Commitment to integrating sustainable practices into supply chain and purchasing processes. This Policy strengthens and is in line with the Group Code of Ethics and Group Sustainability Policy, and it is in accordance with the Environmental Principles of the United Nations Global Compact. The principles outlined in this Policy refer to all staff and all people working on behalf of and/or for account and/or in the interest of the Group. The Green Sourcing Policy outlines Group’s intent and commitment to consider, evaluate, and prioritize, when feasible, sustainable, or relatively more sustainable, materials, products and services in every aspect of our supply chain and procurement practices. Specifically, the two most relevant principles are Sustainable Material Evaluation and Supplier Collaboration.

Environment, Health and Safety Policy

Commitment to ensuring the health, safety, and well-being of its employees, customers, and the environment. The environment, health and safety Group Management states the willingness to promote an environmental, health and safety culture based on the centrality of the human factor, through the Integrated Management System pursuant to UNI ISO 14001:2025 and UNI EN ISO 45001:2018.

Other sustainability-related policy:

Group Quality Policy

Commitment and approach towards maintaining and improving the quality of its products and processes.

Policy on the Selection of the Members of the Bods

Definition of the process for selecting candidates to hold the position of director.

Energy Policy

Continuous improvement of energy utilization.

Addressing and Responding to Incidents of Violence and Harassment Policy

Steps and responsibilities for addressing and responding to incidents of violence and harassment.

FOMAS Group Diversity, Equity & Inclusion Policy

Dedication to promoting diversity, ensuring equity and fostering inclusivity.

FOMAS Group Corporate Citizenship Operations

Group’s social responsibility towards stakeholders and the society in which it operates.

Operations and Plant Investment Sustainability Requirements Policy

Sustainability considerations into Operations and Plant investments.

Impactful Team Building Activities Policy

Guidelines for team building activities, ensuring that all activities have a positive impact.

Sustainable Event Organizing Policy

Commitment to organizing events in a sustainable and environmentally responsible manner.

Sustainable Travel and Mobility Policy

Commitment to reduce the environmental impact of travel and transportation activities.

Data Breach Policy

Procedures for detecting, responding to mitigating data breaches within the organization.

Group-Level Privacy Policy

Principles regarding collection, use and protection of personal and confidential data across all Group’s entities.

Parenting Policy

Support flexibility to employees welcoming a new child into their family while fostering a healthy work-life balance.

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. Group’s Policies are approved by the President & Group CEO, they apply to all companies and are communicated and available to all employees. Legal, Internal Audit & Compliance operates to ensure approved policies are adopted in line with Group’s strategies and procedures.



2023 SUSTAINABILITY REPORT

SUSTAINABILITY STRATEGY AND GOALS

4.1 SUSTAINABILITY ROADMAP AND STRATEGY

Every year FOMAS Group identifies short-term, medium to long-term targets and goals focusing on its five pillars to drive progress and success. The Group's sustainabi-

lity roadmap and strategy increase Group's resilience and adaptability in long term, responding to socio-environmental challenges across overall value chain.



Mastering the science of metals

- Sustainability Governance Model
- Sustainability and Risk Committee
- Sustainability Policy
- Human Rights Policy
- Materiality Analysis and Stakeholder Engagement

People-Centric

- Diversity, Equity and Inclusion Policy and awareness material
- Individual Performance Management
- Parenting Policy

Creating shared value for the community

- Monitoring, Impact Assessment and Review Processes of local community support

Awareness and commitment for the planet

- Decarbonization targets (SCOPE 1+2)
- Plant Carbon Footprint (GHG Protocol)
- Products Carbon Footprint (ongoing)

Embracing the change with our partners

- Suppliers mapping of sustainability factors, included in Suppliers Assessment Procedure

Mastering the science of metals

From an IT perspective, FOMAS Group is working towards prep activities for ISO 27001 certification to enhance information security. In respect to privacy and ethics, the Group is implementing a Data Protection Master Policy and an Anti-corruption policy. In respect to quality system, the Group is working to unify management of change process in all sites. Last, the Group is committed to coordinate on the double materiality assessment in order to properly respond to CSRD requirements and to incorporate performance evaluations incentives scheme linked to sustainability.

Creating shared value for the community

FOMAS Group is working on an external communication strategy, with a new website section, to effectively engage with stakeholders and the wider community on sustainability topics. Moreover, the Group will also set up a business community with local companies and industry associations, to share best practices, interests and learning opportunities.

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.

Regarding Diversity&Inclusion, the Group will start in 2024 a 12-months Diversity, Equity & Inclusion Awareness Campaign and leadership courses for all women, to foster a diverse and inclusive work environment. Moreover, an important target set for 2025 is that of digital accessibility, making sure that all workers have access to companies training, information materials to support engagement and participation.

In respect to Employee Development, the Group will extend its contribution Matrix in all companies to all functions to recognize and reward employee contributions, it will set up a mentoring system and it will organize leadership trainings for all leaders.

Last, the Group will work towards getting the Gender Parity certification UNI/PDR 125:2022 for Italian companies of the Group.

Awareness and commitment for the planet

As to certifications, the Group will implement ISO 50001 in ASFO S.p.A., MIMETE S.r.l., FOMAS, Inc., BAY-FORGE Private Ltd. and FOMAS Precision Forging (Dalian) Co., Ltd. Moreover, the Group will work towards ISO 14067:2018 certification.

In respect to emissions, the Group is committed to define its Carbon neutrality targets and its Net Zero commitment, including Scope 3. Last, the Group headquarter will participate and host in 2024 the International Forgemasters Meeting.

Embracing the change with our partners

Given the great importance of promoting a sustainable supply change, FOMAS Group will revise and increase the minimum Sustainability score for Suppliers to encourage sustainable practices in the supply chain. Suppliers' Health&Safety score will be included in the Supplier Assessment Procedure. Moreover, a Suppliers' Day will be held to engage directly with main suppliers, including considerations on sustainability topics.



FOMAS Group Sustainability Strategy includes below key performance indicators and defines the targets to reach.

TOPIC	SUBTOPIC	INDICATOR	TARGET	2023 ACTUAL
MASTERING THE SCIENCE OF METALS STRATEGY Corporate Governance supporting ethical and sustainable business conduct, based on transparency, awareness, privacy and quality	Business conduct	Management commitment towards the adoption of ethical and sustainable practices	Diversity in Board of Directors composition	
		Corruption and bribery	Communication and training regarding anti-corruption/ethics policies	100% → 100%
		Cyber Security and Data Protection	ISO 27000 certified for all companies	Certification obtained → Preparation activities ongoing
		Product Quality	Cost of poor quality	Maximum internal Target 'Cost of poor quality' → TARGET REACHED
EMBRACING THE CHANGE WITH OUR PARTNERS STRATEGY Sustainable procurement, from operational rules to strategy setting	Business conduct	Suppliers Engagement and sustainable value chain	Decarbonization targets scope 3 → Decarbonizzazione SCOPE 3 in definizione	
			Proportion Local Spending (minimum)	80% → 93%
			Supplier Assessment Procedure sustainability SCORE	Minimum % score → Data collection ongoing. Data collection for 72% of relevant suppliers
CREATING SHARED VALUE FOR THE COMMUNITY STRATEGY Ongoing and measurable positive impact on local communities	Affected communities	Local communities' economic, social and cultural rights	Yearly budget spending for donations and sponsorships	Budget 2024 > Actual 2023 → TARGET REACHED

TOPIC	SUBTOPIC	INDICATOR	TARGET	2023 ACTUAL
CONSAPEVOLEZZA E IMPEGNO PER IL PIANETA STRATEGIES Innovation and commitment towards efficiency, sustainability and decarbonization Sustainable use of natural resources	Climate Change	Energy	Yearly Gi (gas index) → -15% from previous year	Actual per Company
			Yearly ELE (electricity index): → -15% from previous year	Actual per Company
		Climate change mitigation and adaptation	ISO 50001 for all companies → YES	Certification process started
			SCOPE 1&2 Decarbonization targets (vs 2020) → SCOPE 1+2 (incl. offsetting) 2030: ~ 40% 2040: ~ 70% 2050: ~ 90%	
			Green Electricity → 100% from 2030	
	Digitalization & Innovation		Yearly ESG Investment spending	
	Circular economy	Resources inflows	Recycled input materials (minimum) → 60%	77%
		Waste	WTL (waste to landfill) → -3% from previous year	Actual per Company
	Water and marine Resources	Water withdrawals, consumption and use	Wi (water index) → -3% from previous year	Actual per Company
		Biodiversity loss	Operations impact on biodiversity → Avoid biodiversity impact from operations	TARGET REACHED



TOPIC	SUBTOPIC	INDICATOR	TARGET	2023 ACTUAL
<div>PEOPLE CENTRIC</div> <div>STRATEGY Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance</div>	Own workforce	Fair Working conditions and work-related rights		
		Performance management (IPM) for all employees	100%	22%
		Injury frequency (Group)	-25% from previous year	Actual per company
		Injury severity (Group)	-25% from previous year	Actual per company
	Efficient and fair recruitment, selection of personnel and retention	Group-related exit reasons (minimum)	Minimum % target of responses in critical clusters	Exit surveys set up in 2023
	Diversity, Inclusion and Equal treatment and opportunities	Women % Group level (minimum at 2028)	14%	12%
		Av. h training per employee (ITALY - minimum)	16h	TARGET REACHED
		HSE TI (training indicator)	+10% from previous year	Actual per company
		Employee participation	100%	Actual per company
	Workers in the value chain	Working conditions / Equal treatment and opportunities		
		Supplier Code of Conduct accepted by relevant suppliers	100%	100%





2023 SUSTAINABILITY REPORT

MASTERING THE SCIENCE OF METALS

5.1 MANAGEMENT COMMITMENT TOWARDS THE ADOPTION OF ETHICAL AND SUSTAINABLE PRACTICES

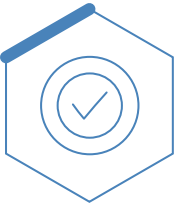
FOMAS Group's recognizes the importance to support a company culture aligned with ethical and sustainable development. The lack of it in fact might have a negative actual impact on people working for the Group as well as on business partners, who are relying on Group's ethical standards. Fair and ethical conduct are directly linked to Group's activities as well as with relationship with business partners. The Group Code of Ethics stands as the main pillar to convey transparently the values the Group's must commit to in carrying out activities and in achieving its objectives.

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. All members of corporate bodies, management, employees, business partners, and in general all Group's stakeholders, are the recipients of the Code of Ethics, which serves as a guide in the relationships with them. 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.

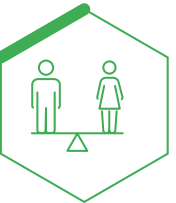
CODE OF ETHICS
IN LINE WITH FOMAS GROUP'S VALUES:



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 main business aspects. 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 with the Group Master Procedure, which involves all the functions concerned.

Boards of Directors, Sustainability and Risk Committee, Ethics Committee and Legal, Internal Audit & Compliance, due to their roles, influence and expertise, are directly involved in the management of any breaches or conflict of interests, update or correction related to business conduct, strengthening the effectiveness of mitigation and prevention actions and improving processes.

To support this, the Group has implemented a governance structure with clear accountability roles, a monitoring system and an available and anonymous whistleblowing mechanism:

- Governance Structure: Sustainability & Risk Committee, Ethics Committee, Legal, Internal Audit & Compliance Functions, Boards of Directors as final accountable.

- Monitoring system: Dashboard system to monitor reports, status based on transparent communication of reports received.
- Whistleblowing system: available for all stakeholders with fair mechanism of protection, clear communication and investigation flow.

The Whistleblowing Mechanism was released in October 2023, and it has been activated 1 time. The report was considered as not relevant by the Ethics Committee and closed following the Corporate Whistleblowing Policy's guidelines.

The Group maintains an open dialogue with its stakeholders to assess actual requirements and suggestions, by connecting with them at least few times during the year. The engagement methodology depends on the stakeholders' groups and the process is managed by department directors. Moreover, the Group commits to keep its stakeholders informed on its ethical and sustainable business conduct through periodic communication, website disclosure, sustainability reporting and boards meetings.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Management commitment towards the adoption of ethical and sustainable practices	<ul style="list-style-type: none">● Governance Structure● Sustainability Committee meeting every 6 months● Communication and mandatory training on anticorruption, code of ethics, whistleblowing, sustainability● Whistleblowing Mechanism and Ethics Committee● Sustainability parameters in Supplier Assessment Procedure● Corporate Risk Assessment, including Compliance, Human Rights, Climate change, Harassment risks● Certified Energy Magement System ISO 50001● Member of UN Global Compact Italy network	<ul style="list-style-type: none">● Code of Ethics● Selection of the members of the BoDs Policy;● Sustainability Policy;● Whistleblowing Policy;● Human rights Policy;● Conflict Minerals;● Anti Money Laundering and Sanctions Policy
	STRATEGY	
Corporate Governance supporting ethical and sustainable business conduct, based on trasparency, awareness, privacy and quality		

FOMAS Group is working towards the definition of targets on governance diversity composition and on setting performance bonuses linked to sustainability. The Group has assessed potential risks and opportunities in the case the Group's actions, behaviors, or strategies are not aligned with the stated business values and sustainability strategies. This can lead to loss of compe-

titiveness, declining market share, missed opportunities, and non-compliance with regulations. Episodes of misalignment of company culture and business conduct, due to an ineffective governance system, leads to potential violation of the code of ethics, corruption, conflicts of interest, stakeholder dissatisfaction, lost trust of stakeholders and reputational damage. On the other hand, an

ethical and sustainable company culture and conduct favor the Group thanks to stakeholders' satisfaction and trust, business market opportunity, competitive advantage and doing good towards society in general.

Fast & Curious Initiative to Foster Group's Values

In 2023, the first team of the Fast&Curious initiative has been successfully closed. The goal was to offer participants the possibility to confront each other on Group's vision and values, and on the value of the team. The final event consisted in a teambuilding event, during which, participants built outdoor games for kids donated to a

village in Morocco. The activity encouraged teamworking based on reciprocity, trust and valorization of diversity. The idea of helping others was brought forward as an opportunity for growth not only for those who receive, but also for those who donate resources, time and energy. Finally, the initiative's core aim was to promote the sharing of Group's mission, vision and corporate values. Moreover, for 2023 edition, participants were asked to come up with project proposals with a social or environmental impact. These were judge by a committee and the winner project (car sharing to reduce commuting emissions and cost) will be implemented in 2024.



Protection of Whistle-Blowers

Reporting can help minimize risks for the Group and stakeholders. Each report contributes to the promotion of an ethical and sustainable culture, making an important contribution to the internal control system of compliance. Any stakeholder is encouraged to report

any action or behavior that are, or may appear to be, contrary to the Group's values, inappropriate, improper or illegal, or such as to put the Group, the work environment and all employees at risk. The Group ensures protection of whistle-blower and of the person concerned by the report.

PROTECTION OF THE PERSON CONCERNED BY THE REPORT



Dashboard that allows completely anonymous reporting.



FOMAS Group guarantees people concerned by the report the right to be informed (within a maximum of 1 month) and to be able to give their reasons with respect to the content of the report



In the case of reports manifestly unfounded or made in bad faith, made for the sole purpose of discrediting or harassment, it is possible that sanctions may be established and/or a possible report to the appropriate judicial authority.

WHISTLEBLOWER PROTECTION



Dashboard that allows completely anonymous reporting.



FOMAS Group is committed to protecting the whistleblower and anyone involved in the investigation from any kind of retaliation, discrimination, or penalization.



A whistleblower who believes that he or she has suffered retaliation or discrimination as a result of the report may inform his or her immediate chief or the HR Function to assess whether the circumstances exist for the initiation of disciplinary proceedings.

ETHICS COMMITTEE

COMPOSITION

- Legal, Compliance & Internal Audit Counsel
- Sustainability Manager

ROLE

- Handles reports respecting confidentiality of whistleblower and reported person
- Conduct a preliminary analysis of the relevance of the report

CONTACTS

- Whistleblowing Dashboard
- ethicscommittee@fomasgroup.com

Reports will be handled, at first, by the Group Ethics Committee, which is able to offer adequate confidentiality and data protection guarantee. The Ethics Committee will carry out a preliminary analysis, classifying the reports on severity. If the report is deemed to be relevant, it will inform for further verification of admissibility the members of the Supervisory Board, and the Legal, Compliance & Internal Audit Manager. The internal audit manager coordinates the preliminary investigation and processing of the report: it liaises, where necessary, with the members of the Supervisory Board, examines the facts reported and any documents received, gathers all the necessary information, and communicates with the whistleblower, where possible.

Ethics Committee

Legal, Compliance & Internal Audit Manager

Supervisory Board (231/01)

5.2 CORRUPTION AND BRIBERY

Anti-corruption and violations

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 recognizes the importance to structure effective mechanisms of reporting, awareness campaigns and a comprehensive due diligence process. In addition to respective Organization and Control Models, FOMAS Group has implemented for all companies a Whistleblowing reporting system accessible for all employees and external stakeholders.

Under the whistleblowing mechanism, all personnel are allowed to report any behavior in potential violation of regulation 231/2001, in confidential form. The reports may also concern conduct contrary to the Group's Code of Ethics and/or policies and procedures adopted by the Group.

FOMAS Group, in 2023, has not received and reported any incidents of corruption or bribery. No additional complaints were received from third parties and confirmed by the organization or regulatory bodies for 2023. FOMAS Group is committed to transparent engagement

with stakeholders' relationship (shareholders, employees, customers, suppliers, institutions and local communities, in import/export activities), recognizing and valuing their expectations of a reliable and fair business partner.

FOMAS Group is strongly committed to prevent, manage and recriminate any illicit behavior related to corruption and bribery. Prevention is mainly supported by awareness trainings, mandatory for all employees, and by a robust contractual assessment before entering in any business relationship. The Group relies on corporate values and on the whistleblowing dashboard to make the reporting process as easy and accessible as possible. Moreover, the Legal, Compliance & Internal Audit function has put in place a due diligence process to always consider potential breaches and improvements. Responding to any reports follows a structured process detailed in the Group's whistleblowing Policy.

The potential risks of incidents of corruption and illicit conducts is significant for the Group, as it might affect trust, reputation, transparency, hence positive relationship with internal and external stakeholders.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Corruption and bribery	<ul style="list-style-type: none">● Communication and training regarding anticorruption/ethics policies and procedures● Checks by the Supervisory Body (carried out by the Internal Auditor referred to Law 231/01 for Italian companies)● Whistleblowing Mechanism and Ethics committee	<ul style="list-style-type: none">● Code of Ethics● Group-level Privacy Policy;● Whistleblowing Policy;● Anti Money Laundering and Sanctions Policy● Supplier Code of Conduct
	TARGET	
	100% training and communication about anti-corruption policies and procedures to all employees	
	STRATEGY	
Corporate Governance supporting ethical and sustainable business conduct, based on transparency, awareness, privacy and quality		

Communication and training about anti-corruption policies and procedures: 100% of employees

Trainings related to anti-corruption, Code of Ethics, whistleblowing mechanism are all mandatory for all employees of the Group. They are conducted as part of the onboarding process and attendance is monitored by the Human Resources function.

5.3 CYBER SECURITY AND DATA PROTECTION

Cybersecurity and data protection are important defense measures to a potential serious impact on people and business partners the Group's operates with. The Group treats the risk of losing business continuity, confidentiality of contractually protected data, customer relations, and regulatory compliance with continuous monitoring and high level of attention.

Especially, considering the high level of confidentiality of customers' technical product data, customers expect structured privacy and data protection management. The Group engages with Stakeholders on a regular basis, monitoring any changes in the regulatory environment, and manages customers relationship with open communication and contractual agreements; employees are kept informed about data protection issues with reminders and trainings.

FOMAS Group has implemented an incident response procedure and comprehensive security measures:

robust backups, regulated by procedures and tested periodically, up-to-date network security systems, segregation mechanisms, policies and procedures to regulate processes at risk. Moreover, the Group conducts training and frequent cybersecurity awareness campaigns. Periodical penetration tests and assessments are performed to assay perimeter security.

The Group is investing on cloud adoption, infrastructure, maintenance contracts and vulnerability management. Regular assessments and updates to risk management strategy are critical to ensuring the Group's resilience in the face of evolving IT and information security challenges. Moreover, the Crisis Management Group's Procedure stands as a reliable plan of action to respond promptly to business continuity crisis.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Cyber Security and Data Protection	<ul style="list-style-type: none">● ISO 27001 certification preparation activities● Periodical tests and assessments● Backup, retained in separate and protected areas● Controlled user authorizations● Data classification● Cyberattack simulation for security awareness● E-learning training about “cyber security”● Company regulation for security	<ul style="list-style-type: none">● Data Breach Policy● IT security Policy● Incident response Policy● Employee’s On-Off Boarding Policy;● Backup Policy;● Classification Policy
	TARGET	
	Information security management systems Certification ISO 27000	
	STRATEGY	
	Corporate Governance supporting ethical and sustainable business conduct, based on transparency, awareness, privacy and quality	

In terms of risk assessment, information security poses an increasingly complex challenge for companies which are more and more digitalized. Risks can come from many fronts, and FOMAS Group has identified four main areas of focus. First, the risk of cybersecurity attacks, which include threats such as ransomware, malware and attacks on Internet-connected systems. These attacks can lead to data breaches, theft or corruption, posing a direct risk to confidentiality.

Secondly, unforeseen interruptions in power supply or hardware faults exposes the Group to business disruptions. Thirdly, the risk of data corruption and software failures introduces uncertainty and potential data loss. Inadequate safeguards against data corruption or system malfunctions may compromise the integrity of critical information. Lastly, the Group must contend with the unpredictability of natural events, which might inflict severe damage to the physical and digital infrastructure, disrupting operations and posing a threat to the continuity of IT services.

5.4 PRODUCT QUALITY

FOMAS Group mission is to: “We play to win with innovation, responsiveness and a passionate commitment to long-term partnerships” continuously consolidating and increasing its position of excellence, recognized worldwide by customers, competitors and suppliers. Group’s Manage-

ment is constantly committed to ensuring the high quality of products, in compliance with the requirements of customers and other interested parties, with the transition plan towards low carbon technologies and with development, implementation and continuous improvement of the Quality Management System.

1 MONITORING PROCESSES (KPIs)



Top Management annually establishes performance indicators to monitor Quality Management System processes (KPIs). These are reported in the annual Management Review and constitute input for the definition of both indicators and related targets, based on previous results.

2 TARGET SETTING



Quality objectives are planned, documented and communicated through ‘Quality Improvement Plans’, included in the Management Review, in which responsibilities, activities, timeframes and possible milestones are identified.

3 LESSON LEARNED



Top Management reviews Group’s Management Systems at least once a year on the ‘lessons learned’ approach: experience is taken into account to reduce the likelihood of recurrence, as well as information from external sources that 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 customers, subsequently analyzing any event, defect or non-conformity that may have an impact on product safety

- Communicating and appropriate training activities for personnel, including training dedicated to the concepts and principles of ‘Safety Culture’

Recognizing the impact on people and the environment that Group’s product quality can lead to, FOMAS Group has adopted a Code of Ethics and an Organizational Model in compliance with Legislative Decree 231/01. This includes a Supervisory Body responsible for ensuring compliance with the decree. The management systems for Quality, the Environment, Safety and Energy of the FOMAS Group are certified, respectively, in accordance with the ISO 9001, 14001, 45001 and 50001 standards. Group product quality management plays a pivotal role in shaping its success and trust among internal and external stakeholders.

Needs and expectations of the interested parties are continuously monitored and reviewed through the direct engagement and risk management process. Especially, customers contracts and relationships, boards meetings and regulatory frameworks highlight the relevancy of the potential and actual impact of Group’s management on this topic. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
Product Quality	<ul style="list-style-type: none">• QMS manuals, procedures and work instructions• QMS certified (ASME, 9001, 29001, etc.) and annually surveyed by accredited certification bodies (ASME, DNV-GL, TÜV, etc.)• Dedicated function (Quality Assurance)	<ul style="list-style-type: none">• Code of Ethics• Quality• HSE• Privacy• Whistleblowing
TARGETS		
Annual internal ‘Cost of poor quality’ KPI		
STRATEGY		
Corporate Governance supporting ethical and sustainable business conduct, based on transparency, awareness, privacy and quality		



Risks and opportunities on this topic are annually assessed. On one hand, poor quality control can lead to detrimental consequences such as dissatisfied customers, potentially hazardous products endangering both people and environment, lost of reputation resulting in loss of market share, and fines imposed by regulatory bodies.

By prioritizing quality, the Group earns trust of its customers, fostering loyalty and repeat business. Moreover, stringent quality control measures ensure the safety of employees and of the entire value chain, reducing the risk of accidents and liabilities. Additional-

ly, a commitment to quality means safeguarding the environment and public health, aligning with low-carbon transition plan and ensuring sustainability for future generations. Adaptability to technological changes with low-carbon impact underscores the Group’s resilience and forward-thinking approach.

Quality & HSE Management Systems – Certifications

The Quality, Environment, Safety and Energy management systems are certified to improve Group’s values of transparency and efficiency..

Certifications* /Company	ISO 9001	ISO 29001	ISO 14001	ISO 45001	ISO 50001	ISO 3834-2	ISO 17025	EN 9100	EN 9120	IAFT 16949
FOMAS S.p.A.	●	●	●	●	●	●	●			
ASFO S.p.A.	●		●	●		●		●	●	
HOT ROLL S.r.l.	●		●	●	●					●
MIMETE S.r.l.	●		●	●			●	●		
FOMAS Precision Forging (Dalian) Srl.	●		●	●						
BAY-FORGE Private Ltd.	●		●	●				●		
FOMAS, Inc.	●		●					●		
LA FOULERIE S.A.S.	●		●	●	●					●

*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.
EN 9100: Quality management system in aerospace industry.
EN 9120: Quality management system in Aviation, Space and Defence industries.
IAFT 16949: Quality management system in automotive industry.

Health and safety impacts of product categories

Given that FOMAS Group is not responsible for the design of 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.

Based on QMS manuals and procedures, the Group carries out controls on:

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

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 2023.

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 ERP software.

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.





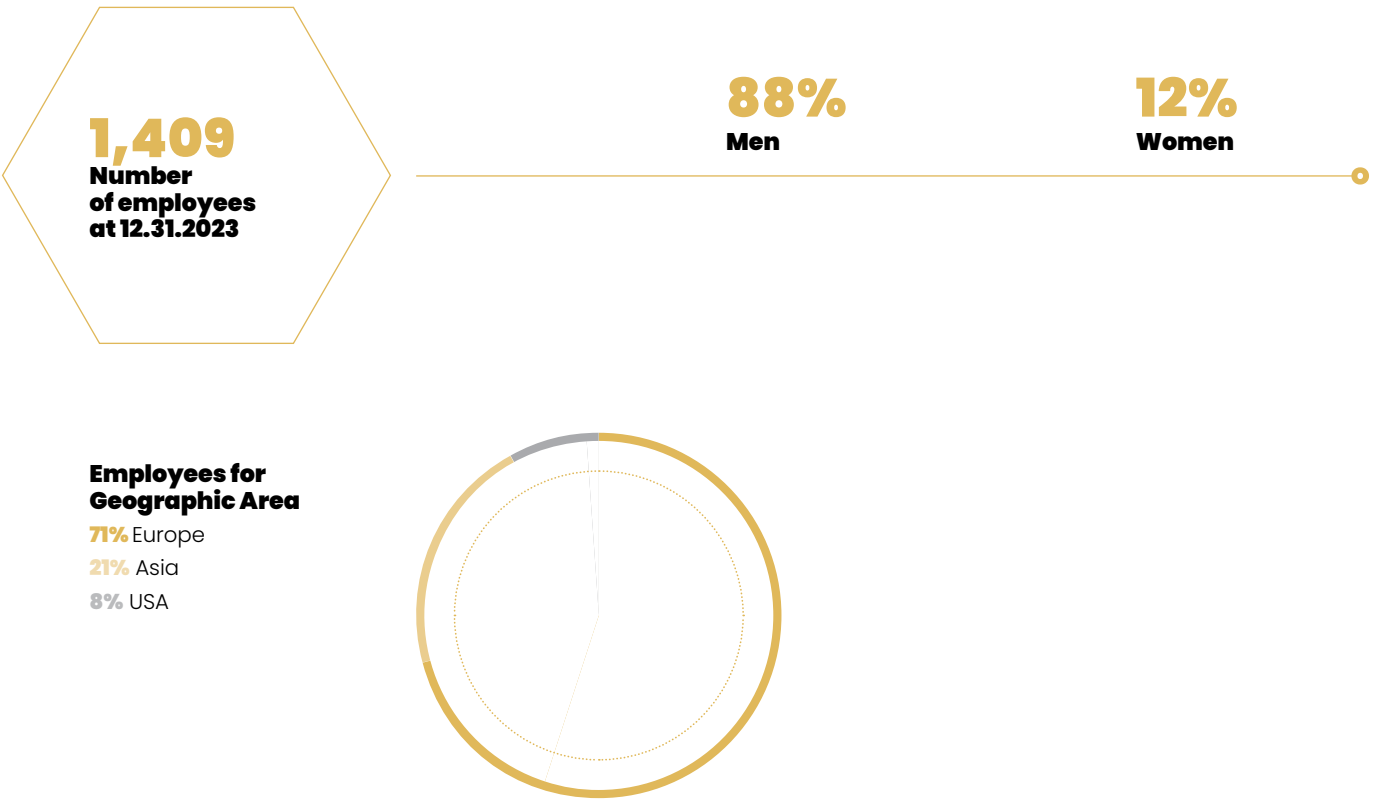
2023 SUSTAINABILITY REPORT

PEOPLE CENTRIC

6.1 FOMAS PEOPLE COMPOSITION

FOMAS Group is aware that its personnel are 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 no-discrimination, guaranteeing growth paths based exclusively on personal merits and skills, and aimed at consolidating the level of professionalism of everyone. Furthermore, 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. Internal and external stakeholders are invited to report any breach throughout the anonymous whistleblowing mechanism. Any employee, full or part time, permanent or temporary, factory or office, is subject to the materiality assessment. For different employee categories, different potential risks, opportunities and level of criticality is assessed. This methodology is in line with Group's business strategy.



6.2 FAIR WORKING CONDITIONS

Human rights respect, fair practices and work-life balance are becoming increasingly more important factors in defining the work environment and distinctive factor of a company, affecting engagement, attraction of talents and business opportunities. FOMAS Group, recognizing the significance of a supportive work environment, is analyzing and monitoring working conditions of employees, considered across the full relationship of employee engagement, from recruitment to termination. The Group responds to fair and ethical practices, in

line with the Group Code of Ethics, the Human Rights policy and in compliance with local and international laws and regulations. The Group is committed to respect fair working conditions, as secure employment, working time, adequate wages, social dialogue, freedom of association/collective bargaining, work-life balance, fair and not discriminatory human resources processes, privacy, health and safety. Moreover, it is committed to avoid and condemn any form of child, forced labor. To mitigate negative impacts, the Group relies on corporate policies, due diligence processes and overall

corporate commitment towards sustainable and ethical practices. Affected stakeholders are central in identifying potential improvements and effective responses. In 2023, the Group has engaged in focus groups and corporate communication with employees to gather diverse points of views, as well as in associations events and initiatives to increase participation, engagement and awareness on these topics. To track and monitor sustainable, fair and ethical practices on working conditions, the Group relies on its sustainability Governance Structure with appointment of Sustainability Manager, Champions and Committee, with final accountability at Board of Directors level. In respect to legal and internal compliance with local and international laws and regulations, the Group's Legal, Compliance & Internal Audit department responsibility is to apply the Management model according to the Italian Decree 231/01, with regular checks by the Supervisory Body.


To fulfil its requirements towards the respect of people and human rights, the Group relies on its Code of Ethics, Ethics Committee, Human Rights Policy, Anti-harassment policy and remediation plan, Whistleblowing me-

chanism, Diversity, Equity & Inclusion Policy, Group-level Privacy Policy and relative alignment in all process internal procedures. HR department procedures and policies stand to reduce and mitigate these risks, applying an ethical code of conduct in any process and interaction. FOMAS Group secures adequate living wages for all its employees worldwide. Where applicable, the Group ensures compliance with living wage standards through collective bargaining agreements, working closely with unions and other stakeholders to uphold fair compensation practices, not only guaranteeing worker's rights today but also considering the dynamism of salaries needs due to inflation changes. Where collective bargaining agreements are not legally mandated, FOMAS Group takes a proactive approach to compliance by benchmarking against industry standards and conducting associations salary survey and analyses of market conditions and location-specific wage levels. Moreover, a welfare system towards a fairer and more equitable workforce is monitored and under constant review to ensure effectiveness. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Working Conditions and work-related rights	<ul style="list-style-type: none">Sustainability Governance structureFocus Groups (Work Environment: Well-being, Diversity and Inclusion, Parenting, Discrimination & Harassment)Human Right internal Due diligenceEngagement employees surveyWelfare structureAwareness and Training on non discriminatory practices, human rightsWhistleblowing mechanism and ethics committeeCollective bargaining agreements or benchmarking to secure adequate salaries	<ul style="list-style-type: none">Group Code of EthicsHuman RightsSustainabilityDiversity, Equity and InclusionHR Handbook/ProceduresParentingWhistleblowing
STRATEGY		
Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance.		

Regarding working conditions, the Group commits to ongoing monitoring and optimization. No quantitative specific targets have been defined yet. The goal is to increase awareness on this topic, structuring a reliable monitoring, due diligence process and increasing transparency. Recognizing significant risks and opportunities, by assuring a reliable due diligence, the Group can contribute to the protection of human and workers' rights, promoting happiness, engagement, retention and talent attraction. Moreover, this leads to quality employment both for

the company and for the socio-economic context. The Group aims not only to respond to applicable laws and regulations but to proactively engage to favor a positive and respectful working environment. Unfair, discriminatory and negative practices in respect to workers' rights and well-being might lead to missed opportunities of talent attraction, costly recruitment, less skilled workforce, negative work life culture not open to feedback, communication, engagement, with consequent lower retention, higher turnover, loss in reputation and of business opportunities.



WORK LIFE BALANCE

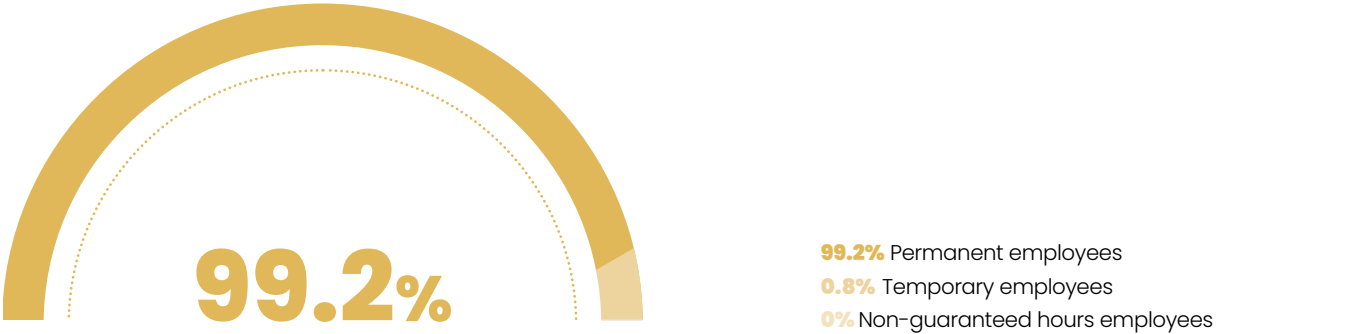
Work-life balance is critical to foster healthier and more sustainable work cultures. Employers increasingly recognize the significance of a supportive work environment that enables employees to achieve equilibrium between professional responsibilities and personal well-being. This affects positively motivation, productivity and mitigates burnout and turnover rates. All employees of the Group are eligible to take family-related leaves. Moreover, Italian companies of the Group have smart working agreements for office workers; while for all Group's companies the importance of flexibility and open communication in case of employees' needs is central.



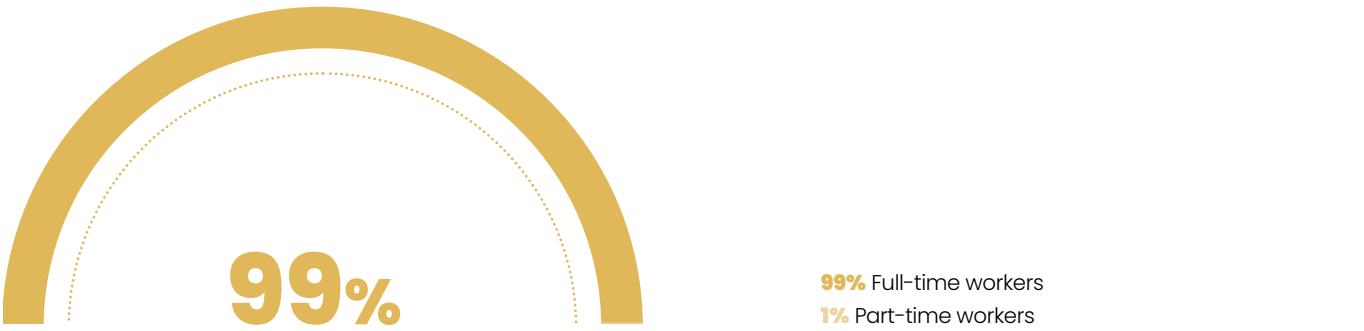
FOMAS people contracts
People protection and development are key priorities for fomas group, as well as milestones of our strategy.

The graphs represented here below show the commitment of the Group towards the employment of our people. As a matter of fact, out of 1,409 people employed in the group 1,398 are permanent employees and 1,393 employees are full-time workers.

Employees per type of contract



Employees per employment type



Workers who are not employees (headcount)

FOMAS GROUP	UNIT	2023
Type 1 - Consultancy contract	N°	3
Type 2 - Internship contract		2
Type 3 - Contractual relationship Temporary Work Agency		81
Type 4 - Agency Workers		42
Total		128

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

EMPLOYEES (HEAD COUNT)	U.M.	2023		
		Men	Women	Total
FOMAS GROUP	N°	1,233	176	1,409
Permanent employess		1,222	176	1,398
Temporary employees		11	-	11
Italy		784	114	898
Permanent employess		773	114	887
Temporary employees		11	-	11
Europe (Exluded italy)		95	8	103
Permanent employess		95	8	103
Temporary employees		-	-	-
Asia		265	33	298
Permanent employess		265	33	298
Temporary employees		-	-	-
America		89	21	110
Permanent employess		89	21	110
Temporary employees		-	-	-

*Non-guaranteed hours employees are not included in above table, as none is present in the Group.

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

EMPLOYEES (HEAD COUNT)	U.M.	2023		
		Men	Women	Total
FOMAS GROUP	N°	1,233	176	1,409
Full-time workers		1,227	166	1,393
Part-time workers		6	10	16
Italy		784	114	898
Full-time workers		781	104	885
Part-time workers		3	10	13
Europe (Excluded Italy)		95	8	103
Full-time workers		95	8	103
Part-time workers		-	-	-
Asia		265	33	298
Full-time workers		265	33	298
Part-time workers		-	-	-
America		89	21	110
Full-time workers		89	21	110
Part-time workers		3	-	3

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. For European companies the national reference contracts are applied, confirming 100% of employees covered by collective bargaining agreements. In India and China, the ‘National labor laws for each country are applied’. In the USA, FOMAS, Inc. follows specific Federal and State laws that guarantee labor rights and all employees are “free” in terms of employment. 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.

New hires and turnover

	2023		
	Men	Women	Total
Total number of new hires	144	35	179
Employees leaving the company	167	27	194



TOTAL NUMBER OF NEW HIRES		2023		
	U.M.	Men	Women	Total
FOMAS Group	N°	144	35	179
Age below 30 years		47	12	59
Age between 30 and 50 years		82	19	101
Age above 50 years		15	4	19
Italy		71	12	83
Age below 30 years		23	7	30
Age between 30 and 50 years		41	4	45
Age above 50 years		7	1	8
Europe (excl. Italy)		0	0	0
Age below 30 years		0	0	0
Age between 30 and 50 years		0	0	0
Age above 50 years		0	0	0
Asia		12	8	20
Age below 30 years		4	2	6
Age between 30 and 50 years		8	6	14
Age above 50 years		0	0	0
America		61	15	76
Age below 30 years		20	3	23
Age between 30 and 50 years		33	9	42
Age above 50 years		8	3	11

EMPLOYEES LEAVING THE COMPANY		2023		
	U.M.	Men	Women	Total
FOMAS Group	N°	167	27	194
Age below 30 years		41	6	47
Age between 30 and 50 years		86	16	102
Age above 50 years		40	5	45
Italy		69	11	80
Age below 30 years		10	3	13
Age between 30 and 50 years		34	5	39
Age above 50 years		25	3	28
Europe (excl. Italy)		4	1	5
Age below 30 years		0	0	0
Age between 30 and 50 years		3	1	4
Age above 50 years		1	0	1
Asia		29	7	36
Age below 30 years		3	1	4
Age between 30 and 50 years		25	5	30
Age above 50 years		1	1	2
America		65	8	73
Age below 30 years		28	2	30
Age between 30 and 50 years		24	5	29
Age above 50 years		13	1	14

6.3 HEALTH AND SAFETY

FOMAS Group assesses health and safety risks in accordance with the most up to date standards globally available.

FOMAS Group promotes a health and safety culture based on the centrality of the human factor, through ISO 14001, available in all companies, and UNI 45001 Integrated Management System, available in all companies except FOMAS, Inc. All Group’s employees are covered by the Health and Safety management system. The Group’s Health, Safety and Environmental Policy sets the following 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. Each site assesses risks in conformity to ISO 45001 and to Group or Site procedures.

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. All data originates from certified sources, measuring instruments is subject to third party verification, when applicable.



According to Corporate Culture, national and international laws and regulations, the Group recognizes health and safety at work as a primary focus and aims to accomplish greater well-being for people with consequent positive social impact outside the company.

Health and safety – risk assessment and management

The Group evaluates existing and potential risks to people’s health and safety, intervening immediately on leaks and proceeding with a complete analysis to eliminate the risk at its root (when possible).
The identification of work-related hazards and risk assessment is performed for each site in accordance with ISO 45001, based on Group’s and reference site’s procedures and strategically for the annual Corporate Risk Assessment. FOMAS Group faces potential health and safety risks for its workforce, encompassing hazards such as workplace accidents, exposure to harmful substances, ergonomic concerns, noise, and inadequate safety protocols. The assessment of Health & Safety risk is recognized as widespread as they represent general risk of individual incidents in operations, but also considered them as more relevant for factory workers than for office workers. Moreover, the Group should consider the inherent risk due to aging working population, as different needs, requirements and capabilities need to be considered. FOMAS Group faces a business interruption risk stemming from events related to production activity, particularly accidents and injuries in the workplace. Disruptions caused by these incidents can lead to a temporary halt in operations, impacting productivity, output, and potentially affecting the overall business continuity. To mitigate and control these risks, the Group has implemented a formal ISO 45001 Safety and Health management system to map and control operational risks and safety risks on machinery and installations (except for FOMAS, Inc. where it will be implemented in 2024/2025). The Group relies on continuous improvement through third party certification and internal audits. FOMAS Group supports continuous improvement of safety through specific machines risk assessments and all new equipment is monitored through Management of Change (MOC) policies.

Moreover, the Group mitigates and prevents the risk through an insurance coverage system and Group policies and procedure, as HSE Hazard Identification, Risk Assessment and Controls Procedure, HSE Emergency preparedness and Crisis Management Group’s Procedure. The Group engages with different stakeholders’ categories in order to collect feedbacks on how to approach risks and impacts in order to respond effectively to expectations. Especially, employees’ participation and engagement, backed by direct feedback and reporting system, as well as customers and third parties’ audits allow the Group to collect valuable feedbacks and expectations to improve and mitigate impact on people. Health and Safety improvements and culture is an integral part of the Sustainability Group Strategy. To favor education and participation, the Group will extend the ‘INSIEME’ Project to all plants in 2024. This project stresses on the safety culture, promoting positive engagement of employees, awareness and communication. The results of the projects were very successful in the Headquarter FOMAS S.p.A.
FOMAS Group encourages all workers to report dangerous situations through the whistleblowing portal or through specific IT tools where available, protecting the privacy of the individual’s reporter. 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 a 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. 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.
Internal reporting and reporting of accidents, injuries and near misses are structured and shared according to ISO 45001.



SAFETY SLOGAN CAMPAIGN
Initiatives to raise awareness, engagement and participation on safety topics.
FOMAS S.p.A.
AIFOS – Art for prevention/safety signs: Safety signs created by the Brescia Academy of Fine Arts on skeletal muscle risk.
FOMAS, Inc.
Employee participated in choosing a new Safety Slogan for their shirts.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
FOMAS workforce –Working Conditions Health & Safety	<ul style="list-style-type: none">● ISO 45001 Safety and Health management system (except FOMAS, Inc.)● Third party certification, internal audits● Specific machine risk assessments● Management of Change (MOC) policies for new equipment monitoring● Insurance coverage system● Group Procedures: HSE Hazard Identification; Risk Assessment and Controls; HSE Emergency Preparedness; Crisis Management● Focus on prevention and training● Project INSIEME (currently active in FOMAS S.p.A.; prep activities started in HOT ROLL S.r.l and ASFO S.p.A.; to be activated in all plants in 2024)	<ul style="list-style-type: none">● Group Code of Ethics● Human Rights● Sustainability● Safety and Environmental
	TARGETS	
FOMAS Group sets yearly internal KPIs: <ul style="list-style-type: none">– Injury frequency– Injury severity– Employee participation– HSE Training Indicator		
STRATEGY		
Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance		

Group’s Health and Safety internal targets are tracked on a monthly basis and formally reported every 6 months to top management. Targets effectiveness are reviewed annually and any actions taken or lessons learnt is fully disclosed.



BAY-FORGE PRIVATE LTD.

Safety Day Celebration
Safety Slogan Contest
Safety Drawing Contest
Safety Essay Contest

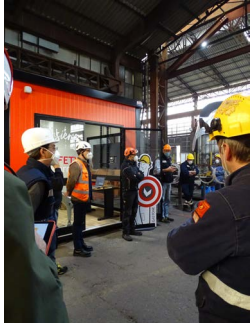
HSE training

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 channeled 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 based on 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. 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.



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



‘INSIEME / TOGETHER’ PROJECT

The ‘INSIEME / TOGETHER’ project on engagement participation on Health and Safety topics has resulted as very useful and successful for the overall team in FOMAS S.p.A. That’s why in 2023 it has been decided to extend it to all companies. In the companies where the projects have not started yet, the HSE team organizes awareness-raising session where employees can share feedback and discuss freely.

FIRST AID KNOWLEDGE AND SKILL PRACTICE

FOMAS Precision Forging (Dalian) Co., Ltd. and LA FOULERIE S.A.S. provided trainings on the various first aid skill and corresponding practices.

Injuries at work

INJURIES - EMPLOYEES	UNIT	2023		
		Men	Women	Total
Recordable work-related injuries		29	-	29
At work	N°	27	-	27
On the road		2	2	2
Fatalities (due to workplace injuries)		-	-	-
At work	N°	-	-	-
On the road		-	-	-
High-consequence work-related injuries (excluding fatal injuries)	N°	1	-	1
Total number of hours worked	Hours	-	-	3,363,684

Total number of hours worked by non-employee workers currently not available. At work injuries are mainly related to mechanical impact contusion crushing without involvement of machinery. Only number reported, not rates.

Near miss

At 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 pre-

sence 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	2023		
		Men	Women	Total
Total number of near misses	N°	104	-	104

Work related diseases

No occupational diseases recorded to employees and non-employees in 2023. 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.

This was organized in FOMAS S.p.A. and MIMETE S.r.l.

- Topics covered by the activities:
- Alcoholism and drug addiction;
 - Gambling addiction;
 - Smoking addiction;
 - Internet abuse
 - False beliefs
 - Appropriate nutrition

Safety culture - Awareness and Engagement

The Group is committed to create a strong safety culture, but on top of work-related safety risks, it is also careful to create awareness on general Health and Safety topics that can affect workers during their working and personal lives.

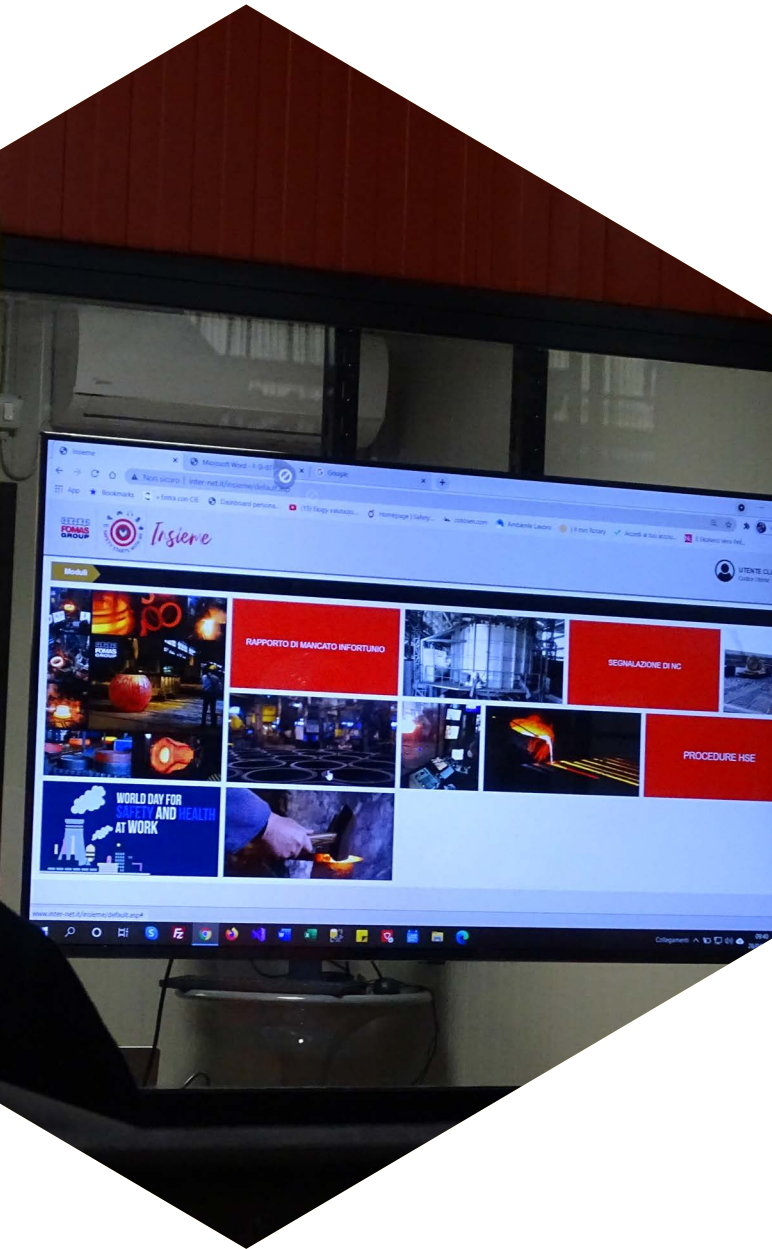
Safety Day

- LA FOULERIE S.A.S. organized a Safety Day on “Stress & quality of sleeping” with several presentations by a sophrologist on the theme of “stress” and “sleep”.
- FOMAS, Inc. celebrate the National Safety Day with a cookout for all employees to honor National Safety Day.

Workplace Health Promotion with ATS

In coordination with local Health Protection Agencies (ATS), the Group has organized for employees the program “Workplace that Promotes Health” based on the principles of Health Promotion in the workplace.

York County Law Enforcement - Distribution of awareness
FOMAS, Inc. Sponsorship to Distribute Publications within all Schools in York County to teach youth about drug and substance abuse, Active Shooter and Violence..



6.4 DIVERSITY, INCLUSION AND EQUAL TREATMENT AND OPPORTUNITIES

Diversity, inclusion and equal treatment and opportunities for all are fundamental principles that contribute to a fair and inclusive society. Gender equality and equal pay for work of equal value are essential components of this principle, ensuring that individuals are not discriminated against based on their gender. Additionally,

providing training and skills development opportunities allows individuals to enhance their capabilities and contribute effectively to the workforce. Measures against violence and harassment in the workplace are crucial to creating a safe and respectful environment for all employees. Embracing diversity not only fosters innovation and creativity but also ensures that all voices are heard and valued. Therefore, the Group prioritizes equal treatment and opportunities, recognizing their widespread impacts for all, to create a supportive and inclusive workplace environment. The Group identified women, employees with disabilities and employees from foreign countries as the main impacted categories. Moreover, it also considers diversity of mentality across countries regarding these topics. The Group weighs the diversity of mentality and culture and considers these topics important everywhere. Specifically, to gender equality, FOMAS Group has identified as a major challenge the role of women in metalworking sector, historically a male sector. Stakeholders, as employees, employee’s representatives, industry associations, are fundamental to get a insight on how relevant these topics are considered and on which actions the Group should invest to improve awareness, commitment and integration. This is why in 2023, the Group has favored direct feedback and reporting, via whistleblowing platforms, focus groups and engagement boards, as well as promoting the participation to programs and initiatives. FOMAS Group is committed to support an overall company culture shift towards Diversity, Equity and Inclusion concepts and to act free from any form of discrimination, including racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, and any other forms of discrimination covered by EU regulation and national applicable laws and regulations. To do so, training, awareness and corporate policies and processes are the prioritized channels and methodologies. The Group recognizes this is a long and evolving journey, which will need effort, time and positive attitude. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic’s

TOPIC	SUBTOPIC	ACTIONS	POLICIES
FOMAS workforce	Diversity, Inclusion and equal treatment and opportunities	<ul style="list-style-type: none">● Sustainability Governance and Legal Internal Audit & Compliance● Whistleblowing mechanism, Ethics Committee● Focus Groups (Work Environment: Well-being, Diversity and Inclusion / Parenting / Discrimination & Harassment risk assessment)● DEI Action Plan● UN Global Compact Target Gender Equality Accelerator Program● Human Right internal Due diligence● Training on ethical code of conduct● Training catalogue	<ul style="list-style-type: none">● Group Code of Ethics● Human Rights● Sustainability● Diversity, Equity and Inclusion● Anti-harassment and remediation plan● Parenting● HR Handbook/Procedures
		TARGETS	
FOMAS Group sets yearly internal KPIs: -Min. Av. of Training hours per employee per year for Italian companies -% of Women employees at Group level by 2028			
STRATEGY			
Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance			

impacts.
FOMAS Group has set internal targets on:

- Minimum average of Training hours per employee (for Italian companies) at 16h per year. For other companies the aim is to standardize a complete

mapping and tracking of training courses by 2024.

- Minimum % of Women employees at Group level, assessing industry benchmarking and recognizing the difficulties in attracting women into heavy production industries. Minimum target has been set at 14% to be



AT THE HEART OF PRODUCTION INITIATIVE – FOMAS S.P.A.

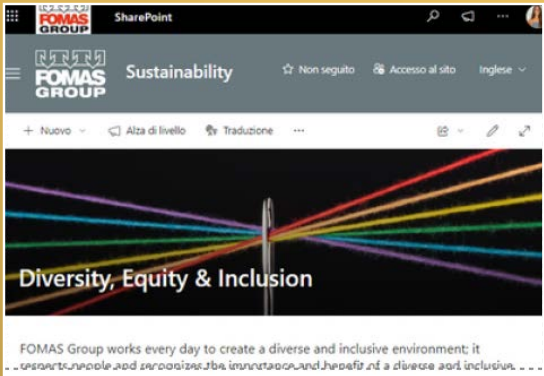
In FOMAS S.p.A., in 2023 the new initiative ‘At the heart of production’ started, consisting of a tour in production departments for office workers, to create engagement between offices to production. A stronger participation and better understanding of the different functions and roles are central to create a culture of inclusiveness and communication.

EMPLOYEES ENGAGEMENT

FOMAS PRECISION FORGING (DALIAN) SRL.

Autumn travel activities: Two day and one night travel around Dalian. The travel held at the Bingyu Valley scenic spot, with activities including boating, mountaineering, cable cars, rafting, and more. Make employees know more about each other, establish trust, it is a great team building activity.

AWARENESS



SUSTAINABILITY SECTION ON INTRANET

On the Group Intranet, it was released a sustainability section. This covers awareness and education materials on Environmental, Social topics, including Diversity, Equity, Inclusion, Discrimination, Human Rights, Unconscious Bias, employee health promotion.

UN Global Compact Target Gender
Equality Accelerator Program

UN GLOBAL COMPACT

WE SUPPORT



In 2023, FOMAS S.p.A. has joined the ‘Target Gender Equality’ accelerator program focused on providing support to companies participating in Global United Nations Compact for the definition and achievement of ambitious corporate objectives aimed at promoting equality. This initiative is managed in collaboration with the local Global Compact Networks. In line with the Accelerator program, FOMAS S.p.A. has signed the Women Empowerment Principles (WEPs), using the tool to track and monitor improvements towards Women Equality and Empowerment.

reached by 2028.

MEMBERS OF THE GOVERNING BODIES (HEAD COUNT)	U.M.	2023		
		Men	Women	Total
under the age of 30	N°	0	0	0
between 30 and 50 years		6	0	0
over 50 years of age		22	1	23
Total		28	1	29
Gender Share	%	97%	3%	

Members of the governing bodies (head count)

EMPLOYEES (HEAD COUNT)	U.M.	2023		
		Men	Women	Total
Directors				
under the age of 30	N°	0	0	0
between 30 and 50 years		12	1	13
over 50 years of age		9	1	10
TOTAL Directors		21	2	23
Managers				
under the age of 30	N°	1	1	2
between 30 and 50 years		45	7	52
over 50 years of age		22	8	30
TOTAL Managers		68	16	84
Office Workers				
under the age of 30	N°	42	21	63
between 30 and 50 years		190	90	280
over 50 years of age		65	35	100
TOTAL Office Workers		297	146	443
Factory Workers				
under the age of 30	N°	71	2	73
between 30 and 50 years		520	6	526
over 50 years of age		256	4	260
TOTAL Factory Workers		847	12	859
TOTAL	N°	1,233	176	1,409

Employees (head count) Individual Performance Management (IPM)

FOMAS Group is structuring a process of management review and personal development to better respond to employees’ expectations and upskilling potential. Individual Performance Management process started in 2023, with below goals:

- To review and set objectives
- To provide Assessment and Feedback
- To build development plans

The Group has set implementation targets:

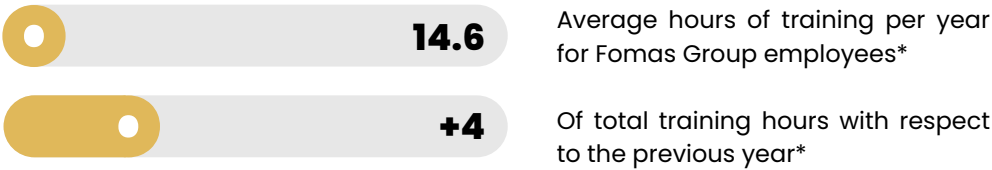
- 2024: IPM for all Office Workers
- 2025: IPM for all Workers (methodology for factory workers is still under definition)

Data are collected in accordance with IPM methodology, hence below table shows lower coverage than the previous year, in which regular performance management was monitored, covering all employees. In France and in the USA, there’s already an ongoing process of performance management for factory workers, but these have not been considered in below table, as these processes are not centralized yet.

FUNCTIONS	GENDER		TOTAL
	Men	Women	
Directors	1	0	1
Managers	23	0	29
Factory Workers	0	0	0
Office Workers	83	37	120
Total	107	43	150
TOTAL % /total employees	9%	24%	11%

People trainings and development

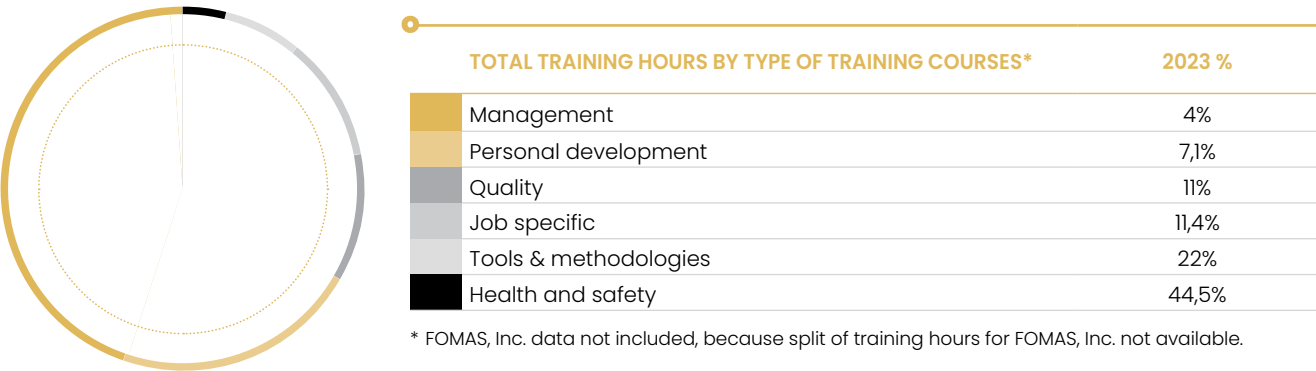
At FOMAS Group, training people is fundamental to the success and growth of the Group. Investing in personnel training for FOMAS Group means a long-term investment in the workforce and Company's competitiveness. Great attention is paid to health and safety courses.



Average Hours of training by gender and level*

AVERAGE HOURS OF TRAINING BY GENDER AND LEVEL	UNIT	2023		
		Men	Women	Total
FOMAS Group	h.	13.9	20	14.6
Director		17.5	19.5	17.6
Managers		14.8	28.4	17.1
Office Workers		18.7	19.9	19.1
Factory Workers		11.9	2.4	11.8

Training hours by type of training courses



Employee Development & training

In 2023, through the Fomas Academy, the Group has improved the way it tracks and monitors trainings data. To support employees on their plan of skilling, reskilling, upskilling, the Group in 2023 has restructured the categorization of trainings, invested into a Human Capital Management tool for managing HR data and processes, including training, which will be implemented in 2024. Moreover, the Group has set internal KPIs: for Italian companies has established a minimum average training hours per employees target and for other companies to complete the tracking system of trainings. Having an ongoing and accurate control of training hours split by level and gender is central for the Group. Moreover, the Group has agreed on improving year over year the % of training types dedicated to 'Management' and 'Personal development'.

6.5 EFFICIENT AND FAIR RECRUITMENT, SELECTION OF PERSONNEL AND RETENTION

Selecting, recruiting, and retaining personnel is always central to companies. Efficient and fair recruitment pro-

cesses play a crucial role in attracting diverse talent pools, including individuals with the necessary skills and capabilities from unexpected backgrounds. Moreover, fair processes foster a positive employer reputation, enhancing the organization's brand and attractiveness to potential candidates. To implement efficient and fair recruitment practices, FOMAS Group relies on corporate policies, cooperation with industry associations and local schools, performance management and investment on training and development and overall corporate commitment towards sustainable and ethical practices. Stakeholders are crucial for responding effectively towards these risks, as schools, local areas and associations are partners in improving overall social, and educational local context. In 2023, focus groups, meetings and initiatives with local associations helped the Group gather information and ideas on how to improve further its processes. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts. .

TOPIC	SUBTOPIC	ACTIONS	POLICIES
FOMAS workforce	Efficient and fair recruitment, selection of personnel and retention	<ul style="list-style-type: none">Sustainability governance, Ethics committeeWhistleblowing mechanismHR Procedures in line with ethical codeIndividual Performance Management processCollaboration with local school	<ul style="list-style-type: none">Group Code of EthicsHuman RightsSustainabilityDiversity, Equity and InclusionHR companies Policies/ Handbooks/ ProceduresAnti-harassment and remediaton planParenting
		STRATEGY	

Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance

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

The Group is working to set a target from 2024 on a minimum % of Group-related exit reasons due to Group's structure, work environment and culture.

The Group has assessed also potential risks and opportunities of investing in efficient processes. Fair recruitment practices and corporate commitment towards sustainable practices contribute to diversity and inclusion, hence employee satisfaction and motivation, ultimately reducing turnover rates and retaining valuable talent within the organization. This favors trust and relationship of the Group with local institutions, communities, customers and overall society. On the negative side, a flawed recruitment process can result in missed opportunities, leaving positions unfilled or staffed with less skilled personnel. Less skilled personnel and high turnover rate can contribute to negative work life culture and environment, impacting team working, motivation and quality of work. Unfair practices and inefficient processes can lead to lower retention, which means higher risk of product defect, lower productivity and innovation, more training needed, more costly recruitment and overall lost trust in company. Moreover, unfair recruitment practices can damage the organization's reputation, leading to negative perceptions among potential candidates and stakeholders, thus exacerbating recruitment challenges in the long run.

Local schools engagement initiatives

As 'People Centric' is one of FOMAS Group's sustainability pillars, the Group recognizes the importance to invest in the development of its employees. Attracting talents is becoming more and more challenging, due to geographical vulnerable locations, scarcity of qualified personnel in the technical field and the decreasing attractiveness of heavy industry. The Group engages with local schools to increase interest among current students for technical competencies and create employment opportunities. Below are a few examples of training projects with local schools:

HOT ROLL S.r.l.

Forge your tomorrow: Training for new forge workers, including health&safety topics.

MIMETE S.r.l.

Workshops on Innovative processes with Politecnico students.

FOMAS S.p.A.

Plant visit with Politecnico and Luigi Clerici foundation Students, from production departments to the laboratory, up to the non-destructive tests.

FOMAS, Inc.

- Apprenticeship with York Comprehensive Student for student to learn in the Machine Shop to create a career after high school.
- Plant visit, Tour for Machine Shop by students from York Technical College.

ASFO S.p.A.

2 plant visits with ITIS, ENAIP, participation in 2 Career Days, 1 Engineering Day and an edition of the training workshop 'Giovani d'Acciaio'.

Moreover, the Group works closely with Local Industry Associations to promote technical skills development among the young generations.

6.6 HUMAN RIGHTS

Human rights group policy

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, the ILO's Declaration on Fundamental Principles, as well as the United Nations Global Compact 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 Human Rights Policy and the Code of Ethics aim to protect and promote the value of human resources, to protect, respect basic human rights, to promote the development of the skills possessed, guaranteeing a healthy, safe, fair and free from discrimination 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.

The Policy's implementation across all business operations within the Group is promoted by the Executive and Senior management of the Group.

Human rights violations

No incidents of discrimination, including harassment, were reported in 2023. From the whistleblowing mechanism, one report has been recorded and managed by the Ethics Committee, but after further evaluation was closed and marked as not relevant. No social and human rights violations were reported in 2023.

Human rights internal processes

Human Rights principles are periodically monitored, targets for improvements are set and additional trainings and learning materials shared. A due diligence and monitoring process is in place to identify, prevent and account for any actual and potential impact. To strengthen internal due diligence process, the Group has scheduled its participation for 2024 in the Business&Human Rights Accelerator program with the UN Global Compact Italian Network.

6.7 WORKERS IN THE VALUE CHAIN

Companies that advance decent work in the supply chain can improve the lives of many people and drive sustainable development, by:

- Reduce inequality, reduces conflict and increase resilience in society
- Contribute to peaceful and inclusive societies
- Improve working conditions and opportunities for all women and men
- Building trust, engagement and dialogue

FOMAS Group operates in various countries, in which fair working conditions, gender equality and inclusiveness might not be addressed with open mentality and regulation systems. In particular, the Group operates in the heavy industry, historically a male dominated sector, which is also considered an industry with relevant safety risks for employees.

Suppliers, employees and regulators have been identified as the most affected stakeholders regarding overall workers in the value chain.

In particular, the Group engages with suppliers via questionnaires, supporting the distribution of awareness material and continuously monitoring quality, sustainability, safety standards and transparency.

The Group is committed towards a stronger engagement with directly affected stakeholders, working together with business partners to improve overall working conditions and fairness in societies.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Workers in the value chain -Working conditions / Equal treatment and opportunities	<ul style="list-style-type: none">● Suppliers Code of Conduct● Whistleblowing Mechanism and Ethics Committee● Human rights due diligence across own operations and value chain● Supplier Assessment Procedure and audits, including ESG factors minimum score● Training ESG for supply chain department	<ul style="list-style-type: none">● Code of ethics,● Sustainability Policy,● Human Rights Policy
TARGETS		
Supplier Code of Conduct accepted by relevant suppliers		
STRATEGY		
Commitment towards the respect of human rights, health and safety, non-discriminatory practices, diverse and inclusive culture and work-life balance		

The Group has set internal target to monitor that all relevant suppliers have accepted the 'Supplier Code of Conduct', in which is specifically requested the respect of principles of fairness and ethical conduct towards their workers.

FOMAS Group has assessed risks on workers in its value chain, focusing on most relevant business partners, as suppliers of raw materials and outsourcing, considering the implication of different countries, mentalities, and regulatory frameworks. The most relevant risks have

been identified related to the health&safety standards of suppliers, especially in India and China, where regulatory frameworks are less stringent and hospitals and urgency support might not be as fast and efficient as needed.

Moreover, the Group recognizes the possible positive actions of engaging and promoting with suppliers and business partners a shift towards inclusive, fair and safe working environment, which might lead to strengthen business relationships.



2023 **SUSTAINABILITY REPORT**

CREATING SHARED VALUE FOR THE COMMUNITY

7.1 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 support and selection of projects is based on the desire to reflect its values and their positive impact on the community.

5 areas of interest have been identified for the Group to enhance economic, social and cultural spheres for the communities:



7.2 AFFECTED LOCAL COMMUNITIES

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, Sports and Institutional world.

POLICIES AND PROCEDURES

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

OTHER SPONSORSHIP PROJECTS

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

MEMBERSHIP ASSOCIATIONS

Member of local and international industry association to share and keep up with knowledge, best-practices and innovative ideas.

INTERNAL CONTINUOUS IMPROVEMENT STRATEGY

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

FOMAS Group is aware of the potential impact of its operations and support on local communities, both positively and negatively, and respectively it recognizes the importance of local communities’ engagement. Local communities are hereby considered as communities directly living around the production plants. Assessed local communities’ impacts are strongly connected to Group’s set of values and strategically contribute to its strategy. The Group maintains an open dialogue with its stakeholders to assess actual requirements and suggestions, by connecting with them at least few times during the year, depending on the stakeholders’

category. Feedback and expectations are revised annually, or when needed, to make sure the Group’s strategy is aligned with communities’ needs and changes. In 2023, the Group has submitted to all employees a survey to get an insight on expectations, ideas and suggestions on Group’s engagement with local communities. Moreover, in 2023, the Group has engaged actively with local associations and bodies, participating in conferences, meetings on main challenges and needs of local areas, mostly regarding potential support towards the education system and the environment.



BEES LABORATORY

Laboratory to discover the world of honey. Organization of a workshop with involvement of around 50 employees with explanation regarding the production of honey and the importance of bees with a tasting of different types of honey. The aim was to increase awareness among employees regarding the importance of preserving bees for the local environment.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any

targets set and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
Affected local communities	<ul style="list-style-type: none">● Internal Procedure on Sponsorship and Donations: Structured processes for monitoring, assessing and reviewing community support initiatives.● Internal survey on local association support at Group level● Local schools engagement● Whistleblowing Mechanism● ISO 140001 Environmental Management System● Trees planting (ASFO S.p.A.), Green areas surrounding the plant (BAY-FORGE Private Ltd.), bee apiary (FOMAS S.p.A.)● Fast&Curious employees engagement project focus on local communities	<ul style="list-style-type: none">● Impactful teambuilding activities Policy;● Sustainable events Policy;● Corporate Citizenship;● Human Rights Policy● Whistleblowing Policy
	TARGETS	
	Minimum budget spending on local communities support to increase year over year	
	STRATEGY	
Ongoing and measurable positive impact on local communities		

Risks and opportunities assessment

The Group recognizes negative risks related to the lack of involvement in local communities, which can lead to missed opportunities for collaboration, attraction of new talents and reputational damages among stakeholders. Moreover, the Group always considers impacts on people and environment due to production processes, such as noise, traffic or ecosystems harm, which may cause discomfort to residents, reputational damages and regulatory fines.

On the other hand, in terms of opportunities, FOMAS Group is aware that supporting local communities through sponsorships, donations, and investments can enhance the company’s reputation and foster goodwill, and that improving local amenities can make the area more attractive for talent, leading to a skilled and motivated workforce.

In 2023, the Group supported a series of initiatives.

PLANT	CROCE ROSSA ITALIANA DI ROVIGO SOCIAL	PILLAR	PROJECT
ASFO S.p.A.	CROCE ROSSA ITALIANA DI ROVIGO		Ambulance for Italian Red Cross provincial committee of Rovigo
FOMAS, Inc.	LAW PUBLICATIONS		Art Work: educational resources on critical issues as drug & alcohol abuse, domestic violence, active shooter situations
FOMAS, Inc.	LOVE LIKE LAUREN FOUNDATION		Supports families with kids with Cancer
FOMAS, Inc.	YORK CO. PARKS AND RECREATION		SoftBall Team Sponsorship
FOMAS, Inc.	WILL FREDERICK 5K RUN		Charity run with Employees
FOMAS S.p.A.	TELETHON		
FOMAS S.p.A.	APICOLTURAURBANA SRL, PARCO REGIONALE DEL CURONE E DI MONTEVECCHIA		FOMAS Apiary
FOMAS S.p.A.	PARROCCHIA OSNAGO		
FOMAS S.p.A.	FONDAZIONE COSTRUIAMO IL FUTURO		Sponsorships of local voluntary associations
FOMAS S.p.A.	EUROPEAN NASCAR		Incentive & teambuilding
FOMAS S.p.A.	SCUOLA DI MUSICA S. FRANCESCO		Festival Agesi - orchestra
FOMAS S.p.A.	PROLOCO MERATE		Ice skating rink for kids
FOMAS S.p.A.	ASS. IL FILO		Singing of Nature
FOMAS S.p.A.	PROTEZIONE CIVILE FORLI		Support for families duing floods
FOMAS S.p.A.	ALEIMAR		Support for children and women in difficulty
BAY-FORGE Private Ltd.	ROTARY CLUB		Housing, health, schools support in surrounding area

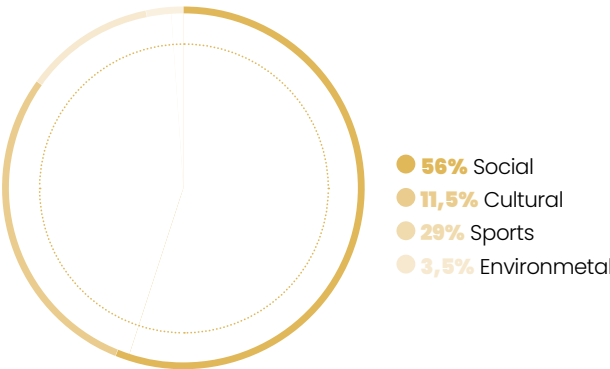
For Christmas 2023, FOMAS S.p.A. also organized in the plant a Christmas charity market supporting association Maria Letizia Verga.

2023 COMMUNITY SUPPORT
INCREASE FROM 2022

+13%*

*Includes Donations, Sponsorships
and Community projects.
No association membership
contributions included.

Regarding local areas, FOMAS S.p.A. continued to support the 'Costruiamo il futuro' Foundation which we have supported for several years, the sponsorship of San Francesco Music School in Merate for the Agnesi Festival of classical music and the sponsorship of the Merate ice rink during the Christmas holidays. Moreover, FOMAS S.p.A. supported some projects not strictly linked to the local territorial area, as the support of the 'Cantata della Natura' project which combined art and music in the Brescia area, the support to the families of the Municipality of Forlì seriously affected by the flood and the support of women and children in the Tamil Nadu area in India. FOMAS, INC. has maintained projects to support various local associations in York, such as: the York youth softball team, the Love Like Lauren Foundation, which supports families of children affected by cancer, and the usual race in aid of a York association that organizes a 5km charity run and which sees the participation of employees. BAY-FORGE Private Ltd, in line with Corporate Social Responsibility (CSR) requirements, has contributed to several projects to support local areas. These projects were implemented in 2023 but are related to the 2022 CSR commitment. One project provided access to clean water for two villages in the North of Chennai. In respect to health, BAY-FORGE Private Ltd. purchased and donated 2 "Clinic in a Bag" to small clinics and medical equipment to Chennai Cancer Institute and to Local Hindu Hospital. Moreover, it supported the Women Care Project on Breast Cancer, a mobile clinic camp supporting screening, treatment and awareness of breast cancer, especially to underprivileged women. There is no future without new generations, that is why another project that we deemed important was supporting the local schools, building a shelter to provide a clean space



for children to have food and donating interactive smart boards. Moreover, on the 20th of September the Rotary Club of Madras North organized, in BAY-FORGE Private Ltd., the first multi-specialty medical camp. It was a great success as 75 people between doctors and nurses, plus fifty volunteers with various mobile clinics, visited around 170 patients among the local community and employees.

Membership Associations

FOMAS Group is associated with several organizations. In Italy, with the Italian Federacciai Association, where President & Group CEO Jacopo Guzzoni, has been a councilor since 2018. Another sector association in which the company actively participates is AIM, Italian Metallurgy Association, in which MIMETE S.r.l. Technical Development Manager is a member of the Powder Metallurgy and Additive Technologies Technical Committee. The Group Chief Metallurgist is a member of the technical committee of the next International Forge Masters Meeting (IFM) to be held in 2024 in Italy and organized by AIM together with Federacciai. The role of the committee is to stimulate paper proposals, to evaluate the abstracts received and to prepare the technical program of the Conference. Another association of which MIMETE S.r.l. is a member is EPMA (European association of metal powders). Moreover, the Group is present as members in the USA of the FIA, Forging Industry Association. In 2023, FOMAS Group joined the United Nations Global Compact Network, participating in various projects including the accelerator program on Target Gender Equality.





2023 **SUSTAINABILITY REPORT**

AWARENESS AND COMMITMENT FOR THE PLANET

8.1 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 supply chain decisions. The Group's culture aims to continuously search for initiatives and strategies to reduce its environmental impact. Each production site has developed its own specific analysis of Environmental risks and opportunities and relevant impacts, in accordance with the environmental and energy safety management systems ISO 14001, certified by a third party.

Climate change risk assessment

In 2023 the Group has structured a climate change risks

assessment following IPCC and IFRS Foundation's guidelines. The Group has analyzed climate change impacts of its business activities on the environment and the potential impact of climate change on its operations. Final accountability, management of risks, opportunities and strategies is held by the Board of Directors, who delegates to the Sustainability and Risk Committee the operative monitoring and actions' implementation. The Group adopts a proactive risk governance model that identifies, analyzes and evaluates risk areas with a systematic approach, relying on techniques like brainstorming sessions, interviews and documentation review. For each identified risk, causes, impact, considering operational, reputational and regulatory impacts and probability are evaluated, on a short-, medium- and long-term scenarios. Risks are prioritized on likelihood of occurrence and severity of impact, following the Group's Quality System Risk Management Procedure and the HSE Hazard Identification, Risk Assessment and Controls Procedure. Climate-related risk assessment includes both physical (acute and chronic) and transition risks.



WORLD ENVIRONMENT DAY

In 2023, BAY-FORGE Private Ltd. to celebrate the Environment Day Celebration has planted various trees: 30 Number of coconut trees, 10 Banana Trees and 2 Teak wood trees.

Physical risks are defined in line with each site's peculiarities. Transition risks are associated with policy, legal, reputation, technology and market changes. Opportunities are clustered as Resource Efficiency, Energy source, Product & Services, Market or Resilience opportunities.

The outcome is directly managed by each company and centralized at Group level by the Sustainability and Risk Committee. Process control, mitigation and prevention strategies are defined. The Group recognizes risk assessment as an ongoing process.

RISK CLASS	RISK TYPE	RISK	COUNTER MEASURES
TRANSITION	Technology	Cost of refurbishing/updating facilities to support transition of existing to lower emissions process/technologies	<ul style="list-style-type: none">Equipment identification for optimization/renewalR&D companies, universities collaboration on new technologies
TRANSITION	Technology	Lack of skills in low-carbon technologies and risk of delay /unsuccessful investments	<ul style="list-style-type: none">Skills developmentMonitoring decarbonization technologies and best practices
TRANSITION	Technology	Product Quality With low carbon new technologies	<ul style="list-style-type: none">R&D studies and testsConsultancies and collaborations
TRANSITION	Policy & Legal	Cost increase related to climate-changing emissions (carbon tax, pricing schemes, CBAM, ETS)	<ul style="list-style-type: none">Monitoring of and compliance with regulatory developments and schemesDecarbonization strategy
TRANSITION	Market	Increased procurement costs due to suppliers' shift towards decarbonization (ex. from blast furnaces to electric furnace)	<ul style="list-style-type: none">Diversifying suppliersEngage with suppliers on transition timing, not to lose competitiveness
TRANSITION	Market	1. New technologies replacing rolled/forged components 2.Shrinking fossil fuels market and production chains (OIL&GAS, Fossil Power Gen)	<ul style="list-style-type: none">Monitoring of product evolution and emerging technologiesEvaluation of strategic investments
TRANSITION	Reputation	Reputation damage due to ineffective plan to reduce CO ₂ emission	<ul style="list-style-type: none">Sustainability Governance StructureDecarbonization strategyEthical Code, Sustainability policyAppropriate communication

RISK CLASS	RISK TYPE	RISK	COUNTER MEASURES
PHYSICAL	Acute	Costs increase due to restoration of damages/ preventive measures arising from changes in climate extremes as more frequent and/or intense extreme weather events	<ul style="list-style-type: none">• ISO 14001 (water, gas, ele, waste KPI)• CCI (climate change impact indicator)• Wind and rain disasters measures (rainwater ditches, stop plates..)• Regular review of insurance• State of infrastructures monitoring tools• Emergency Procedures;• Design of infrastructures on recent technical, safety regulations and dedicated studies
PHYSICAL	Chronic	Environment changes - BAY-FORGE Privare Ltd = Flooding - FOMAS, Inc. = Hurricane - HOT ROLL S.r.l. = Water scarcity	<ul style="list-style-type: none">• Decarbonization• Flooding: dewatering stations and physical barriers• CCI (climate change impact indicator)• Water stress: local authorities cooperation for priority access• Hurricane shelters and production building adaptation to resist impact of hurricanes and winds

To measure Group’s resilience in front of climate change risks assessed, the Sustainability and Risk Committee has discussed and implemented various techniques as: stakeholder engagement, adaptation measures, resilience planning and risk transfer. These, in line with the continuous reassessment of business’s resilience and adaptation of strategies have increased the level of resilience of Group’s operations. Climate change risks and resilience strategies have been analyzed over the short (within 2025), medium (2025-30) and long-term period (2030-50), recognizing the limit of the analysis over the longer term period due to its intrinsic uncertainty. The Group recognizes the actual impact of its production and operation process on the environment. In fact, the Group operates in the steel industry, which is

recognized as critical in terms of emissions, due to the high energy consumption level and to the utilization of non-renewable raw materials. FOMAS Group engages with stakeholders to evaluate their expectations and feedback through various methods and approaches. Customers and suppliers have direct communication line through contracts, questionnaires and events. Employees are ongoing training and are invited to share any suggestion. Moreover, the Group engages in conferences, projects, fairs to keep itself engaged with new trends and updates. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
Climate Change -Mitigation and adaptation	<ul style="list-style-type: none">• ISO 50001 and ISO 14001• Energy-efficient technologies tests• Participation to conferences, events, tests, researches on energy-efficient technologies• Monitoring of regulatory developments of renewable energy market• Best practice for efficiency process shared across companies• Skills development of low-carbon technologies;• Group efficiency best practice shared• R&D/Innovation investments assessment including environmental factors• CCI (climate change impact indicator)	<ul style="list-style-type: none">• Group Code of Ethics• Sustainability• Safety and Environmental• Energy• Green Sourcing• Operations and Plant Investment Sustainability Requirements
TARGET		
FOMAS Group has defined emission reduction targets: - Decarbonization SCOPE 1 + 2 targets - Green electricity targets: 100% Green Electricity by 2030		
STRATEGY		
Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization		

The Group has set 100% Green Electricity target by 2030 and direct emissions reduction targets with base year 2020 (incl. carbon offsetting) as below:

- -40% by 2030
- -72% by 2040
- -90% by 2050

Moreover, transition plan from gas consumption and SCOPE 3 decarbonization strategy is still under definition.

Transportation
FOMAS S.p.A. in 2023 organized its first sea shipment with a hybrid low-emission ship, able to halve CO₂ emissions. Main features:

- electronically controlled engines and exhaust gas purification system;
- consumption of the same amount of fuel compared to previous generation ships, thus halving CO₂ emissions per unit transported;
- utilization of energy stored by the mega lithium batteries on board with a total power of 5 MWh, during port operations, achieving “Zero emission in port”. These batteries are recharged during navigation.



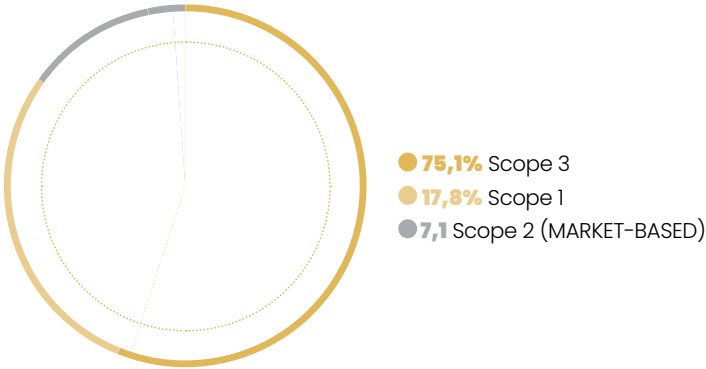
8.2 GREENHOUSE GAS EMISSIONS

GHG emissions are embedded in the Group’s production processes, and that’s why continuous efficiency projects not only help the Group to improve from a cost-effective

perspective, but also in terms of reducing impact on the environment. GHG emission calculation has been developed in line with GHG Protocol Corporate Standard.

GHG EMISSIONS 2023	TONSCO ₂ EQ
A) Gross Scope 1 GHG emissions	95,850
B) Gross location-based Scope 2 GHG emissions	46,738
B) Gross market-based Scope 2 GHG emissions	38,244
Total Scope 1 + 2 (location-based)	142,588
Total Scope 1 + 2 (market-based)	134,094
C) Gross Scope 3 GHG emissions	404,398
Category 1 – Purchased goods and services	338,459
Category 2 – Capital goods	7,149
Category 3 – Fuel- and energy-related activities	38,569
Category 4 – Upstream transportation and distribution	11,156
Category 5 – Waste generated in operations	2,299
Category 6 – Business travel	227
Category 7 – Employee commuting	2,351
Category 9 – Downstream transportation and distribution	4,187
D) Total GHG emissions, with location-based method	543,314
D) Total GHG emissions, with market-based method	538,491

From 2022, the Group has taken into consideration the actual emission factors of electricity suppliers compared to the base year 2020.



SCOPE 3 represents the most relevant source of emission in the FOMAS Group Carbon Inventory, among which Category 3.1 Purchased Goods and services covers more than 80% of it. Scope 3 calculation included below categories as relevant:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 3 – Fuel- and energy-related activities
- Category 4 – Upstream transportation and distribution
- Category 5 – Waste generated in operations
- Category 6 – Business travel
- Category 7 – Employee commuting
- Category 9 – Downstream transportation and distribution

Carbon removals and storage

FOMAS Group has no active GHG removals and storage to declare, through direct, indirect investments in carbon credits.

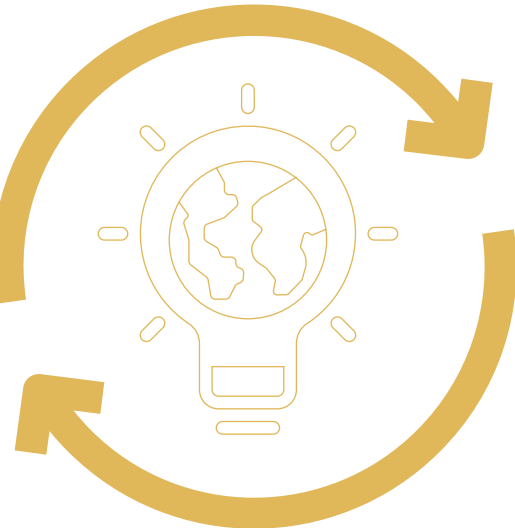
Internal carbon pricing

No internal carbon pricing schemes have been developed in within the Group. .

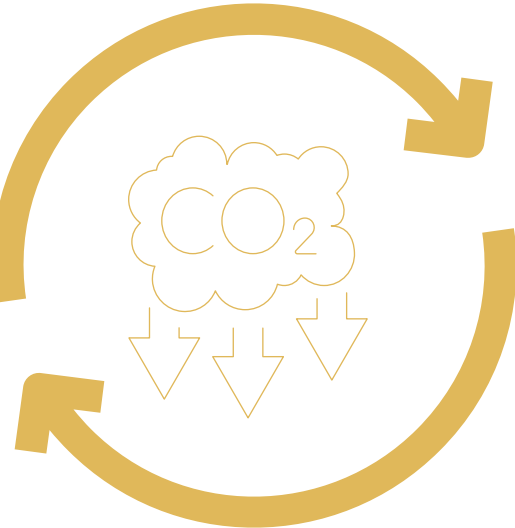
8.3 CLIMATE CHANGE TRANSITION PLAN

The Group is aware that, to actively contribute towards the European Targets of Net Zero by 2050, it must focus on their own production process GHG emissions as well as on the overall value chain, actively promoting and investing into new technologies and production processes. FOMAS Group has defined renewable energy targets at Group level of 100%green electricity by 2030. Moreover, it has set 2030, 2040 and 2050 reduction targets for its direct emissions, in line with investment plans and current technology, including potential utilization of carbon offsetting. In 2024, the Group is working and evaluating transition plan and Net Zero Ambition Targets for the long-period (2040 and 2050), including commitment on SCOPE 3 decarbonization. Above targets are not science based yet, but the Group is planning to science based them once transition plan and Net Zero targets will be defined in 2024 to make them compatible with limiting global warming to 1.5°C.

FOMAS GROUP (tonsCO ₂ eq) Base year: 2020	2030	2040	2050
% absolute Carbon Neutrality Targets (incl. carbon offsetting)	-40%	-72%	-90%



100% GREEN
ELECTRICITY
BY 2030



DIRECT EMISSION
REDUCTION
TARGETS

Base year: 2020

2020 has been set as the reference base year for Group’s transition plan and decarbonization strategy. Year 2020 has been considered as representative, even if during COVID-19 pandemic, given production and consumption levels were stable.

FOMAS GROUP (tonsCO ₂ EQ)	2020 (BASE YEAR)	FOMAS GROUP (tonsCO ₂ EQ)	2020 (BASE YEAR)
SCOPE 1	126,518	SCOPE 1	126,518
SCOPE 2 (location)	44,562	SCOPE 2 (location)	54,909
SCOPE 3	469,863	SCOPE 3	469,863
TOTAL	640,943	TOTAL	651,291

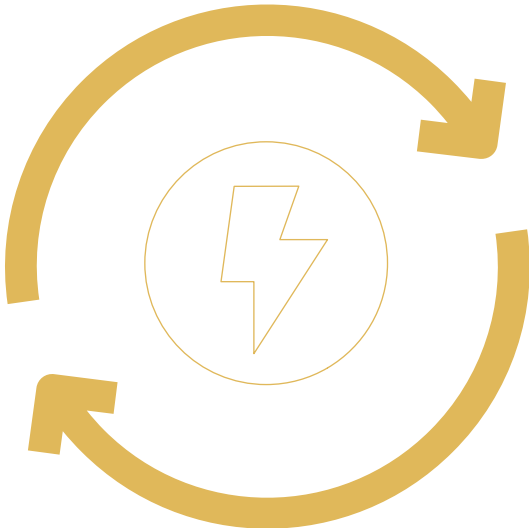
DECARBONIZATION
LEVERS

RENEWABLE ENERGY

- Photovoltaic system
- Renewable Energy Certificate

ENERGY EFFICIENCY

- Revamping
- Digitalization
- Maintenance



TRANSITION FROM GAS
TO CARBON FREE
TECHNOLOGIES

- Electrification
- Green Hydrogen instead of gas
- Biogas

R&D

- Preventive measures for climate change
- R&D on new technologies

RAW MATERIAL EFFICIENCY

- % of recycled material
- Low carbon technologies

	CATEGORY	LEVER
SCOPE 1	Transition from gas to carbon free technologies	<ul style="list-style-type: none">• Electrification• Green Hydrogen instead of gas• Biogas
	Energy efficiency	<ul style="list-style-type: none">• Revamping• Digitalization and monitoring• Maintenance
	R&D	<ul style="list-style-type: none">• R&D on new technologies
SCOPE 2	Renewable energy	<ul style="list-style-type: none">• Photovoltaic energy generation• Renewable Energy Certificates
	Energy efficiency	<ul style="list-style-type: none">• Digitalization and monitoring• Maintenance
	R&D	<ul style="list-style-type: none">• R&D on new technologies
SCOPE 3	Raw Material efficiency	<ul style="list-style-type: none">• Greater % of recycled raw material• Suppliers production process with low carbon technologies

8.4 ENERGY

FOMAS 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 consu-

mption 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. FOMAS Group recognizes actual negative and positive impact, and relating risk and opportunities, in managing, using and investing into energy. Changes in the energy needs of production plants, driven by evolving trends towards sustainability and the global shift towards gree-

ner energy sources might represent a risk for the Group’s energy requirements. With increasing emphasis on environmental responsibility, there is a growing demand for production facilities to transition towards renewable energy options such as solar, wind, and hydrogen, with growing uncertain on energy prices fluctuations. On an environmental level, high energy consumption likely translates into significant greenhouse gas emissions and other environmental pollutants. Failure to address these emissions can lead to regulatory fines, customers’ dissatisfaction and long-term environmental degradation. While the Group’s energy-intensive nature presents several challenges and risks, it also offers opportunities for innovation, cost savings, and environmental stewardship through strategic energy management practices.

- **Innovation and Optimization Opportunities:** The need of managing energy consumption efficiently can drive innovation. Investments in renewable energy sources, energy-saving technologies, and process optimization can lead to cost savings and improved competitiveness.
- **Environmental Stewardship:** By proactively addressing energy consumption and emissions, the Group enhances its reputation as environmentally responsible, leading to improved brand loyalty and stakeholder relations.

- **Efficiency Measures:** Implementing energy efficiency measures not only reduces environmental impact but also leads to significant cost savings in the long run. By optimizing energy usage, the Group can improve its bottom line and financial resilience against volatile energy markets.
 - **Adaptation to future energy trends and changes in energy markets.**
- FOMAS Group has established risk mitigation strategies and is focusing on a process of sharing ‘best practices’ regarding energy efficiency across companies, as well as on the implementation of Certified Energy Management System according to ISO 50001 for the overall Group. The Group also monitors the market for PPA and renewable energy to follow the technological evolution and capture opportunities. The Group engages with affected stakeholders, working with them towards better management, decision-making processes and implementation. Specifically, customers, suppliers, industry associations and consultants are consulted through technical evaluations, contracts, meetings and events. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
Climate change - Energy	<ul style="list-style-type: none">● ISO 50001 Certified Energy Management System● Contractual conditions with suppliers, customers● Decarbonization strategy● Monitoring of regulatory developments and best practices and renewable energy market;● Development of low-carbon technologies skills;● Best practice for data management, efficiency process shared across companies● R&D/Innovation investments with sustainability factors● Internal Procedures and manuals	<ul style="list-style-type: none">● Group Code of Ethics● Sustainability● Safety and Environmental● Energy● Green Sourcing● Operations and Plant Investment Sustainability Requirements
	TARGETS	
FOMAS Group sets yearly KPIs: <ul style="list-style-type: none">- Yearly Gas index (Scm gas/Tons of steel worked)- Yearly Electricity index (kWh/T steel worked)- Group Certified Energy Management System ISO 50001		
STRATEGY		
Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization		

Improvements in energy efficiency

During 2023, continuous maintenance and energy efficiency projects were implemented in order to reach set yearly targets of reduction. The Group has invested into leaks search, reduction of heat losses, new cooling tower systems and lighting efficiency. Moreover, the Group has defined in 2023 a process to establish guidelines for setting sustainability requirements across investment categories. It aims to integrate sustainability considerations into Operations and Plant investment decisions, promoting sustainability (environmental, social, and governance) principles while enhancing long-term value creation.

Energy efficiency investments are monitored and labeled as ESG to track investments spending and efficiency impact.

Energy consumption and mix

The Group acquires externally all energy, none of which is certified as renewable energy. No self-generated energy systems are in place yet. Total energy consumption for production process (products made of steel alloys) is mostly represented by consumption of natural gas and electricity. Below table represents consumption from stationary combustion, no mobile combustion is included.

ENERGY CONSUMPTION AND MIX*		2023
(1) Fuel consumption from coal and coal products (MWh)		0
(2) Fuel consumption from crude oil and petroleum products (MWh)		26,006
(3) Fuel consumption from natural gas (MWh)		488,075
(4) Fuel consumption from other non-renewable sources (MWh)		0
(5) Consumption from nuclear products (MWh)		0
(6) Consumption of purchased or acquired electricity, heat, steam, cooling from non-renewable sources (MWh)		118,853
(7) Total non-renewable energy consumption (MWh)		632,934
Share of non-renewable sources in total energy consumption (%)		100%
(8) Fuel consumption for renewable sources (MWh)		0
(9) Consumption of purchased or acquired electricity, heat, steam, cooling from renewable sources (MWh)		0
(10) The consumption of self-generated non-fuel renewable energy (MWh)		0%
(11) Total renewable energy consumption (MWh)		0
Share of renewable sources in total energy consumption (%)		0
Total energy consumption (MWh)		632,934

8.5 DIGITALIZATION & INNOVATION

The forging industry, traditionally reliant on conventional manufacturing methods, is now facing a pivotal moment given by climate change's need to innovate, adapt and develop in a sustainable way. With growing environmental concerns, there's an increasing pressure for industries to adopt innovative technologies to increase efficiency, reduce carbon footprints and adapt to changing market demands. In this context, technological advancements and innovation play a crucial role in shaping the future of the forging industry.

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.

While the forging industry faces challenges in navigating the technological landscape due to climate change, embracing innovation presents significant opportunities for growth, sustainability and customer satisfaction. FOMAS Group has always invested into R&D, Innovation and Digitalization, recognizing the positive impact on the company, the environment and overall stakeholders. Embracing technology and innovation leads to greater efficiency in processes and accelerates the adoption of low carbon solutions. This not only contributes to en-

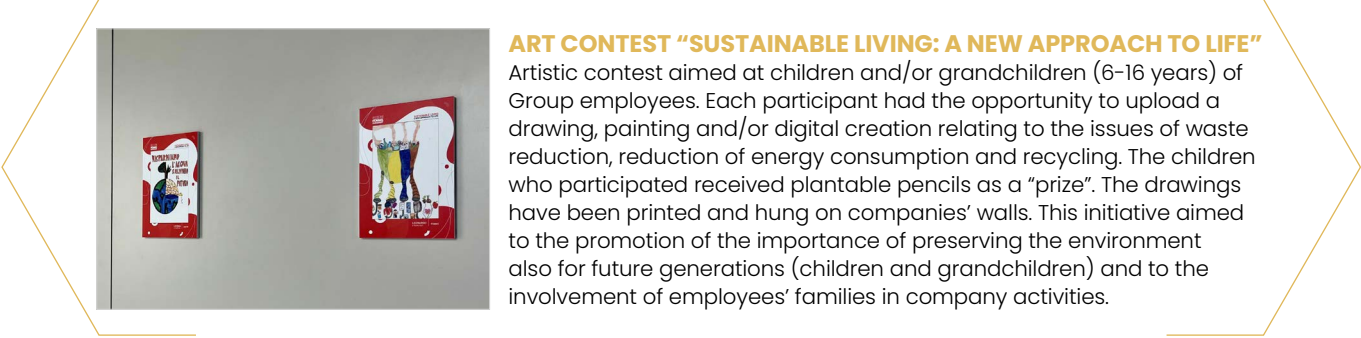
vironmental sustainability but also positions the Group as a committed player in the industry in the transition towards a greener future. The use of digital technologies has positive impact on processes efficiency, through process automation, real-time monitoring, integration and streamline of different processes, data collection and analysis. Thanks to process efficiency, also productivity improves and at the same time emissions can be reduced.

By offering innovative products and processes, companies can better meet customer demands for environmentally friendly and sustainable solutions.

To face positive and negative impacts, FOMAS Group is actively in contact with main stakeholders, to gather feedback, ideas and to collaborate for a positive future sustainable development. Most relevant stakeholders' categories have been identified: customers, suppliers, employees and industry associations. Engagement methodology varies across stakeholders' groups, from contracts, questionnaires, participation to trainings, projects, webinars and events.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Digitalization & Innovation	<ul style="list-style-type: none">● Low-carbon technologies skills development;● Analysis of decarbonisation technologies;● Efficiency best practice shared;● R&D/Innovation investment sustainability assessment● Flow of process inefficiencies● SCADA system● ML/IA applied to plant control● Lean Manufacturing● Internal Procedures and manuals● Tracking of materials and vehicles	<ul style="list-style-type: none">● Sustainability● Operations and Plant Investment Sustainability Requirements
	STRATEGY	
Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization		



FOMAS Group is investing a lot into Digitalization & Innovation, to improve its efficiency usage of resources and keep up with new technological trends. The work carried out in 2023 on Innovation & Digitalization is traced back to below listed areas:

Development and implementation of a factory SCADA
A software solution to monitor and control industrial processes remotely.

Data collection and analysis
Data collected integration with further data from the company systems and made available for historical and statistical analyses. This approach can be used for example for continuous monitoring, for the generation of alarms, to implement predictive maintenance logics or as a basis for the implementation of artificial intelligence algorithms.

Consumption Monitoring
Methane consumption monitoring to identify initiatives aimed at improving efficiency.

Artificial Intelligence Applications
Analysis to determine ML/AI algorithm-based approaches to be implemented in business processes.

Management of movements in the plant
Rationalization of vehicles and materials' movement in the plant through a pilot project.

Agile Development with Low-Code Tools
Various applications and workflows have been developed to simplify, improve and automate repetitive processes, using the Agile methodology using no-code/low-code development tools, thus managing to create software efficiently, quickly and aligned with business needs.

Hydrogen Heat treatment test
To support the Group's transition plan, heat treatment test with 100%hydrogen fuel on forged parts compared to identical treatment performed with traditional fuel (100% methane) were processed.

Moreover, the Group constantly relies on the engagement with industry associations, sharing knowledge and best practices, on the participation to industry events and on a company's culture and management system based on continuous innovation, efficiency and improvements.

The Group is monitoring yearly Sustainable Investment spending, to track effectiveness and impact of investments towards more sustainable practices.

Research & Development (R&D)
Main R&D focus in FOMAS Group is to investigate and study the behavior of steel as process parameters change to improve processes, optimizing them, and to cost-effectively achieve the product requirements requested by the customers. The work of R&D acts on the definition of the internal production process and the chemical composition of steel. Among 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 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.

8.6 BIODIVERSITY AND ECOSYSTEMS

FOMAS Group operates primarily in existing industrial areas, not considered as biodiversity-sensitive. Regarding its value chain, the Group's raw materials consist of 77% recycled materials, which reduce the impact of the generation of raw materials to produce. However, the remaining portion may involve extraction of metals and minerals, which can potentially contribute to biodiversity loss. Direct interactions with natural ecosystems such as water bodies, forests, and rural areas are not part of the Group's activities.

The Group might indirectly have a negative impact on biodiversity. The extraction of metals and minerals for the remaining 23% of raw materials may have adverse effects on biodiversity, particularly through habitat destruction, soil degradation, water consumption and disruption of local ecosystems, at a short, medium and long term. Although the Group's operations do not directly interact with natural habitats, an incorrect management might pose a risk of spills, water abuse, noise and heat.

The Group commits towards biodiversity conservation by actively supporting effective management of production and disposal processes and supporting projects such as beekeeping and tree planting initiatives. By investing in these projects, the Group contributes positively to local biodiversity by enhancing pollinator populations, improving habitat quality, and increasing green spaces in industrial areas. Additionally, the Group's attention to biodiversity issues and its proactive approach to supporting conservation efforts can foster a culture of environmental responsibility within the industry and among stakeholders. While the Group's operations may have negative im-

pacts on biodiversity through raw material sourcing and incorrect management of production processes, outflows and waste, its proactive efforts to support biodiversity conservation projects generate positive outcomes for local ecosystems and demonstrate a commitment to environmental sustainability. Moreover, the Group's transition plan relies on the commitment to increase the % of recycled raw materials, to work with environmental-careful suppliers and to introduce Sustainability check requirements for new processes, technologies and investments.

FOMAS Group engages with stakeholders to highlight the risks and opportunities to reduce the negative impact of its direct and indirect activities on biodiversity loss. Especially, suppliers' relationship is crucial due to raw materials generation processes as well as local communities' regulators and associations to evaluate potential impact and projects to favor ecosystems.

The Group mitigates biodiversity loss risk with ongoing actions and policies, which can be considered as part of minimization strategy:

- ISO 14001 certification
- Direct collaboration with local authorities and communities
- Compliance to legal requirements in all countries
- HSE department and Sustainability department

No biodiversity offset are in place, but the Group's goal is to monitor and keep its impact on biodiversity as minimal as possible.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Biodiversity loss	<ul style="list-style-type: none">• ISO14001;• Collaboration with local authorities and communities• Legal requirements compliance• HSE and sustainability departments	<ul style="list-style-type: none">• Group Code of Ethics• Sustainability• Safety and Environmental
STRATEGY		
Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization		



BEES APIARY

From 2022 FOMAS S.p.A., in collaboration with the Regional Park of Montevicchia and the Curone Valley and Apicoltura Urbana, is supporting the management of a company apiary composed of four hives populated by bees of the Italian breed family (APIS MILLEFERA LIGUSTICA). To support the initiative, events dedicated to FOMAS staff, aimed at training on the fundamental role that bees have in preserving environmental biodiversity, are organized every year.

8.7 WATER WITHDRAWALS AND USAGE

The production process currently involves a significant level of water consumption. The Group is investing time and resources towards better management of water use, monitoring potential impacts yearly by means of ISO 14001 aspects and impacts review.

All Group's companies use water significantly in their cooling cycles, 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.

FOMAS Group has assessed its positive and negative impacts, and relative risks and opportunities, due to water withdrawals and usage. On the negative side, the Group's operations contribute to significant water consumption due to production and maintenance processes. This consumption peaks annually, primarily driven by water exchange in treatment tanks and evaporation from cooling towers. Particularly in water stress areas like Chennai, Dalian, Carignan, and York SC, this exacerbates existing scarcity issues. 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. Moreover, errors in operations can lead to water pollution or excessive waste, attracting higher costs through fines and regulatory mechanisms. The risk of water scarcity poses a threat to business continuity and can tarnish the Group's reputation among local communities, employees, and customers.

Conversely, by reducing water waste, the Group can mitigate scarcity concerns and prevent water pollution, thereby fostering a positive impact on local communities and the environment.

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. The treatment and the relative parameters of the discharge are regulated according to legal requirements in all countries. All plants operate under local permits, which are single and all-inclusive authorizations (AUA) or equivalent to integrated authorizations (example of India).

There are no pending disputes regarding water. Regulators, local communities and bodies requirements and technical evaluations are monitored continuously to keep stakeholders' expectations in line with Group's activities.

The impacts relating to the water cycle are monitored by a specific indicator, reported on 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 average value. Water consumed is considered as water withdrawn; no rainwater storages are used. 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.

Moreover, the Group has implemented a new climate change impact indicator, CCI Index, correlating the expenditure linked to restoring business and implementing countermeasures after extreme weather changes will help understanding increased costs linked to climate extremes, including water scarcity. In fact, water stress is managed in cooperation with local authorities, to gain priority access to water for production in case of scarcity and reduce business interruption risk.

Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic's impacts.



TOPIC	ACTIONS	POLICIES
Water withdrawals, consumption and use	<ul style="list-style-type: none">Water indexISO 14001Direct collaboration with local authorities and communitiesLegal requirements compliance in all countriesAdmin dept. fiscal check on water dataLocal authorizationsCCI Index (climate change impact indicator)	<ul style="list-style-type: none">Group Code of EthicsSustainabilitySafety and Environmental
	TARGET	
	Yearly Water Index % reduction KPI(Water used/ Tons of steel worked)	
	STRATEGY	
	Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization	

Below data of water withdrawal are sourced from direct measurement:

WATER WITHDRAWAL BY SOURCE	UNIT	2023	
		All areas	Areas with water stress
Groundwater (total)	m³	0.00	0.00
Third-party water (total)		180,085	83,173
Surface water (total)		0.00	0.00
Sea water (total)		0.00	0.00
Water produced (total)		0.00	0.00
Total water withdrawals		180,085	83,173
Fresh water (<=1,000 mg/l total dissolved solids)		180,085	83,173

RECYCLED OR REUSED WATER	UNIT	2023	
		All areas	Areas with water stress
Total water withdrawals	m³	180,085	83,173
Total water recycled or reused		0	0
% of water recycled or reused	%	0%	0%

Water intensity 2023 (total Water / Total produced tons)	2.2
--	-----

WATER WITHDRAWALS 2023
REDUCTION IN RESPECT TO 2022

96

-26%

This reduction is due mostly to:

- Leaks search analysis projects.
- New evaporator for the treatment of process water, with reuse of water from the evaporation process.
- Awareness among the operators.
- Anomalous water consumption due to a leak in 2022.

8.8 RESOURCE USE AND MANAGEMENT

FOMAS Group products are mostly custom-made based on customers’ requirements and designs. Resource in-flows consists predominantly of raw materials from steel mills, which use as a common practice a large % of scrap/secondary material in their production process. As to energy, the Group is committed to rely more on renewable energy sources. Regarding resources outflow, the Group provides to its customers an intermediate product, hence has no full control on the reusability of it. Last, the Group is highly committed towards the appropriate and efficient management of waste, trying to reduce its amount and organize it as effectively as possible. Careful management of resources inflows, favoring suppliers with greater level of recycled materials, represents an opportunity for the Group to minimize environment damage and favor circular economy.

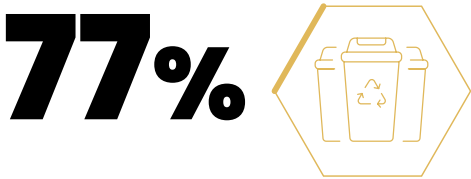
FOMAS Group recognizes the potential negative impact of its contribution to environmental damage due to inefficient use of natural resources and incorrect waste disposal, which might be intensified by the risk of regulatory breaches and fines and by competitiveness risk to work with suppliers that are not in line with ethical and sustainability commitment of the Group and of customers. The Group engages with stakeholders on resources usage and management, to favor the most effective response in front of changing requirements, regulatory frameworks and internal targets achievements. Among stakeholders, regulators and suppliers are the most relevant categories, to work with towards an efficient and fair management of waste. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts and overall strategy to address the material topic’s impacts.

TOPIC	ACTIONS	POLICIES
Circular economy –Resources inflows and waste	<ul style="list-style-type: none">Waste to landfill (WTL) indexISO 14001 with EMS FrameworkSuppliers assessment procedure incl. sustainability, HSE parametersCompliance to legal requirementsAdmin.dept. fiscal check of waste dataAll factories operate under local authorizationsHSE department internal procedures	<ul style="list-style-type: none">Group Code of EthicsSustainabilitySafety and EnvironmentalGreen Sourcing
	TARGETS	
	FOMAS Group monitors and sets yearly indicators reduction targets: - Waste to landfill (WTL) index - % of recycled material inflows	
	STRATEGY	
	Innovation and commitment towards efficiency, sustainable use of natural resources and decarbonization	

In addition to complying with the legal requirements of each country, following the yearly management review, the Group sets a goal each year to reduce its Waste to landfill index (Waste to landfill/Total waste produced), the fraction of waste that ends up in landfills. Each site implements the most suitable strategies for achieving the objectives set. Moreover, the Group monitors every year its internal targets of minimum recycled input material % in relation to raw materials inflow, in line with the Sustainability strategy, decarbonization targets and Group’s Green Sourcing Policy.

Resources Inflows
FOMAS Group keeps track of the % of recycled input material used to produce the business primary products. Considering raw materials as the most relevant category of purchases in terms of weight (>97%), the overall 2023 average % of recycled raw materials is 77%.. Moreover, the Group has evaluated packaging and of-fice materials to map its recycled content, alternative options and, whenever possible, to substitute with more sustainability suppliers and materials.

RECYCLED INPUT
MATERIAL
GROUP AVERAGE:



Waste Management

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

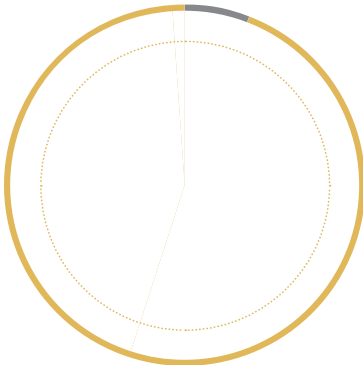
- Total waste produced;
- Waste to landfill (WTL): % of waste sent to landfills out of the total.

The Group is aware that the choice of suppliers to manage waste is critical, hence the choice is made from a list of qualified companies. 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. At Group level, there is a single reporting standardized file that monitors the total and landfill quantities of waste monthly. Main categories waste streams relevant to Group's activities are metallic materials, as chips, scrap from production process.

The measurement of waste quantities is guaranteed by the quality of the weighting system and by the legal waste registration protocols mandatory in the various countries. All data is verified and passes through the Group's administrative offices which guarantee the fiscal correctness of the data. The WTL index is characterized by strong variability of the data, month by month. In fact, there are zero periods and peak periods. The data is greatly influenced by any collateral activities, such as internal construction sites or extraordinary plant maintenance activities. The year-on-year comparison, therefore, is sometimes complex for this reason.

COUNTRY	2023
Total Waste (tons)	
Italy	27,865
France	2,071
China	2,422
United States of America	2,503
India	16

HAZARDOUS	TREATMENT TYPE	2023
Total Waste (tons)		
NO	Recovery	32,375
	Disposal - Landfill Disposal	214
	Disposal - Incineration	10
YES	Recovery	372
	Disposal - Landfill Disposal	1,884
	Disposal - Incineration	21



● 93,6% Recovery
● 6,1% Disposal





2023 **SUSTAINABILITY REPORT**

EMBRACING THE CHANGE WITH OUR PARTNERS

9.1 SUPPLIERS ENGAGEMENT
AND SUSTAINABLE VALUE 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, including sustainability factors. Targets and indicators are updated and monitored periodically. Suppliers are asked yearly to update their self-assessment on sustainability topics. Suppliers are requested to provide any evidence of policies, documentation and information regarding own disclosure.



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.

SUPPLIERS ESG SCORE

Evaluation of responses from suppliers is double checked by sustainability manager before approving supplier's ESG score.

POSITIVE IMPACTS

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

Procurement is a powerful instrument for organizations wishing to behave in a responsible way and contribute to sustainable development and to the achievement of the United Nations Sustainable Development Goals.

FOMAS Group recognizes the importance of sourcing from suppliers who respect high quality standards, comply with environmental and safety regulations and ensure compliance with ethical, social and governance principles. In 2023, the Group has introduced a weighted score of sustainability for relevant suppliers. This score is calculated on a set of indicators, that are directly requested to and disclosed by suppliers. The Group monitors these indicators annually and aims to increase the minimum acceptance sustainability score of suppliers year over year. FOMAS Group's commitment to corporate sustainability in its operations, including the activities performed by its

Business Partners, is formalized by policies and procedures. In 2023, the Group introduced Group Green Sourcing policy and the Supplier Code of Conduct. Green Sourcing Policy stands as the commitment to integrating sustainable practices into supply chain and purchasing processes, focusing mainly on sustainable material evaluation and supplier collaboration. Supplier Code of Conduct stands as a requirement for our suppliers to share and respects Group's values, principles and standards, in line with the Code of Ethics. Suppliers, industry associations and customers are the most relevant stakeholders' categories identified. The Group has engaged with these stakeholders to collect data, expectations and best practices, via conferences, direct communication and events. Below table reports main actions taken and policies implemented to prevent, mitigate identified impacts, any targets set and overall strategy to address the material topic's impacts.

TOPIC	ACTIONS	POLICIES
Suppliers Engagement and sustainable value chain	● Suppliers's Health&safety score in Supplier Assessment Procedure	
	● Suppliers Assessment Procedure, including Sustainability parameters	● Green sourcing policy
	● Minimum sustainability score for Suppliers	● Suppliers Code of Conduct
	● Evaluation of sustainable packaging/office material	
	● Specific sustainability training for supply chain	
TARGETS		
- Recycled input materials used for primary product production minimum target		
- Proportion of spending towards local suppliers minimum target		
STRATEGY		
Sustainable procurement, from operational rules to strategy setting		

RESPONSIBLE SOURCING AND TRACEABILITY



REASONABLE COUNTRY OF ORIGIN
FOMAS Group carries out document-based Reasonable Country of Origin Inquiries on all tiers of respective supply chains.



CONFLICT MINERALS
The Group has implemented a rigorous conflict minerals sourcing policy, to ensure none of the supplied materials is in breach of law provisions on supply of Conflict Minerals (including cobalt and mica) from Conflict Countries. Suppliers need to complete Conflict Minerals 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 confirmation that any Conflict Minerals do not support conflicts.



SUPPLIERS CODE OF CONDUCT
All suppliers are requested to adhere with the principles and provisions in FOMAS Group Suppliers Code of Conduct: Compliance with Laws and Regulations, Ethical Business Practices, Governance accountability and responsibility, Fair Labor Practices, Human Rights, Environmental Responsibility, Health and Safety, Confidentiality and Intellectual Property, Data security and protection, Conflict minerals and Supply Chain Responsibility.



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



SUSTAINABILITY SUPPLIERS MONITORING AND SCORING
FOMAS Group has included in the Suppliers Assessment Procedure a minimum Sustainability Score. All raw materials suppliers have been requested to supply disclosure on Environmental impact and strategy, Human rights and Health and safety standards, sustainability and ethical commitment and supply chain transparency.

Risks and opportunities assessment
FOMAS Group carbon footprint is highly dependent on Scope 3 supplied material (around 70%), which highlights the need to engage with supplier to work together to improve Group emission and environmental impact position. Scope 3 is the most critical step in setting the Decarbonization strategy.
A not-committed supply chain towards sustainable practices determines a potential contribution of damage to the environment and/or to the workers in the supply chain due to inadequate monitoring of unethical practices.

- Risks are relates to various spheres:
- **QUALITY:** Product poor quality or failures, suppliers' audits and monitoring.
 - **MARKET RISK:** Reduced suppliers base with potential higher cost and reduced competitiveness; increased carbon footprint.
 - **POOR WORKING CONDITIONS:**
 - Reputational impacts and increased stakeholder pressure
 - Increased management costs to deal with any potential issues
 - Increased compliance costs or legal liabilities

On top of the impact of suppliers on the environment, the Group recognizes that internal procurement practices and decisions might impact labor conditions in our supply chain.
The Group commits to promoting ethical sourcing and production:

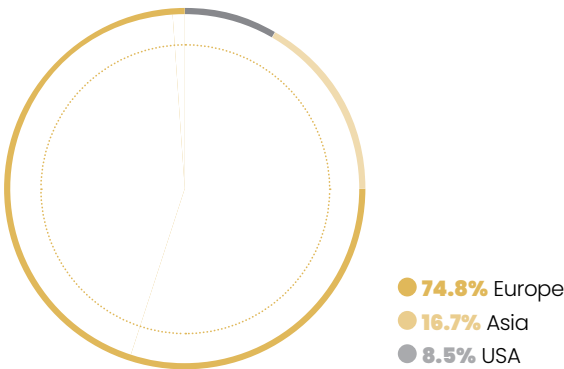
- Understand where the risks (human rights, health and safety) to workers are and focus on engagement with the most relevant suppliers;
- Assess buying practices and potential negative impacts on workers;
- Discuss strategies for sourcing more responsibly and set targets.

On the other hand, a committed supply chain provides a positive contribution to the development of a responsible and resilient supply chain, with the reduction of negative social and environmental impacts. This might also lead to a better company reputation, competitiveness position and to stronger relationships with suppliers and customers.

- Why buying responsibly makes business sense?**
- Securing consistent and reliable suppliers
 - Accessing new business opportunities because of responsible practices
 - Protecting your company's brand image and reputation
 - Doing good' in line with your company's values and sustainability goals

- Attracting better job applicants
- Attracting additional loans from financing institutions
- Meeting internal and external stakeholder expectations.

9.2 SUPPLIER BASE
Purchase values by Geographical Area



SPENDING TOWARDS LOCAL SUPPLIERS
GROUP AVERAGE:
93.1%

Average local spending is monitored yearly and 2023 proportion is in line with Group's target.
Local is defined as below:

- For EU Companies, EU limits (incl. UK)
- For other companies, same country is considered as 'local'.

COMPANY	LOCAL SPENDING
ASFO S.p.A.	90.28%
BAY-FORGE Private Ltd.	64.07%
FOMAS Precision Forging (Dalian) Srl.	99.9%
FOMAS, Inc.	100%
FOMAS S.p.A.	100%
HOT ROLL S.r.l.	87.21%
MIMETE S.r.l.	98.94%
LA FOULERIE S.A.S.	73%



2023 **SUSTAINABILITY REPORT**

GRI CONTENT INDEX, DATA AND METHODOLOGY

GRI STANDARD	DISCLOSURE	LOCATION (PAGE/SECTION)
General Disclosures	GRI 2-1 Organizational details	111 - Data
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	20 - Sustainability Governance
	GRI 2-13 Delegation of responsibility for managing impacts	20 - Sustainability Governance
	GRI 2-14 Role of the highest governance body in sustainability reporting	20 - Sustainability Governance
	GRI 2-15 Conflicts of interest	41 - Management commitment towards the adoption of ethical and sustainable practices
	GRI 2-16 Procedures for communicating critical concerns	43 -Management commitment towards the adoption of ethical and sustainable practices
	GRI 2-17 Collective knowledge of the highest governance body	20 - Sustainability Governance
	GRI 2-22 Statement on sustainable development strategy	21 - Sustainability Governance
	GRI 2-23 Policy commitments	28 - Relevant Group Policies
	GRI 2-24 Embedding policy commitments	29 - Relevant Group Policies
	GRI 2-25 Processes to remediate negative impacts	43 - Relevant Group Policies
	GRI 2-26 Ethical advice and concerns	43 -Management commitment towards the adoption of ethical and sustainable practices
	GRI 2-27 Compliance with laws and regulations	112 - Data
	GRI 2-28 Membership of associations 82 - Membership	78 - Membership associations
	GRI 2-30 Collective bargaining agreements	57 - Collective bargaining agreements
	GRI 2-3 Reporting period, frequency and contact point	9 - Our commitment towards Sustainbaility
	GRI 2-4 Restatements of information	9 - Our commitment towards Sustainbaility
	GRI 2-5 External assurance	9 - Our commitment towards Sustainbaility
	GRI 2-6 Activities, value chain and other business relationships	17 - Value Chain
	GRI 2-7 Employees	56, 67 - Employees
	GRI 2-8 Workers who are not employees	55 - Workers who are not employees
	GRI 2-9 Governance structure and composition	20 - Sustainability Governance

GRI STANDARD	DISCLOSURE	LOCATION (PAGE/SECTION)
Economic performance	GRI 201-1 Economic value directly generated and distributed	28 - Value Generated for Stakeholders
Procurement Practices	GRI 204-1 Proportion of spending on local suppliers	105 - Supplier Base
Anti-corruption	GRI 205-2 Communication and training about anti-corruption policies and procedures	44 - Corruption and bribery
	GRI 205-3 Confirmed incidents of corruption and actions taken	44 - Corruption and bribery
Materials	GRI 301-2 Recycled input materials used	98 - Resources Inflows
Waste	GRI 306-1 Waste generation and significant waste-related impacts	98 - Waste Management
	GRI 306-2 Management of significant waste-related impacts	98 - Waste Management
	GRI 306-3 Waste generated	98 - Waste Management
Water and Effluents	GRI 303-1 Interactions with water as a shared resource	95 - Water withdrawals and usage
	GRI 303-2 Management of water discharge-related impacts	95 - Water withdrawals and usage
	GRI 303-3 Water withdrawal	96 - Water withdrawals and usage
Employment	GRI 401-1 New employee hires and employee turnover	58 - New hires and turnover
Occupational Health and Safety	GRI 403-01 Occupational health and safety management system	59 - Health and Safety
	GRI 403-02 Hazard identification, risk assessment, and incident investigation	60 - Health and Safety
	GRI 403-04 Worker participation, consultation, and communication on occupational health and safety	61 - Health and Safety
	GRI 403-05 Worker training on occupational health and safety	62 - HSE Training
	GRI 403-06 Promotion of workers' health	59 - Health and Safety
	GRI 403-07 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61 - Health and Safety
	GRI 403-09 Work-related injuries	63 - Injuries at work
	GRI 403-10 Work-related illness	63 - Work related diseases

GRI STANDARD	DISCLOSURE	LOCATION (PAGE/SECTION)
Training and Education	GRI 404-1 Average hours of training per year per employee	68 – People trainings and development
Diversity and Equal Opportunity	GRI 405-1 Diversity of governance bodies and employees	67 – Diversity, Inclusion and Equal treatment and opportunities
Local Communities	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	74 – Affected Local Communities
Customer Health and Safety	GRI 416-1 Assessment of the health and safety impacts of product and service categories	49 –Health and safety impacts of product categories
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	49 – 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	45 – Cyber Security and Data Protection
Energy	302-1 Energy consumption within the organization	90 – Energy
Emissions	GRI 305-1 Direct (Scope 1) GHG emissions	86 – Greenhouse gas emissions
	305-2 Energy indirect (Scope 2) GHG emissions	86 – Greenhouse gas emissions
	305-3 Other indirect (Scope 3) GHG emissions	86 – Greenhouse gas emissions
	305-4 GHG emissions intensity	86 – Greenhouse gas emissions

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 Sede operativa: 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 Sede operativa: 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 Sede operativa: 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 Sede operativa: Via Padania 10, 20853 Biassono (MB)	BoD, Supervisory Board
BAY-FORGE Private Ltd.	India	Sede legale e operativa: 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	Sede legale e operativa: No.5, Jinhuai Road, Economics & Technical Development Area, 116600 Dalian P.R.	BoD
LA FOULERIE S.A.S.	France	Sede legale e operativa: 2, rue de La Foulerie, 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 Sede operativa: 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 2023

COMPANY	FINES*	2023	
		Non-monetary sanctions	Total
FOMAS Group	0	0	0

b) total number of fines for instances of non-compliance with laws and regulations paid during 2023

COMPANY	2023
	Number
FOMAS Group	0



FOMAS S.p.A.
ASFO S.p.A.
HOT ROLL S.r.l.
MIMETE S.r.l.
LA FOULERIE S.A.S.
BAY-FORGE Private Ltd.
FOMAS Precision Forging (Dalian) Srl.
FOMAS, Inc.



**FOMAS
GROUP**

mastering the
science of metals



www.fomasgroup.com

